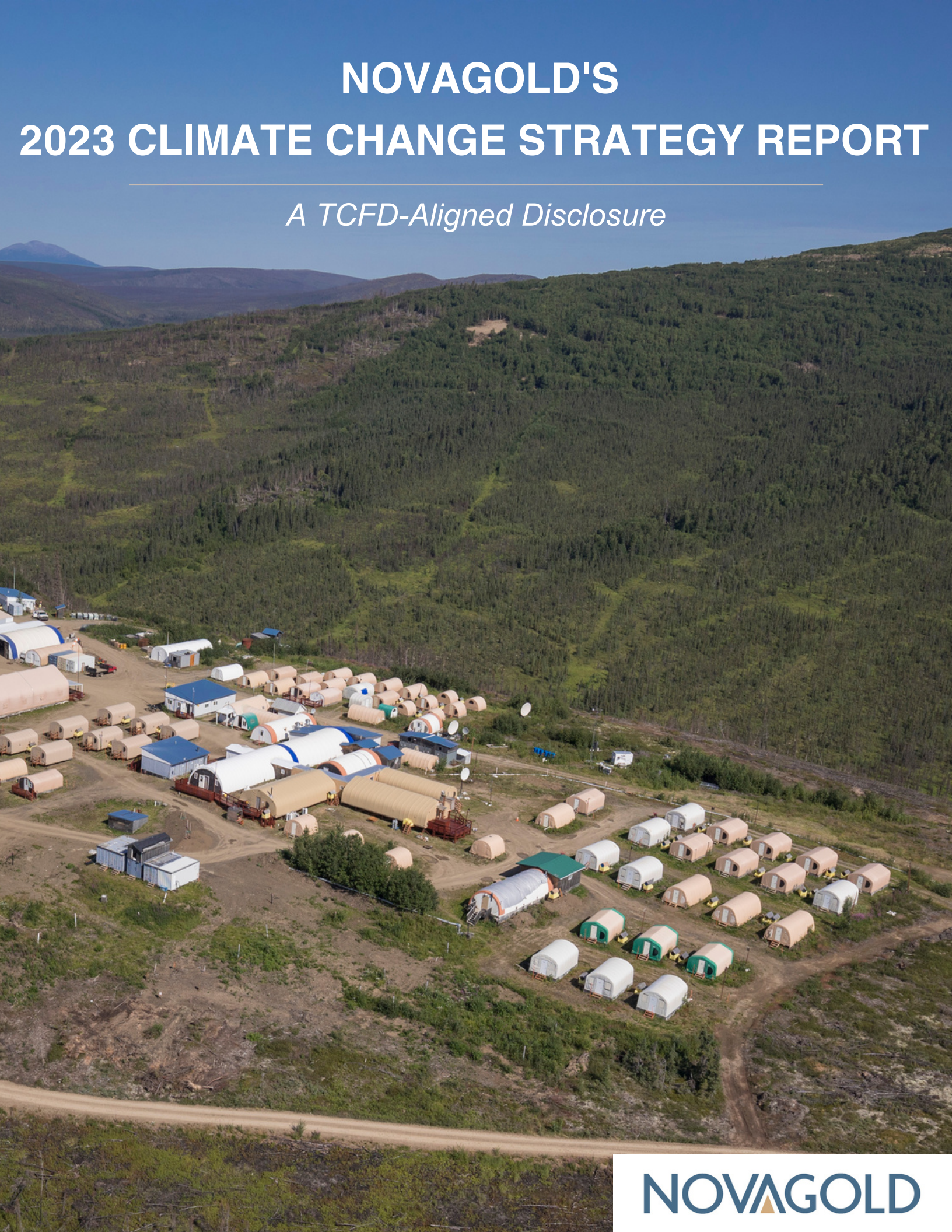
NOVAGOLD'S
2023 CLIMATE CHANGE STRATEGY REPORT

A TCFD-Aligned Disclosure



NOVAGOLD

Cautionary Statement

This Report (as defined below) includes certain “forward-looking information” and “forward-looking statements” (collectively “forward-looking statements”) within the meaning of applicable securities legislation, including the United States Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included herein, including, without limitation, statements regarding the permitting, potential development, exploration, construction and operation of Donlin Gold (as defined below) and statements relating to NOVAGOLD’s (as defined below) future operating and financial performance and production estimates are forward-looking statements. Forward-looking statements are frequently, but not always, identified by words such as “expects”, “anticipates”, “believes”, “intends”, “estimates”, “potential”, “possible”, “poised”, and similar expressions, or statements that events, conditions, or results “will”, “may”, “could”, “would” or “should” occur or be achieved. These forward-looking statements may also include statements regarding the exploration potential of Donlin Gold; mineral reserve and resource estimates; intention to review, update and release the Report in future years; anticipated Donlin Gold mine life; achieving Net Zero Carbon Emissions; perceived climate risks and the Company’s intention to review and expand such; intention to develop the Climate Change Policy; NOVAGOLD’s sustainability Commitments (as defined below), including related actions and targets; benefits of the Donlin Gold project; timelines and strategic plans; or other statements that are not statements of fact. Forward-looking statements involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from NOVAGOLD’s expectations include the uncertainties involving unexpected cost increases, which could include significant increases in estimated capital and operating costs; the need for additional financing to explore and develop properties and availability of financing in the debt and capital markets; risks related to the coronavirus global pandemic (COVID-19); uncertainties involved in the interpretation of drilling results and geological tests and the estimation of reserves and resources; the need for continued cooperation with Barrick (as defined below) for the continued exploration and development of the Donlin Gold property; the need for cooperation of government agencies and native groups in the development and operation of properties; risks of construction and mining projects such as accidents, equipment breakdowns, bad weather, noncompliance with environmental and permit requirements; unanticipated variation in geological structures, ore grades or recovery rates; the need to obtain permits and governmental approvals; fluctuations in metal prices and currency exchange rates; whether a positive construction decision will be made regarding Donlin Gold; the timing and outcome of any decisions to reconsider any permit under appeal; and other risks and uncertainties disclosed in NOVAGOLD’s annual report filed on Form 10-K for the year-ended November 30, 2022, and subsequently in NOVAGOLD's quarterly reports filed on Form 10-Q, with the United States Securities and Exchange Commission (“SEC”) Canadian securities regulators, and in other NOVAGOLD reports and documents filed with applicable securities regulatory authorities from time to time. Copies of these filings may be obtained at no charge by visiting our Investor Relations website at www.novagold.com or the SEC's website at www.sec.gov or at www.sedar.com. NOVAGOLD’s forward-looking statements reflect the beliefs, opinions and projections of management on the date the statements are made. NOVAGOLD

assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law. Forward-looking statements are based on a number of material assumptions, including but not limited to the following, which could prove to be significantly incorrect: our ability to achieve production at any of our mineral exploration and development properties; estimated capital costs, operating costs, production and economic returns; estimated metal pricing, metallurgy, mineability, marketability and operating and capital costs, together with other assumptions underlying our resource and reserve estimates; our expected ability to develop adequate infrastructure and that the cost of doing so will be reasonable; assumptions that all necessary permits and governmental approvals will be obtained and the timing of such approvals; assumptions made in the interpretation of drill results, the geology, grade and continuity of our mineral deposits; our expectations regarding demand for equipment, skilled labor and services needed for exploration and development of mineral properties; and that our activities will not be adversely disrupted or impeded by development, operating or regulatory risks.

