

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended May 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from to

Commission File Number: 001-31913

NOVAGOLD

NOVAGOLD RESOURCES INC.

(Exact Name of Registrant as Specified in Its Charter)

British Columbia

(State or Other Jurisdiction of
Incorporation or Organization)

N/A

(I.R.S. Employer
Identification No.)

201 South Main Street, Suite 400

Salt Lake City, Utah, USA

(Address of Principal Executive Offices)

84111

(Zip Code)

(801) 639-0511

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of Each Class	Trading Symbol	Name of each exchange on which registered
Common Shares, no par value	NG	NYSE American Toronto Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Non-accelerated filer

Smaller reporting company

Accelerated filer

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 20, 2023, the Company had 334,132,703 Common Shares, no par value, outstanding.

NOVAGOLD RESOURCES INC.

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements or information within the meaning of Canadian securities laws and the United States Private Securities Litigation Reform Act of 1995 concerning anticipated results and developments in our operations in future periods, planned exploration activities, the adequacy of our financial resources and other events or conditions that may occur in the future. These forward-looking statements may include statements regarding perceived merit of properties, exploration results and budgets, mineral reserves and resource estimates, work programs, anticipated timing of updated reports and/or studies, capital expenditures, operating costs, cash flow estimates, production estimates and similar statements relating to the economic viability of a project, timelines, strategic plans, including our plans and expectations relating to the Donlin Gold project, permitting and the timing thereof, market prices for precious metals, or other statements that are not statements of fact. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Statements concerning mineral resource estimates may also be deemed to constitute “forward-looking statements” to the extent that they involve estimates of the mineralization that will be encountered if the property is developed.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as “expects”, “is expected”, “anticipates”, “believes”, “plans”, “projects”, “estimates”, “assumes”, “intends”, “strategy”, “goals”, “objectives”, “potential”, “possible” or variations thereof or stating that certain actions, events, conditions or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

Forward-looking statements are based on a number of material assumptions, including those listed below, which could prove to be significantly incorrect:

- our ability to achieve production at the Donlin Gold project;
- estimated capital costs, operating costs, production and economic returns;
- estimated metal pricing, metallurgy, mineability, marketability and operating and capital costs, together with other assumptions underlying our resource and reserve estimates;
- our expected ability to develop adequate infrastructure and that the cost of doing so will be reasonable;
- assumptions that all necessary permits and governmental approvals will be obtained and retained, and the timing of such approvals;
- assumptions made in the interpretation of drill results, the geology, grade and continuity of our mineral deposits;
- our expectations regarding demand for equipment, skilled labor and services needed for the Donlin Gold project;
- our activities will not be adversely disrupted or impeded by development, operating or regulatory risks; and
- our expectations regarding the timing and outcome of the appeals to the Donlin Gold 401 Certification (as defined below), the appeals to the State ROW (as defined below) agreement and lease; and the application for water rights.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation:

- uncertainty of whether there will ever be production at the Donlin Gold project;
- our history of losses and expectation of future losses;
- risks related to our ability to finance the development of the Donlin Gold project through external financing, strategic alliances, the sale of property interests or otherwise;
- uncertainty of estimates of capital costs, operating costs, production and economic returns;
- commodity price fluctuations;
- risks related to market events and general economic conditions;
- risks related to the coronavirus global health pandemic (COVID-19) or other endemics/pandemics;
- risks related to the third parties on which we depend for Donlin Gold project activities;
- dependence on cooperation of the co-owner of Donlin Gold in exploration and development of the project;
- risks related to opposition to our operations at our mineral exploration and development properties from non-governmental organizations or civil society;
- the risk that permits and governmental approvals necessary to develop and operate the Donlin Gold project will not be available on a timely basis, subject to reasonable conditions, or at all;
- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of our mineral deposits;
- uncertainties relating to the assumptions underlying our resource and reserve estimates, such as metal pricing, metallurgy, mineability, marketability and operating and capital costs;
- risks related to the inability to develop or access the infrastructure required to construct and operate the Donlin Gold project;
- uncertainty related to title to the Donlin Gold project;
- mining and development risks, including risks related to infrastructure, accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with, or interruptions in, development, construction or production;

- competition in the mining industry;
- risks related to governmental regulation and permits, including environmental regulation;
- risks related to our largest shareholder;
- risks related to conflicts of interests of some of the directors and officers of the Company;
- risks related to the need for reclamation activities on our properties and uncertainty of cost estimates related thereto;
- credit, liquidity, interest rate and currency risks;
- risks related to increases in demand for equipment, skilled labor and services needed for exploration and development of the Donlin Gold project, and related cost increases;
- our need to attract and retain qualified management and technical personnel;
- uncertainty as to the outcome of potential litigation;
- risks related to information technology systems;
- risks related to the Company's status as a "passive foreign investment company" in the United States; and
- risks related to the effects of global climate change on the Donlin Gold project.