CAUTIONARY NOTE CONCERNING RESERVE & RESOURCE ESTIMATES

This Report uses the terms “mineral resources”, “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources”. Mineral resources that are not mineral reserves do not have demonstrated economic viability. You should not assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. Further, inferred mineral resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. The SEC mining disclosure rules (“S-K 1300”) are closely aligned with current industry and global regulatory practices and standards, including National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”).

While S-K 1300 is more closely aligned with NI 43-101 than the prior SEC mining disclosure rules, there are some differences. Notably, unlike NI 43-101, S-K 1300 requires that resources be disclosed exclusive of mineral reserves, and that mineral resources and reserves be disclosed on the basis of our interest in them. NI 43-101 is a rule developed by the Canadian Securities Administrators, which established standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all resource estimates contained in this Report have been prepared in accordance with NI 43-101 and the CIM Definition Standards, as well as S-K 1300.

Project: Donlin Gold

Qualified Person(s): Kirk Hanson, MBA, P.E.; Michael Woloschuk, P. Eng.; Henry Kim, P.Geo; Wood Canada Limited

Most Recent Disclosure: “NI 43-101 Technical Report on the Donlin Gold Project, Alaska, USA” (“2021 Technical Report”) prepared by Wood Canada Limited (“Wood”), effective June 1 2021; “S-K 1300 Technical Report Summary on the Donlin Gold Project, Alaska, USA”; (“S-K 1300 Report”) prepared by Wood, dated November 30, 2021.

Paul Chilson, P.E., who is the Manager, Mine Engineering for NOVAGOLD and a “qualified person” under NI 43-101 and S-K 1300, has approved the scientific and technical information contained in this Report.

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1 Foreword from the CEO

We are pleased to introduce the inaugural publication of our Task Force on Climate-related Financial Disclosures ("TCFD") Report ("Report"). This milestone is the result of our ongoing journey to craft a comprehensive, responsible, and objective-focused climate change strategy. At NOVAGOLD Resources Inc. ("NOVAGOLD" or the "Company"), we are committed to safeguarding the environment, with a specific focus on our development-stage Donlin Gold project site and the surrounding communities and stakeholders of the Yukon-Kuskokwim ("Y-K") region in western Alaska.

Our dedicated team has collaborated to develop a robust climate policy. We have actively engaged in climate-specific workshops and conducted site-based studies to gain a deeper understanding of both the physical and transition risks posed by climate change. Over the past year, our Sustainability Committee, management team, and environmental site workforce have consistently worked together, in conjunction with a specialized firm possessing significant expertise in this field. This collaborative effort has involved discussions about our climate initiatives, diligent monitoring of ongoing programs, and the exploration of innovative opportunities aimed at reducing our carbon footprint.

We recognize that climate, weather, and warming intricately intertwine with all facets of sustainability. This holds particularly true for the communities situated around our project site. These communities face multi-faceted challenges stemming from climate change, exacerbated by their remote locations and limited access to basic goods and services. As part of our commitment to these stakeholders, we are actively collaborating to comprehend the impacts of climate change on their lives. The vulnerabilities stemming from issues such as lack of access to plentiful clean water, healthcare, and road transportation are at the forefront of our related considerations.

The insights and experiences shared by these communities are integral to shaping our climate strategy. Our approach is one of continuous learning and engagement, which NOVAGOLD and Donlin Gold have done for more than two decades now. We are dedicated to listening and ensuring that our operations do not negatively impact these rural communities. On the contrary, we strive to generate positive environmental and economic outcomes for these areas.

Within this Report, you will gain insights into the ongoing work and strategic planning being undertaken at NOVAGOLD. Our aim is to provide you with a comprehensive understanding of the implications, impacts, and potential outcomes in the areas where we operate. A core aspect of our commitment is to prioritize the well-being of our project site workforce, local communities, and the people of the Y-K region. Through this Report, we intend to foster a transparent and accountable approach, demonstrating our unwavering dedication to creating a sustainable future. We firmly believe that by focusing our efforts on supporting the welfare of our key stakeholders, we can establish enduring and sustainable value for all those involved. This Report stands as a testament to our commitment to transparency and accountability, reflecting our ongoing journey toward a future that is environmentally responsible and socially conscious.

2 Introduction

2.1 About NOVAGOLD

NOVAGOLD is a well-financed precious metals company focused on the development of its 50%-owned Donlin Gold project in Alaska, one of the safest mining jurisdictions in the world. With approximately 39 million ounces of gold in the Measured and Indicated Mineral Resource categories, inclusive of Proven and Probable Mineral Reserves (541 million tonnes at an average grade of approximately 2.24 grams per tonne, in the Measured and Indicated Resource categories on a 100% basis)[1], the Donlin Gold project is regarded to be one of the largest, highest-grade, and most prospective known open-pit gold deposits in the world.

According to the 2021 Technical Report and the S-K 1300 Report[2], once in production, the Donlin Gold project is expected to produce an average of more than one million ounces per year over a 27-year mine life on a 100% basis. The Donlin Gold project has substantial exploration potential beyond the designed footprint of the open pit which currently covers three kilometers of an approximately eight-kilometer-long gold-bearing trend. Current activities at the Donlin Gold project are focused on state permitting, engineering studies, community outreach, and workforce development in preparation for the eventual construction and operation of this project. With a strong balance sheet, NOVAGOLD is well-positioned to fund its share of permitting and advancement efforts at the Donlin Gold project.

One of NOVAGOLD's core values is to deliver long-term benefits to our shareholders and project stakeholders through responsible mining. The Donlin Gold project is being developed with input from our Alaska Native Corporation ("ANC") partners and local stakeholders who have knowledge of the region and understand the importance of a subsistence lifestyle, which helps us manage and minimize environmental impacts and assists us in setting and meeting high standards for environmental, social, and governance ("ESG") performance.

Donlin Gold LLC ("Donlin Gold"), of which NOVAGOLD owns 50%, is a committed partner to the Alaska Native communities both surrounding the project and throughout the State. This commitment underpins our approach. An important factor that distinguishes the Donlin Gold project from most other mining assets in Alaska is that the project is located on private land owned by ANCs and designated for mining activities five decades ago. Donlin Gold has entered into life-of-mine agreements with the two ANC landowners, Calista Corporation ("Calista") and The Kuskokwim Corporation ("TKC"). Calista also owns the mineral rights. NOVAGOLD is committed to providing employment opportunities, scholarships, and preferential contract considerations to Calista and TKC shareholders. These agreements include a revenue-sharing structure based on the principles of the Alaska Native Claims Settlement Act ("ANCSA"). ANCSA was enacted in 1971 and resolved Alaska Native land claims, allotting 44 million acres of land for use by ANCs and their shareholders. Additionally, our long-term commitment to economic development is

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[1] Donlin Gold data as per the 2021 Technical Report and the S-K 1300 Report, as defined below. Donlin Gold possesses Measured Resources of approximately 8 Mt grading 2.52 g/t and Indicated Resources of approximately 534 Mt grading 2.24 g/t, each on a 100% basis and inclusive of Mineral Reserves, of which approximately 4 Mt of Measured Resources and approximately 267 Mt of Indicated Resources inclusive of Reserves is attributable to NOVAGOLD through its 50% ownership interest in Donlin Gold LLC. Exclusive of Mineral Reserves, Donlin Gold possesses Measured Resources of approximately 1 Mt grading 2.23 g/t and Indicated Resources of approximately 69 Mt grading 2.44 g/t, of which approximately 0.5 Mt of Measured Resources and approximately 35 Mt of Indicated Resources exclusive of Mineral Reserves is attributable to NOVAGOLD. Donlin Gold possesses Proven Reserves of approximately 8 Mt grading 2.32 g/t and Probable Reserves of approximately 497 Mt grading 2.08 g/t, each on a 100% basis, of which approximately 4 Mt of Proven Reserves and approximately 249 Mt of Probable Reserves is attributable to NOVAGOLD. Mineral Reserves and Resources have been estimated in accordance with NI 43-101 and S-K 1300.

[2] The Company retained Wood in 2020 to update content in its previously filed "Donlin Creek Gold Project, Alaska, USA, NI 43-101 Technical Report on the Second Updated Feasibility Study," effective November 18, 2011, and amended January 20, 2012. This update resulted in a report titled "NI 43-101 Technical Report on the Donlin Gold Project, Alaska, USA" with an effective date of June 1, 2021 and was filed on August 31, 2021. The Company is a registrant with the SEC and is reporting its exploration results, Mineral Resources, and Mineral Reserves in accordance with S-K 1300 as of November 30, 2021. While the S-K 1300 rules are similar to National Instrument 43-101 Standards of Disclosure for Mineral Projects rules in Canada, they are not identical and therefore two reports have been produced for the Donlin Gold project. The Company requested that Wood prepare a Technical Report Summary of the Donlin Gold project, Alaska, USA using the standards of S-K 1300 and it is titled "S-K 1300 Technical Report Summary on the Donlin Gold Project, Alaska, USA" dated November 30, 2021. Wood incorporated 2020 costs and new gold price guidance to meet the Company's reporting requirements. The resultant 2021 Technical Report and S-K 1300 Report showed no material change to the previously reported mineral resources or mineral reserves.

exemplified by many projects undertaken in the Y-K region. An example is Donlin Gold's support of TKC's initiative to launch energy and infrastructure projects in Middle Kuskokwim villages. These partnerships, activities, and programs are illustrative of the commitment to the sustainable and responsible development of the Donlin Gold project for the benefit of all stakeholders.

NOVAGOLD is committed to responsible mining, protection of human life, encouragement of good health, good stewardship of the environment, and adding value to the communities surrounding the Donlin Gold project. The Company believes that mines can be developed in collaboration with people who have the local knowledge to help minimize environmental impacts while benefiting from economic activity. We are fully committed to upholding the principles of sustainable development, which encompass the preservation and safeguarding of natural resources and the environment in accordance with NOVAGOLD's Biodiversity Policy. NOVAGOLD strives to achieve the highest possible standards through our workforce performance, actions, and conduct.

2.2 About this Report

This Climate Change Strategy Report constitutes NOVAGOLD's inaugural publication regarding the Company's progress aligning with the recommendations outlined by the TCFD.

The Report adheres to the guidance provided by TCFD, and the structure of this Report broadly follows the core elements of recommended climate-related financial disclosures as shown in Figure 1. The Report outlines the Company's relevant governance structures, developing climate strategy, risk management approach, prioritized risks, targets, and relevant performance data.

Therefore, the purpose of this Report is to outline the progress being made by NOVAGOLD in developing a robust climate change strategy, reaffirming our established targets, and summarizing the methodologies being enacted to ensure that climate change targets are met.

Figure 1- Overview of the outline of TCFD.

As this is NOVAGOLD's first Report against the TCFD recommendations, it is acknowledged that gaps exist in meeting all recommendations. The Company takes an iterative approach to its climate change risk management and reporting, both at the corporate and project levels and office

sites. With regards to how this is implemented at Donlin Gold, this approach is outlined in Figure 2.

Figure 2- Overview of Donlin Gold's iterative process.

NOVAGOLD commits to annually disclosing the progression and enhancement of its climate management strategy and disclosure practices in a transparent manner. A TCFD Content Index is available in Appendix A, which maps this Report's disclosures against the key TCFD recommendations. While this year's Report has been developed as a standalone Report, the Company anticipates that in future years, the Report will be released in tandem with its Annual Sustainability Report.

In this Report, the Company takes an enterprise-wide approach to provide a holistic view of its risk profile and strategy developments. This year, the approach has been informed by an initial workshop involving staff from the corporate teams at NOVAGOLD and Donlin Gold. In future years, workshops will be extended to include a broader range of people across both organizations. A timeline showing this progress is outlined in Figure 3.

Date	**NOVAGOLD Milestone**
2021	Release of inaugural 2020 Sustainability Report and associated data sheet, followed by subsequent reports in 2021 and 2022
July 2021	First Carbon Disclosure Project ("CDP") climate change questionnaire response submitted, followed by subsequent responses in 2022 and 2023
2021	Materiality assessment completed
2022	Updated risk management process which allows easier integration of climate change
January 2023	Adopted a formal corporate climate change policy that addresses operations and announces intention to align with TCFD
May 2023	Transitioning to new climate change metric measuring and reporting system
June 2023	Completed a TCFD Strategic Analysis workshop with third-party consultancy
September 2023	Launched inaugural TCFD Report.

Figure 3- Timeline showing NOVAGOLD progress with regards to climate change aspects.

2.3 What TCFD means to NOVAGOLD

NOVAGOLD recognizes that over the coming years the Earth is likely to continue to experience unprecedented climatic changes along with the transition to a low-carbon economy, and that our stakeholders are increasingly concerned about the significant risks this poses. The Company further recognizes the significance of considering climate change when evaluating the effects of our operations on the global environment, as well as how climate change and the transition to a low-carbon economy is likely to influence our business.