This list is not exhaustive of the factors that may affect any of our forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and our actual achievements or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in our Annual Report on Form 10-K for the year ended November 30, 2022 and this Quarterly Report on Form 10-Q under the heading "Risk Factors" and elsewhere.

Our forward-looking statements contained in this Quarterly Report on Form 10-Q are based on the beliefs, expectations, and opinions of management as of the date of this report. We do not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

NOVAGOLD RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
(Unaudited, US dollars in thousands)

	As of May 31, 2023	As of November 30, 2022
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$46,954	\$63,882
Term deposits	62,000	62,000
Notes receivable (Note 4)	24,855	24,421
Other assets (Note 6)	1,371	2,235
Current assets	<u>135,180</u>	<u>152,538</u>
Investment in Donlin Gold (Note 5)	4,602	3,848
Other assets (Note 6)	3,088	2,803
Total assets	<u>\$142,870</u>	<u>\$159,189</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$610	\$769
Accrued payroll and related benefits	1,376	2,532
Other liabilities (Note 8)	1,331	1,298
Current liabilities	<u>3,317</u>	<u>4,599</u>
Promissory note (Note 7)	129,841	123,685
Other liabilities (Note 8)	907	1,002
Total liabilities	<u>134,065</u>	<u>129,286</u>
Commitments and contingencies (Notes 7 and 8)		
EQUITY		
Common shares	1,985,383	1,983,962
Contributed surplus	85,746	82,866
Accumulated deficit	(2,037,816)	(2,012,508)
Accumulated other comprehensive loss	(24,508)	(24,417)
Total equity	<u>8,805</u>	<u>29,903</u>
Total liabilities and equity	<u>\$142,870</u>	<u>\$159,189</u>

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

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on June 27, 2023. They are signed on the Company's behalf by:

/s/ Gregory A. Lang, Director

/s/ Anthony P. Walsh, Director

NOVAGOLD RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited, US dollars in thousands except per share amounts)

	<u>Three months ended May 31,</u>		<u>Six months ended May 31,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Operating expenses:				
General and administrative (Note 10)	\$5,535	\$5,371	\$11,142	\$10,548
Equity loss – Donlin Gold (Note 5)	7,543	8,441	12,018	12,481
	<u>13,078</u>	<u>13,812</u>	<u>23,160</u>	<u>23,029</u>
Loss from operations	(13,078)	(13,812)	(23,160)	(23,029)
Interest expense on promissory note	(3,212)	(1,684)	(6,156)	(3,196)
Accretion of note receivable	217	209	434	419
Other income (expense), net (Note 11)	1,424	317	3,649	841
Loss before income taxes	(14,649)	(14,970)	(25,233)	(24,965)
Income tax expense	—	—	(75)	—
Net loss	<u>(14,649)</u>	<u>(14,970)</u>	<u>(25,308)</u>	<u>(24,965)</u>
Other comprehensive income (loss):				
Foreign currency translation adjustments	10	86	(91)	264
Comprehensive loss	<u>\$(14,639)</u>	<u>\$(14,884)</u>	<u>\$(25,399)</u>	<u>\$(24,701)</u>
Net loss per common share – basic and diluted	<u>\$(0.04)</u>	<u>\$(0.04)</u>	<u>\$(0.08)</u>	<u>\$(0.07)</u>
Weighted average shares outstanding				
Basic and diluted (thousands)	334,010	333,232	333,979	333,087

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

NOVAGOLD RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited, US dollars in thousands)

	<u>Three months ended May 31,</u>		<u>Six months ended May 31,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Operating activities:				
Net loss	\$(14,649)	\$(14,970)	\$(25,308)	\$(24,965)
Adjustments:				
Equity loss – Donlin Gold	7,543	8,441	12,018	12,481
Share-based compensation	2,140	2,105	4,301	4,196
Interest expense on promissory note	3,212	1,684	6,156	3,196
Foreign exchange (gain) loss	5	47	(36)	159
Accretion of note receivable	(217)	(209)	(434)	(419)
Gain on sale of mineral property	—	—	(556)	—
Change in fair value of marketable securities	(79)	(213)	(378)	(713)
Other operating adjustments	14	(2)	39	(2)
Net change in operating assets and liabilities (Note 13)	<u>1,862</u>	<u>797</u>	<u>(464)</u>	<u>(2,256)</u>
Net cash used in operating activities	<u>(169)</u>	<u>(2,320)</u>	<u>(4,662)</u>	<u>(8,323)</u>
Investing activities:				
Proceeds from term deposits	62,000	16,000	62,000	16,000
Purchases of term deposits	(62,000)	(8,000)	(62,000)	(8,000)
Funding of Donlin Gold	(7,028)	(10,551)	(12,772)	(16,487)
Proceeds from sale of mineral property	—	—	556	—
Acquisition of property and equipment	<u>(14)</u>	<u>—</u>	<u>(14)</u>	<u>—</u>
Net cash provided from (used in) investing activities	<u>(7,042)</u>	<u>(2,551)</u>	<u>(12,230)</u>	<u>(8,487)</u>
Financing activities:				
Withholding tax on share-based compensation	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,122)</u>
Net cash used in financing activities	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,122)</u>
Effect of exchange rate changes on cash and cash equivalents	4	30	(36)	100
Decrease in cash and cash equivalents	<u>(7,207)</u>	<u>(4,841)</u>	<u>(16,928)</u>	<u>(18,832)</u>
Cash and cash equivalents at beginning of period	<u>54,161</u>	<u>77,133</u>	<u>63,882</u>	<u>91,124</u>
Cash and cash equivalents at end of period	<u>\$46,954</u>	<u>\$72,292</u>	<u>\$46,954</u>	<u>\$72,292</u>

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

NOVAGOLD RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF EQUITY
(Unaudited, US dollars and shares in thousands)

	Six months ended May 31, 2023					Total equity
	Common shares		Contributed surplus	Accumulated deficit	AOCL*	
	Shares	Amount				
November 30, 2022	333,753	\$1,983,962	\$82,866	\$(2,012,508)	\$(24,417)	\$29,903
Share-based compensation	—	—	2,161	—	—	2,161
Stock options exercised	230	734	(734)	—	—	—
Net loss	—	—	—	(10,659)	—	(10,659)
Other comprehensive loss	—	—	—	—	(101)	(101)
February 28, 2023	333,983	\$1,984,696	\$84,293	\$(2,023,167)	\$(24,518)	\$21,304
Share-based compensation	—	—	2,140	—	—	2,140
Stock options exercised	115	687	(687)	—	—	—
Net loss	—	—	—	(14,649)	—	(14,649)
Other comprehensive income	—	—	—	—	10	10
May 31, 2023	<u>334,098</u>	<u>\$1,985,383</u>	<u>\$85,746</u>	<u>\$(2,037,816)</u>	<u>\$(24,508)</u>	<u>\$8,805</u>

	Six months ended May 31, 2022					Total equity
	Common shares		Contributed surplus	Accumulated deficit	AOCL*	
	Shares	Amount				
November 30, 2021	332,416	\$1,978,520	\$82,216	\$(1,959,165)	\$(23,289)	\$78,282
Share-based compensation	—	—	2,091	—	—	2,091
Performance share units (PSUs) settled in shares	430	1,731	(1,731)	—	—	—
Stock options exercised	144	550	(550)	—	—	—
Withholding tax on PSUs	—	—	(2,122)	—	—	(2,122)
Net loss	—	—	—	(9,995)	—	(9,995)
Other comprehensive income	—	—	—	—	178	178
February 28, 2022	332,990	\$1,980,801	\$79,904	\$(1,969,160)	\$(23,111)	\$68,434
Share-based compensation	—	—	2,105	—	—	2,105
Stock options exercised	347	984	(984)	—	—	—
Net loss	—	—	—	(14,970)	—	(14,970)
Other comprehensive income	—	—	—	—	86	86
May 31, 2022	<u>333,337</u>	<u>\$1,981,785</u>	<u>\$81,025</u>	<u>\$(1,984,130)</u>	<u>\$(23,025)</u>	<u>\$55,655</u>

* Accumulated other comprehensive loss

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

NOVAGOLD RESOURCES INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited, US dollars in thousands except per share amounts)

NOTE 1 – NATURE OF OPERATIONS AND BASIS OF PRESENTATION

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 has no realized revenues from its planned principal business purpose. The Company’s principal asset is a 50% interest in the Donlin Gold project in Alaska, USA. The Donlin Gold project is owned and operated by Donlin Gold LLC (“Donlin Gold”), a limited liability company that is owned equally by wholly-owned subsidiaries of NOVAGOLD and Barrick Gold Corporation (“Barrick”).