NOVAGOLD is in the process of defining its overall objective(s) in relation to energy and greenhouse gas emissions ("GHG") emissions but takes the view that the most impactful targets are those set for its future operations, due to their very nature requiring far more energy and potentially producing much more GHG emissions than its current limited operations that produce very low GHG. As part of the Company's philosophy, NOVAGOLD expects all operations to adhere to the ambition of Net Zero Carbon Emissions by 2050; and to work toward setting short- and medium-term goals to achieve this aspiration. Therefore, the Company commits to working closely with all subsidiaries and project co-owners to ensure this is possible.

External reporting on climate change metrics in addition to those related to energy production and GHG emissions has previously been carried out through the CDP, Institutional Shareholder Services ("ISS"), and Sustainalytics. Now in 2023, for 2022 reporting, the Company views a TCFD-aligned Report as the next step in enhancing transparency with our broader community of stakeholders. In this Report, here the Company is disclosing material climate-related risks to all our stakeholders, holding ourselves accountable for measuring our environmental impact, informing the design and implementation of a strategy to mitigate negative impacts, and assessing how to take advantage of available opportunities in the future.

2.4 Methodology

Several techniques have been utilized in the development of both the Company's climate change strategy and this Report. These include desktop studies and information gathering, data collection and quantitative analysis, and a live interactive workshop. The latter involved activities and techniques regularly employed in organizational risk management and scenario analysis. All work builds on years of disclosure against the CDP climate change questionnaire, practical work undertaken as part of the Company's sustainability targets, and adoption of the Climate Change Policy in January 2023.

2.4.1 Workshop methodology:

Several key findings mentioned here originated from an initial Q2 2023 climate change risk workshop involving knowledgeable staff from the Company. The key objectives of the workshop were to:

1. Revisit risk work and methods developed over the previous year.
2. Identify and prioritize relevant potential risks and opportunities related to climate change.
3. Run scenarios in-line with TCFD requirements.
4. Consider tangible actions which may be relevant to and form part of the Company's climate change strategy in response to the potential risks and opportunities identified.
5. Provide input to this Report.

A climate risk profile was developed for the Company as a whole. This was then stress-tested through a series of relevant climate change scenarios. Risks (considered as both potential opportunities and threats) were identified as they pertain to the Company and its surrounding environment. Risks were identified over several different time horizons, including those which were deemed to have the potential to impact the Company immediately, and those which are relevant through to 2050. Risks identified therefore include the impacts of climate change and the low-carbon economy on the Company and our business, as well as those related to our impacts on the surrounding environment, over significant time horizons.

3 Governance

3.1 Accountability and stewardship

The NOVAGOLD Board of Directors (the "Board") and its Sustainability Committee are responsible for oversight of the Company's climate related risk management and strategy. The Sustainability Committee consists of directors knowledgeable and experienced in environmental stewardship, permitting, compliance, social license, climate change, biodiversity, and worker health and safety. The four members of the Sustainability Committee have over 120 years of combined senior mining industry experience. Three of the Sustainability Committee's four members (excluding NOVAGOLD's President and CEO, Greg Lang) are independent.

While the Board is ultimately responsible for oversight of the Company's ESG performance, the Sustainability Committee reviews the Company's environmental direction with management on these matters. The Sustainability Committee meets quarterly, delivering a report during each regular Board meeting, and holds specific responsibility for overseeing the Company's climate change related activities and performance. An overview of the governance structure and flow of information relating to climate change is illustrated in Figure 4 and Figure 5.

Figure 4- Overview of governance structure with regards to climate change

Climate change related issues are addressed in detail at quarterly Sustainability Committee meetings, as well as reviewed at all Board meetings. The Sustainability Committee's recommendations, encompassing annual ESG concerns and climate objectives, are presented to the full Board for assessment and approval.

SUSTAINABILITY COMMITTEE	• Oversight of both development and implementation of NOVAGOLD's health, safety, environment, and sustainability policies, including climate change and biodiversity policies • Provides strategic direction to management regarding community relations and government affairs matters • Reviews NOVAGOLD's disclosures containing environmental, health, safety, and sustainability information • Reports to the Board following each regular Sustainability Committee meeting
Elaine Dorward-King	• Over 30 years leadership in sustainable development, safety, and environment • Former Newmont Executive Vice President of Sustainability and External Relations, Rio Tinto experience • Board member: Sibanye-Stillwater, Kenmare Resources, Nevada Copper • Education: PhD in Analytical Chemistry (Colorado State), Maryville College bachelor's
Greg Lang	• NOVAGOLD's President and CEO • 35+ years in mine operations, project development • Past roles: President of Barrick Gold North America and mine management and development positions with Homestake Mining Company and International Corona Corporation • Education: Mining Engineering degree (Univ. of Missouri), Stanford Exec Program
Kalidas Madhavpeddi	• 40 years international experience in strategy, M&A, mining, and capital. • Currently President of Azteca Consulting LLC, advising metals and mining sector. • Former CEO of China Molybdenum International, with management roles in Freeport McMoran and Phelps Dodge over 25 years. • Board member: Dundee Precious Metals; Chairman of Glencore plc. • Education: Alumnus of Indian Institute of Technology, University of Iowa, Harvard Business School.

Ethan Schutt	• Executive Vice President & General Counsel at Bristol Bay Native Corp, Board Trustee and Chair at Alaska Permanent Fund Corp. • Former CEO of Alaska Native Resource Development, LLC, linked to ANTHC. • Previously served as General Counsel, Senior Vice President of Land and Energy Dev at Cook Inlet Regional, Inc. • Expert in ANCSA lands/resources • Education: Washington State Univ and Stanford Law School.

Figure 5- Overview of Sustainability Committee responsibilities and members.

The Company establishes rigorous annual goals and discloses details of levels of achievement for the goals of the previous year and for the upcoming year in the Company's management information circular. The Company's executive management team and the Board work together to set long-term strategic company goals and short-term annual goals. The assessment of performance against these goals is monitored regularly during the year by the Board. At the end of each year, the Board's Compensation Committee leads the annual review of company goal setting and performance, executive performance evaluations, and setting of the executive and director compensation programs, as well as provides recommendations on those topics to the Board for its consideration. While the Board is ultimately responsible for oversight of the company's ESG performance, the Sustainability Committee reviews the Company's environmental and social engagement performance at every Sustainability Committee meeting and provides strategic direction to management on these matters. The Sustainability Committee provides a report at each regular Board meeting. Like the Sustainability Committee, the Board meets a minimum of four times per year.

NOVAGOLD's highest management-level position with responsibility for climate change issues is the Vice President of Environment, Health, Safety, and Sustainability ("VP EHSS"). In this role, the VP EHSS is responsible for overseeing the company's climate change policy and coordinating plans relative to climate disclosures and actions. They also report directly to the President & CEO as well as the Sustainability Committee.

3.2 Assurance

The senior management team and Sustainability Committee review all work and information related to climate change and ESG. This includes the tracking of climate change and sustainability goals and targets, inclusive of risk controls and actions.