The Condensed Consolidated Interim Financial Statements (“interim statements”) of NOVAGOLD are unaudited. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these interim statements have been included. The results reported in these interim statements are not necessarily indicative of the results that may be reported for the entire year. These interim statements should be read in conjunction with NOVAGOLD’s Consolidated Financial Statements for the year ended November 30, 2022. The year-end balance sheet data was derived from the audited financial statements and certain information and footnote disclosures required by United States generally accepted accounting principles (US GAAP) have been condensed or omitted.

The functional currency for the Company’s Canadian operations is the Canadian dollar and the functional currency for the Company’s U.S. operations is the United States dollar. References in these Condensed Consolidated Interim Financial Statements and Notes to \$ refer to United States dollars and C\$ to Canadian dollars. Dollar amounts are in thousands, except for per share amounts.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contingent note receivable

A portion of the proceeds related to the sale of Galore Creek to a subsidiary of Newmont Corporation (“Newmont”) includes 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 future 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 the entity is dependent on funding from its owners. All funding, ownership, voting rights, and power to exercise control is shared equally on a 50/50 basis between the owners of the VIE. Therefore, the Company has determined that it is not 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 investment is initially 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.

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,

NOVAGOLD RESOURCES INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited, US dollars in thousands except per share amounts)

employee stock option exercise behaviors, additional stock option grants, estimates of forfeitures, the Company's performance, and the Company's performance in relation to its peers.

NOTE 3 – SEGMENTED INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer. The Chief Executive Officer considers the business from a geographic perspective considering the performance of our investment in the Donlin Gold project in Alaska, USA (Note 5).

NOTE 4 – NOTES RECEIVABLE

On July 27, 2018, the Company sold its interest in the Galore Creek project to Newmont for cash proceeds of \$100,000, a \$75,000 note receivable due on the earlier of the completion of a Galore Creek pre-feasibility study or July 27, 2021, a \$25,000 note receivable due on the earlier of the completion of a Galore Creek feasibility study or July 31, 2023, and a contingent note for \$75,000 upon approval of a Galore Creek project construction plan by the owner(s). The Company received \$75,000 from Newmont on July 27, 2021.

As of May 31, 2023, the carrying value of the \$25,000 note receivable was \$24,855 including \$3,907 of accumulated accretion. The carrying value of the note receivable is accreted to \$25,000 over five years at a discount rate of 3.6% based on quoted market values for Newmont debt with a similar term.

A contingent note for \$75,000 is receivable upon approval of a Galore Creek project construction plan by the owner(s). No value was assigned to the final \$75,000 contingent note receivable. 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 May 31, 2023.

NOTE 5 – INVESTMENT IN DONLIN GOLD

The Donlin Gold project is owned and operated by Donlin Gold, a limited liability company in which wholly-owned subsidiaries of NOVAGOLD and Barrick each own a 50% interest. Donlin Gold has a board of four representatives, with two representatives selected by Barrick and two representatives selected by the Company. All significant decisions related to the Donlin Gold project 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:

	Three months ended May 31,		Six months ended May 31,	
	2023	2022	2023	2022
Balance – beginning of period	\$5,117	\$5,472	\$3,848	\$3,576
Share of losses:				
Mineral property expenditures	(7,391)	(8,343)	(11,715)	(12,287)
Depreciation	(144)	(86)	(283)	(171)
Accretion	(8)	(12)	(20)	(23)
	(7,543)	(8,441)	(12,018)	(12,481)
Funding	7,028	10,551	12,772	16,487
Balance – end of period	\$4,602	\$7,582	\$4,602	\$7,582

NOVAGOLD RESOURCES INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited, US dollars in thousands except per share amounts)

The following amounts represent the Company's 50% share of the assets and liabilities of Donlin Gold. Donlin Gold capitalized the initial contribution of the Donlin Gold property as *Non-current assets: Mineral property* with a carrying value of \$64,000, resulting in a higher carrying value of the mineral property for Donlin Gold than that of the Company.