The senior management team and Sustainability Committee meticulously assess all climate change and ESG performance, encompassing the monitoring of goals, targets, risk mitigation measures, and actions. While external verification is conducted annually at Donlin Gold to ensure compliance with environmental standards, it's important to note that these audits do not involve numerical performance auditing. In line with this schedule, a third-party audit was performed at Donlin Gold in 2022, and all project team recommendations resulting from the audit were duly implemented.

3.3 Linking climate change to KPIs and remuneration

Although not explicit, ESG performance is assessed through the goals set for the Company and senior management. A recent enhancement to the Risk Management process leverages these goals, encompassing the realm of ESG considerations, and further extends to the development and implementation of the formal Climate Change Policy. This integrated approach ensures that the Company's commitment to ESG principles is deeply embedded within its strategic direction, reflecting our proactive stance toward sustainable practices and responsible operations.

3.4 Process for reviews and updates

NOVAGOLD's sustainability goals are reviewed annually, encompassing the commitments outlined within our corporate Climate Change Policy. The Sustainability Committee oversees the progress made in relation to these goals, concurrently monitoring climate change risks at both the corporate scale and the Donlin Gold project level, while providing comprehensive reports to the Board.

NOVAGOLD reports on actions taken in furtherance of the Climate Change Policy in Annual Reports and Sustainability Reports, which can be accessed via the Company website at www.novagold.com.

4 Climate strategy and risk management

4.1 Climate change ambitions

As outlined in Section 2.3, NOVAGOLD recognizes that as the Earth is likely to experience unprecedented climatic changes along with a transition to a low-carbon economy, there is a spectrum of risks which may impact the Company. The Company considers attention to climate change as integral to safeguarding the longevity of any business or strategic ambitions, recognizing that beyond being vital for the planet, managing these risks also holds financial value.

NOVAGOLD is committed to continually improving sustainability and maintaining high transparency standards. In 2021, NOVAGOLD completed a materiality assessment and in 2022, adopted an Integrated Risk Management Policy and system to encourage a more holistic process for discerning risks, including those associated with climate change. The updated process allows NOVAGOLD to monitor climate change related risks as closely as all other operational and financial risks. The integrated control library also allows thorough monitoring and control of climate change related risks. Controls are linked to Company targets, so that they are incorporated into current activities as well as each stage of project planning, construction, operations, and closure.

In line with the Paris Agreement[3], commitments made by industry bodies such as the ICMM (International Council on Mining and Metals), and commitments made by Donlin Gold co-owner Barrick Gold Corporation ("Barrick"), NOVAGOLD's long-term climate ambition is to strive to achieve Net Zero Carbon Emissions by 2050. The Company is dedicated to collaborating closely with all stakeholders, including subsidiaries and affiliates, to achieve this objective. Emphasis has been placed on this initiative, while also maintaining internal Company target setting.

Overall, the Company's intention is to mitigate threats to all assets and minimize any negative impacts our activities may have on the environment. More detailed actions and targets have been identified and are outlined in Section 5.3 of this Report.

4.2 Climate strategy overview

While this Report forms NOVAGOLD's first iteration of reporting in line with recommendations from TCFD, climate change has long been under consideration. The Company has reported to CDP for the past three years and released a NOVAGOLD Climate Change Policy in January 2023. The process of formulating a climate strategy mirrors that of creating, implementing, and evaluating this Climate Change Policy, maintaining an iterative and dynamic nature consistent with enterprise risk management. The goal is to eventually implement a procedure that seamlessly incorporates climate risk assessments into strategic decisions and routine operational choices.

The Company will continue to review and update this Report, the Sustainability Strategy, Sustainability Goals, Corporate-related Policies, and other related actions on a regular basis.

4.3 Risk identification and management processes

[3] The Paris Agreement (https://unfccc.int/sites/default/files/english_paris_agreement.pdf) is a legally binding treaty adopted in 2015 at the UN Climate Change Conference (COP) 21 by 196 parties in Paris, France. It became effective November 4, 2016.

The Risk Management process was updated in 2022, following a materiality assessment and multiple risk workshops held across the organization. The main repository of information regarding climate change risks is the company's integrated risk register. To enable as much integration as possible, the risk register consists of a traditional risk register and control library contained in a single document. Therefore, controls (which also include company goals) can maintain many-to-many relationships.

While Excel is used to host this register currently, it is anticipated that a networked database may be used in the future. The register is intended to be dynamic, and links to our Company objectives. These objectives are regularly updated and are in line with appropriate consideration of ESG for our stage of development. As the Donlin Gold project progresses, more of these climate risks will come into the risk register.

Typical triggers for an update to the risk register include:

- Following an update to the risk profile at management / Board level.
- Following an update to the strategy and goals for the organization.
- Following an update to specific risk assessments including the social materiality assessment.
- Following the occurrence of an event that occurred either in NOVAGOLD or to a relevant / similar party with lessons to be learned.

Extensive instructions are present within the risk register regarding how to update the register, add a new risk, or archive a risk. All risks are prioritized using a profile tool which uses 'anticipated difficulty / complexity to manage + impact' on the x axis, against 'is action needed' on the y axis. While climate change risks are included in this register and are considered in all risk workshops and register updates, this year NOVAGOLD also held a specific climate change risk management workshop to ensure that adequate time and attention is allocated to the consideration of climate change risks and opportunities. This workshop included the VP EHSS and other Company management. These risks are escalated and included in the Company's risk register as appropriate.

An example of an identified risk is the potential for climate-related changes in the flows and water levels of the Kuskokwim River that the Donlin Gold project will depend on for transportation of most supplies during construction and operations. An example of an opportunity is the integration of climate resiliency into the project plan as well as Donlin Gold's surrounding community development initiatives.

Short-, medium- and long-term impacts are considered through scenario analysis to assess risks. Within each scenario, pertinent additional risks are gradually integrated over time. When considering risks, direct operations and upstream processes are considered. No product is produced yet, so while market considerations are included, the downstream profile created is limited.

The risks noted in this Report are those deemed as being related to climate change and potentially significant between now and 2050. This includes potential financial risks, as well as risks which

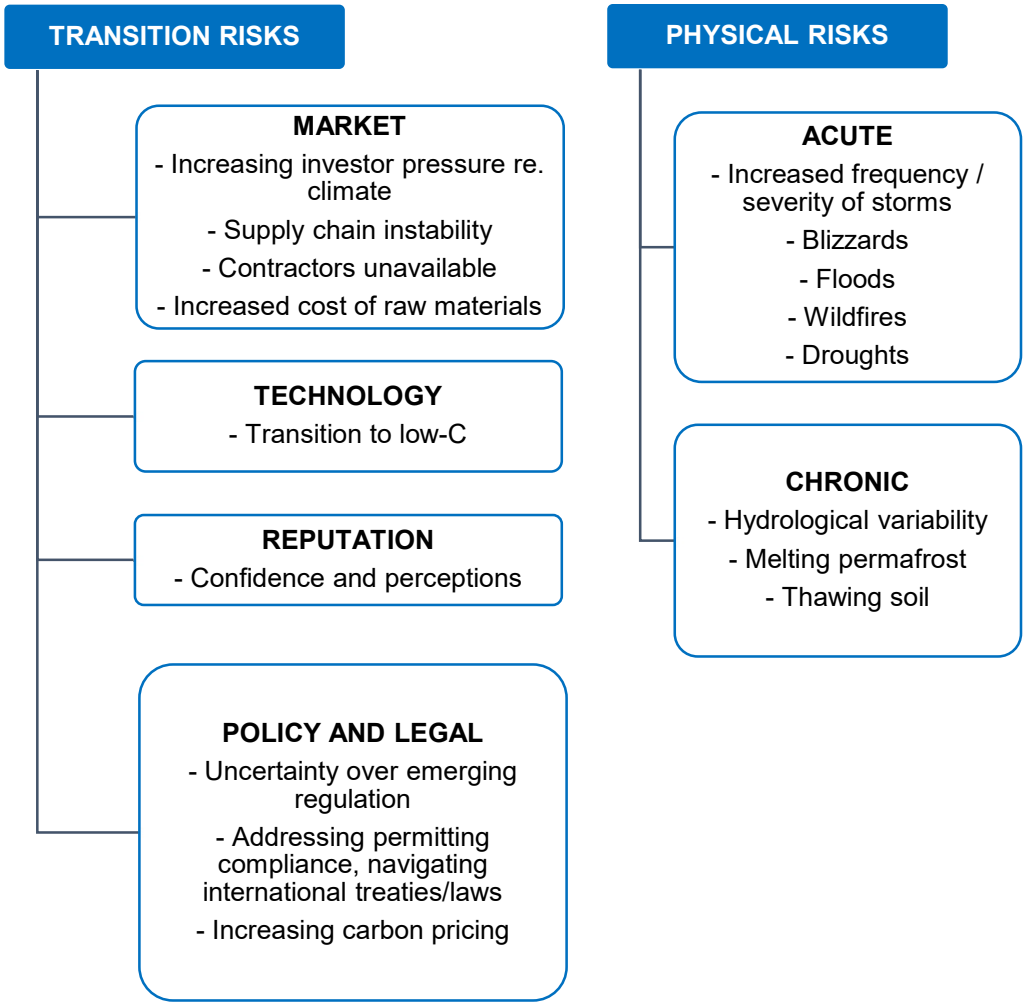
may have the potential to meaningfully influence the Company's operations, either in day-to-day activities or long-term objectives.

4.4 Climate-related risks (threats and opportunities)

As per recommendations from TCFD, risks related to climate change can be categorized as Transition Risks (both threats and opportunities which are associated with transitioning to a low-carbon economy, including risks related to Market, Technology, Policy and Legal changes, in addition to risks to Reputation) and Physical Risks (both threats and opportunities which are associated with the physical impacts of climate change). Physical risks are then further categorized into acute (short-term but high impact risks such as storms or wildfires) or chronic (those which are gradual and prolonged).

An overview of transition and physical risks that have been identified as having potentially significant impacts on the Company, either at corporate level or operational level, across the different scenarios are presented in Figure 4.

Figure 6- Transitional and physical risks identified for NOVAGOLD (inclusive of Donlin Gold).



Market related risks and opportunities

Supply chain disruption could occur as a result of the combined risks outlined in the following sections, including both physical and transition, resulting in uncertain lead times and difficulties for organizations when sourcing both materials and contractors required for projects, this is expected to continue. While COVID-19 and international conflict have been two primary drivers of this disruption, climate-related factors are also increasingly playing a part. Changes to weather patterns can cause blockages in supply chains upstream, as can availability of fuel in other countries where supplies are sourced from, and competition for supplies by other mining companies and industries.

It is likely that ESG expectations of companies within the mining sector, including exploration and development companies, will continue to evolve. Climate change-induced risks for mining activities such as shifts in climatic conditions or the absence of a concerted industry-wide approach to adaptation could lead to a decrease of investor confidence in the sector broadly, gold producers, or the Company specifically. As society continues to increase their expectations for climate change mitigation and mining companies adapt to the concept of sustainable inclusive development, investor (and other stakeholder) expectations around ESG disclosure, sector benchmarking, and alignment with the Paris Agreement are likely to increase.

Investors may potentially exhibit a preference for low-carbon producers in the mining industry or gravitate toward sectors perceived as more environmentally conscious. Regarding Donlin Gold, the project's investment attractiveness could shift, considering NOVAGOLD co-owns Donlin Gold with a Net Zero company. The feasibility of adopting clean energy in the region might be perceived as a factor of concern.

On the other hand, if the minerals and metals sector moves into a boom phase as raw materials are required for the energy transition, especially coupled with uncertainty regarding the timing of the Donlin Gold project, there is the potential for the desired contractors' "A-teams" not being available to design, build, manage and start up the Donlin Gold project, resulting in delays, increase in capital funding required and negative ESG incidents (due to inexperienced teams being used instead of A-teams).

As a result of increasing costs of construction materials and fuel coupled with larger capital investments required for mines to fully decarbonize as part of the global energy transition, the Company believes there is the potential to lose some of the ability to maintain a strong balance sheet to execute on activities, resulting in the project moving more slowly than planned or not happening at all. Furthermore, climate change could specifically impact the availability and transport of such materials.

Yet, as a result of selected improvements to design, construction, operation, closure or post closure, the design for the operation may be optimized for community and reputational benefits, resulting in the project being defined in a way that demonstrates provision of direct community benefits, providing responses to community concerns about long term risks, and being shown to reduce risks to the environment, thereby maintaining the social license to operate.

Technology related risks and opportunities

Should investor expectations grow with regards to the decarbonization of mine sites, Donlin Gold may experience questions regarding its feasibility. Donlin Gold has taken steps to understand its position regarding energy use and emissions (actual and anticipated) at the Donlin Gold project,

including an evaluation of energy production sources. Existing power generation both at the project and in the villages throughout the Y-K region is predominantly diesel fueled; the Donlin Gold project plan calls for Donlin Gold to generate power utilizing a natural gas fired power plant and associated pipeline to deliver cleaner-burning fuel with fewer GHG emissions for mine operations. The site is very remote, and the electrical grid system is hundreds of miles away. Therefore, connection to a regional power grid is unlikely in the foreseeable future. There may be potential for solar and wind technologies to become more feasible options for power generation in the future, though they must be compatible with the power needs of the Donlin Gold project, especially as their effectiveness may be affected by weather and climate at the site. The prospect for local hydroelectric power is poor, and not considered an option in the Y-K region due to highly valued salmon populations and relatively flat terrain with relatively slow moving rivers and streams.

However, Alaska more broadly may have long-term opportunities for hydroelectric power, and small-scale nuclear power generation is also a potential option over the long-term. Furthermore, there may be opportunities to leverage new technologies, across all sites and offices to improve efficiency, reduce impact, and enhance profits, as well as moving toward achieving the Net Zero by 2050 goal.