	As of May 31, 2023	As of November 30, 2022
Current assets: Cash, prepaid expenses and other receivables	\$5,929	\$4,220
Non-current assets: Right-of-use assets, property and equipment	1,745	2,036
Non-current assets: Mineral property	32,615	32,615
Current liabilities: Accounts payable, accrued liabilities and lease obligations	(2,966)	(2,322)
Non-current liabilities: Reclamation and lease obligations	(721)	(701)
Net assets	<u>\$36,602</u>	<u>\$35,848</u>

NOTE 6 – OTHER ASSETS

	As of May 31, 2023	As of November 30, 2022
Other current assets:		
Accounts receivable	\$348	\$301
Interest receivable	65	62
Receivable from Donlin Gold	347	574
Prepaid expenses	611	1,298
	<u>\$1,371</u>	<u>\$2,235</u>
Other long-term assets:		
Marketable equity securities	\$2,209	\$1,845
Right-of-use assets	849	939
Office equipment	30	19
	<u>\$3,088</u>	<u>\$2,803</u>

NOTE 7 – PROMISSORY NOTE

The Company has a promissory note payable to Barrick of \$129,841, comprised of \$51,576 in principal, and \$78,265 in accrued interest at U.S. prime plus 2%. The 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 the Company's share of revenue from future mine production or from any net proceeds resulting from a reduction of the Company's interest in Donlin Gold. The carrying value of the promissory note approximates fair value.

NOVAGOLD RESOURCES INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited, US dollars in thousands except per share amounts)

NOTE 8 – OTHER LIABILITIES

	As of May 31, 2023	As of November 30, 2022
Other current liabilities:		
Remediation liabilities	\$1,147	\$1,156
Lease obligations	184	142
	<u>\$1,331</u>	<u>\$1,298</u>
Other long-term liabilities:		
Remediation liabilities	\$200	\$200
Lease obligations	707	802
	<u>\$907</u>	<u>\$1,002</u>

NOTE 9 – 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, receivable from Donlin Gold, marketable equity securities, accounts payable and accrued liabilities, and a promissory note. The fair value of the promissory note approximates its carrying value based on accrued interest at U.S. prime plus 2% and the terms for repayment from future mine production or from any net proceeds resulting from a reduction of the Company's interest in Donlin Gold. The fair value of the Company's other financial instruments approximates 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, receivable from Donlin Gold, notes receivable, accounts payable and accrued liabilities, and a promissory note. The Company's marketable equity 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 equity securities was \$2,209 as of May 31, 2023 (\$1,845 as of November 30, 2022), calculated as the quoted market price of the marketable equity security multiplied by the quantity of shares held by the Company.

NOTE 10 – GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended May 31,		Six months ended May 31,	
	2023	2022	2023	2022
Share-based compensation (Note 12)	\$2,140	\$2,105	\$4,301	\$4,196
Salaries and benefits	1,713	1,658	3,458	3,426
Office expense	814	749	1,705	1,478
Corporate communications and regulatory	512	507	814	760
Professional fees	354	350	861	684
Depreciation	2	2	3	4
	<u>\$5,535</u>	<u>\$5,371</u>	<u>\$11,142</u>	<u>\$10,548</u>

NOVAGOLD RESOURCES INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited, US dollars in thousands except per share amounts)

NOTE 11 – OTHER INCOME (EXPENSE), NET

	Three months ended May 31,		Six months ended May 31,	
	2023	2022	2023	2022
Interest and dividend income	\$1,350	\$151	\$2,679	\$287
Gain on sale of mineral property	—	—	556	—
Change in fair market value of marketable securities	79	213	378	713
Foreign exchange gain (loss)	(5)	(47)	36	(159)
	<u>\$1,424</u>	<u>\$317</u>	<u>\$3,649</u>	<u>\$841</u>

NOTE 12 – SHARE-BASED COMPENSATION

	Three months ended May 31,		Six months ended May 31,	
	2023	2022	2023	2022
Stock options	\$1,096	\$1,192	\$2,262	\$2,385
Performance share unit plan	990	859	1,931	1,695
Deferred share unit plan	54	54	108	116
	<u>\$2,140</u>	<u>\$2,105</u>	<u>\$4,301</u>	<u>\$4,196</u>