Reputation related risks and opportunities

Due to anticipated operational influences alongside shifting climate conditions, there exists the possibility that alterations to Alaska's ecosystems and biodiversity might be attributed to Donlin Gold, even in instances of exceptional environmental performance. This situation could be intensified by unfavorable public perceptions of the mining industry and growing attention driven by the demand for resources in support of the energy transition. Consequently, the Donlin Gold project's association with ecological changes could be magnified, regardless of its environmental achievements.

Policy and Legal related risks and opportunities

NOVAGOLD would expect that as a result of international treaties and pressures to meet Paris Agreement-aligned climate change targets, there may be shifts in government policies that result in more difficult operating environments, higher regulatory hurdles, and/or fewer profits. The imposition of international treaties and/or U.S. or Canadian federal, state, and/or provincial laws and/or local laws or regulations pertaining to mandatory reductions in energy consumption or emissions of GHGs, or implementation of carbon pricing, could affect the feasibility of mining projects and increase operating costs through the need to hire additional employees and adapt current designs.

Furthermore, changes to the allocation of benefits for mining activities between mining companies and host states, for example, taxation code changes could result in decreased income. Lastly, NOVAGOLD believes exposure to climate change related policies could result in the loss of a mining license or increased costs to maintain permits and adhere to new regulation.

Physical Risks and opportunities

Extreme weather events (such as increased frequency or intensity of storms, increased snowpack, or blizzards or extended periods of extreme heat and/or cold) represent a threat to the Donlin Gold project site, communities, and supply chains. They have the potential to disrupt

operations (e.g., by causing severe riverbank erosion), including that of the Kuskokwim River, as well as threatening community waste disposal and infrastructure. Precipitation has been modelled in some Network for Greening the Financial System ("NGFS") scenarios to experience a median relative change by 8.7% in Alaska by 2040. Where appropriate the Donlin Gold project has developed contingency plans for managing extreme weather conditions; however, extended disruptions to site access and supply lines due to extreme weather could result in interruption of activities at the project site, delay or increase the cost of construction of the Donlin Gold project, or otherwise adversely affect our business. In extreme instances the operation may have to pause, which would have a cost to the business. It is envisaged that related existing risk issues may become more serious and necessitate greater resources to secure both site assets and the transportation network for workers and the supply of materials.

Due to the remote area with dense vegetation, increases in temperature (day and night), extreme storms, shortening snow seasons, and drought may increase the likelihood of wildfires. Upper limits in the NGFS modelling of this for Alaska suggest that the change in land fraction annually exposed to wildfires in Alaska could increase by 1.4 percentage points by 2040. This could increase fire dangers, including smoke inhalation, fire damage to local homes and the operation itself, and create unsafe working conditions due to air quality. Unplanned closures would decrease production and profits, including those shared with our Native Corporation partners.

One chronic physical risk to NOVAGOLD is hydrological variability at the Donlin Gold site. While the project isn't immediately threatened by predicted sea level rise, changes in sea level could impact transportation facilities used for supplies, equipment, and personnel transport to and from the project. Donlin Gold intends to utilize the ice-free period of the Kuskokwim River (late April – mid October) for barging materials to the site. If climate changes affect river flow due to sea level rise, adjustments to the supply plan may be necessary. NOVAGOLD has a unique opportunity to enhance the resilience of our project site through effective weatherization strategies. These strategies are vital to safeguarding facilities from the escalating threats posed by climate change and Alaska's volatile weather patterns.

In particular, the Company must address the potential consequences of climate-induced drought, which could disrupt crucial operations like barge transportation and the availability of water resources essential for sustaining the Donlin Gold project. The Kuskokwim River, a lifeline spanning more than 300 miles, is integral to our supply chain, and prolonged drought could alter its flow patterns, necessitating adjustments to our logistics plans. Moreover, water management is intricately woven into our operational strategies, and we must be prepared to modify our approaches in response to changing precipitation trends. Embracing weatherization measures not only shields the site from climate-related challenges but also bolsters the ability to mitigate, prevent, and recover from such adversities, ensuring the enduring success of the Donlin Gold project.

4.5 Variation across the business

Risks identified relate to both NOVAGOLD as a corporate entity and to the Donlin Gold project site. Given the nature of these two entities, almost all physical risks identified relate to Donlin Gold, whereas many of the transition risks are more relevant at the corporate level, or at least need to be addressed there.

The climate change impacts which are most prescient include physical risks which may impact biodiversity and animal habitat (potentially leading to the belief that Donlin Gold has had more impact on local ecosystems than is the case); social risks tied to the understanding of mining, exploration, and the industry as a whole; and transition risks such as keeping up with emerging regulation and technology.

4.6 Assessing resilience through scenario analysis

Scenario analysis is highlighted as an important tool in the TCFD recommendations for assessing potential business implications of climate-related threats and opportunities. Scenario analysis was completed during an initial workshop in Q2 of 2023, with intention to expand on this in coming years.

The scenarios used in NOVAGOLD's analysis were developed by the NGFS, as recommended by TCFD. NGFS scenarios identify a range of plausible futures to provide a common reference point, illustrating how physical and transition risks could develop in different futures from the present day through to 2050 and beyond. Those utilized in the scenario analysis are described in Table 1.

Table 1- Descriptions of climate change scenarios used, developed in accordance with the NGFS.

Name	Descriptions
Hot House Current Policies	• The world implements policies it has agreed to by law, resulting in warming of 4-6 degrees Celsius. • Lower transition risks are likely, with e.g., carbon prices remaining low or rarely introduced. • High physical risks, with extreme weather events; extreme drought; sea level rise; and serious disruption of supply chains.
Disorderly – Delayed	• The global response to climate change is slow until 2030, when e.g., extreme weather events, drought etc. become more certain, initiating rapid policy and significant transition risk. • Carbon pricing imposed rapidly at very high levels. • Insurance and litigation also particularly high risk.
Orderly – Net Zero 2050	• All countries work together coherently toward a 'Net Zero' carbon economy, resulting in a smaller temperature rise of approximately 1.5 degrees; physical risks are kept limited. • Global economies experience transition risks such as high carbon prices; border adjustment; litigation; insurance; investor sentiment; etc.

As per the scenario descriptions above, risk profiles developed for NOVAGOLD across the scenarios show:

- Orderly – Net Zero 2050 has the highest transition risks, especially regarding emerging regulation and shareholder / investor expectation.
- Disorderly also has high transition risks, as well as physical risks becoming more prominent.
- The Hot House Current Policies scenario had the risk profile containing the most impactful physical risks. Reputation risks were also ranked highly with respect to impact, due to the

potential for the perception being that any changes are due to activity by NOVAGOLD and/or Donlin Gold.

4.7 Assessing financial materiality

Within this first iteration of NOVAGOLD's climate change risk management process, no specific financial information was collected to determine the financial materiality of the risks identified. Instead, workshops focused on identifying materiality through a relative assessment of 'impact' that risks posed to the Company and level of 'action' required to control them, which is in line with the current risk management process.

4.8 Input to strategy – risk controls and actions

NOVAGOLD's climate change strategy has been in development since before the outline of the Climate Change Policy. The strategy and targets set are iterative, but always defined by our overall climate change ambitions (see Section 5.1).

Discussion following the strategy workshops resulted in the definition of actions required to generate a transition plan and strategy. With respect to GHG reporting, these actions include:

- Generation of a GHG reporting template through new software.
- Approval of and continual improvements to GHG reporting processes.

5 Data and metrics – our performance

5.1 NOVAGOLD data, metrics, and targets

NOVAGOLD has previously published climate related data, metrics, and targets with its Sustainability Report, within CDP questionnaires, and within its Climate Change Policy. This Report outlines relevant aspects of each, but to gain a full picture of all the work being undertaken, the Company refers the reader to these different documents.

Data presented here is for the yearly reporting period, representative of the full year for 2022.

5.2 Greenhouse gas (GHG) emissions

NOVAGOLD currently includes all Donlin Gold emissions within its boundaries. In line with current TCFD requirements, the Company calculates and discloses Scope 1 and 2 emissions. Scope 3 emissions are not yet required; nor are they measured. As the Company transitions to a new platform for measuring emissions, this may evolve for future disclosures. Explanations for each category of Scope 3 emissions are reported to CDP.

NOVAGOLD adheres to the following definitions:

- **Scope 1 (direct):** *Direct emissions from owned or controlled sources.*
  NOVAGOLD's principal source of Scope 1 emissions is fuel use at Donlin Gold.
- **Scope 2 (indirect):** *Indirect emissions from the generation of purchased energy.*
- **Scope 3 (indirect):** *Indirect emissions from upstream and downstream activities*.

Table 2 summarizes emissions data.

Table 2. Emissions production by Source: Direct and Indirect (tonnes CO_2e)

Item	DONLIN GOLD LLC		NOVAGOLD	
	Value	Comments	Value	Comments
▲ CLIMATE CHANGE				
Climate Change Policy				Climate Change Policy.pdf
▲ ENERGY INPUTS / GHG EMISSIONS				
Electricity – from Outside Sources – KwH	0	All on-site power generation.	54,270	All NOVAGOLD power from outside sources.
Electricity – Self-generated – KwH	1,198,433		0	
Diesel used for Power Generation – Liters	227,161		0	
HFO used for Power Generation – Liters	0		0	
Electricity Produced by Renewable Sources - KwH	0		0	
Natural Gas – MMBTU	0		0	
Diesel used (Less Consumption for Power Generation) – Liters	719,159		0	
Propane used – Liters	3,305		0	
Petrol / Gasoline used – Liters	24,594		0	
Aviation Fuel used	170,990		0	
Total Scope 1 GHG Emissions – Tonnes of CO_2	2,633		0	
Scope 1 GHG Emissions from Diesel – Stationary	610		0	
Scope 1 GHG Emissions from Diesel – Mobile	1,928		0	
Total Scope 2 GHG Emissions	0		34	

The Company's consolidated Scope 1 and 2 GHG emissions (as per the definitions above and Table 2) for 2022 are approximately 2,633 tonnes CO_2e. NOVAGOLD's principal source of

emissions is diesel used for power generation and diesel used for mobile equipment at Donlin Gold. Scope 2 emissions are only produced at corporate offices and are therefore very limited.

5.3 Targets

In line with the Paris Agreement, commitments made by industry bodies such as the ICMM, and commitments made by Donlin Gold project co-owner Barrick, NOVAGOLD's long-term ambition is to strive to achieve Net Zero Carbon Emissions by 2050. NOVAGOLD makes the following commitments regarding energy and emissions (the "Commitments"):

1. Tracking, managing, and reporting on all NOVAGOLD and asset-level emissions, including Scope 1 and Scope 2 (and Scope 3 when projects become operational).
2. Using energy as efficiently as possible to reduce energy consumption.
3. Minimizing GHG emissions where feasible.
4. Assessing opportunities to economically increase energy generation via renewable and other non-fossil fuel sources through feasibility studies and investing in these in line with the project and community commitments noted in NOVAGOLD's Sustainability Report.
5. Investing in carbon sequestration and offsetting options if feasible and economic.

NOVAGOLD commits to ensuring that the following actions are and will be central in its transition plan:

1. Tracking, managing, and reporting annually on key metrics, other than energy usage and GHG emissions, to encourage more responsible consumption.
2. Monitoring emerging 'clean' technologies and implementing when appropriate.
3. Cooperating with local communities in targeting opportunities to reduce emissions across the area, reduce contribution to climate change, and lessen potential impacts of climate change to local communities.
4. Providing education on both policy requirements related to climate change and specific related topics (e.g., actionable steps to tackle specific impacts) for employees, management, Board members, and other stakeholders.
5. Encouraging all employees, contractors, and host communities to be environmentally responsible.
6. External reporting on climate change metrics in addition to those related to energy production and GHG emissions through the CDP and ISS, with TCFD and Global Reporting Initiative reporting commencing in 2023.

Other related targets which form part of plan include:

- No Net Loss of biodiversity values, and wherever possible, enhancement of such values across the Y-K region.
- No spills to water.
- No spills of 10 gallons or more to land at any of its offices or projects.
- To increase Shared Values Statements with Donlin Gold LLC across communities, reaffirming ongoing engagement while incorporating educational, environmental, and social initiatives for community support.

Appendix A: TCFD content index

Disclosure	Location
GOVERNANCE	
a) Describe the **Board's oversight** of climate-related risks and opportunities	Section 3.1, Section 3.3, Section 3.4
b) Describe **management's role** in assessing and managing climate-related risks and opportunities	Section 4.1, Section 4.2, Section 4.3, Section 4.4
STRATEGY	
a) Describe the climate-related **risks and opportunities** the organization has identified over the **short, medium, and long term**	Section 4.4
b) Describe the **impact of climate related risks and opportunities** on the organization's businesses, strategy, and financial planning	Section 4.3, Section 4.4, Section 4.8
c) Describe the **resilience of the organization's strategy**, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Section 4.6, Section 4.7
RISK MANAGEMENT	
a) Describe the organization's **processes for identifying and assessing climate-related risks**	Section 4.3, Section 2.4.1
b) Describe the organization's **processes for managing climate-related risks**	Section 4.3
c) Describe how processes for identifying, assessing, and managing climate-related risks are **integrated into the organization's overall risk management**	Section 4.3
METRICS AND TARGETS	
a) Disclose the **metrics used** to assess climate related risks and opportunities in line with its strategy and risk management process	Section 5.1
b) Disclose **Scope 1, Scope 2, and, if appropriate, Scope 3** GHG emissions, and the related risks.	Section 5.2
c) Describe the **targets** used by the organization to manage climate-related risks and opportunities and performance against targets.	Section 5.3