Stock options

A summary of stock options outstanding and activity during the six months ended May 31, 2023 are as follows:

	Number of stock options (thousands)	Weighted- average exercise price per share	Weighted- average remaining contractual term (years)	Aggregate intrinsic value
November 30, 2022	7,717	\$6.18		
Granted	2,292	5.71		
Exercised	(997)	3.79		
Cancelled	(246)	6.60		
May 31, 2023	<u>8,766</u>	<u>\$6.31</u>	<u>2.61</u>	<u>\$2,805</u>
Vested and exercisable as of May 31, 2023	<u>5,027</u>	<u>\$6.22</u>	<u>1.55</u>	<u>\$2,805</u>

NOVAGOLD RESOURCES INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited, US dollars in thousands except per share amounts)

The following table summarizes other stock option-related information:

	<u>Six months ended May 31,</u>	
	<u>2023</u>	<u>2022</u>
Weighted-average assumptions used to value stock option awards:		
Expected volatility	48.4%	46.5%
Expected term of options (years)	4	4
Expected dividend rate	—	—
Risk-free interest rate	3.85%	1.13%
Expected forfeiture rate	2.8%	2.9%
Weighted-average grant-date fair value	\$2.40	\$2.49
Intrinsic value of options exercised	\$1,989	\$3,630
Cash received from options exercised	\$—	\$—

As of May 31, 2023, the Company had \$5,095 of unrecognized compensation cost related to 3,739,000 non-vested stock options expected to be recognized and vest over a period of approximately 2.5 years.

Performance share units

A summary of PSU awards outstanding and activity during the six months ended May 31, 2023 are as follows:

	<u>Number of PSU awards (thousands)</u>	<u>Weighted- average grant day fair value per award</u>	<u>Aggregate intrinsic value</u>
November 30, 2022	1,257	\$7.65	
Granted	787	5.74	
Vested	—	—	
Performance adjustment	(439)	6.96	
May 31, 2023	<u>1,605</u>	<u>\$6.89</u>	<u>\$4,259</u>

As of May 31, 2023, the Company had \$5,727,000 of unrecognized compensation cost related to 1,605,000 non-vested PSU awards expected to be recognized and vest over a period of approximately 2.5 years.

The following table summarizes other PSU-related information:

	<u>Six months ended May 31,</u>	
	<u>2023</u>	<u>2022</u>
Performance multiplier on PSUs vested	—%	93%
Common shares issued (thousands)	—	430
Total fair value of common shares issued	\$—	\$2,903
Withholding tax paid on PSUs vested	\$—	\$2,122

NOTE 13 – NET CHANGE IN OPERATING ASSETS AND LIABILITIES

	<u>Three months ended May 31,</u>		<u>Six months ended May 31,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Changes in operating assets and liabilities:				
Other assets	\$1,033	\$293	\$854	\$(701)
Accounts payable and accrued liabilities	96	122	(154)	(29)
Accrued payroll and related benefits	735	453	(1,155)	(1,455)
Remediation liabilities	(2)	(71)	(9)	(71)
	<u>\$1,862</u>	<u>\$797</u>	<u>\$(464)</u>	<u>\$(2,256)</u>

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (dollars in thousands, except per share amounts)

In Management’s Discussion and Analysis of Financial Condition and Results of Operations, “NOVAGOLD”, the “Company”, “we,” “us” and “our” refer to NOVAGOLD RESOURCES INC. and its consolidated subsidiaries. The following discussion and analysis of our financial condition and results of operations constitutes management’s review of the factors that affected our financial and operating performance for the three- and six-month periods ended May 31, 2023 and May 31, 2022. This discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto contained elsewhere in this report and our Annual Report on Form 10-K for the year ended November 30, 2022, as well as other information we file with the Securities and Exchange Commission on EDGAR at www.sec.gov and with Canadian Securities Administrators on SEDAR at www.sedar.com. References herein to \$ refer to United States dollars and C\$ to Canadian dollars.

Overview

We operate in the gold mining industry, primarily focused on advancing the Donlin Gold project in Alaska. The Donlin Gold project is held by Donlin Gold LLC (“Donlin Gold”), a limited liability company owned equally by wholly-owned subsidiaries of NOVAGOLD and Barrick.

Our corporate goals include continuing to advance the Donlin Gold project toward a construction decision; maintaining support for Donlin Gold among the project’s stakeholders; promoting a strong safety, sustainability, and environmental culture; maintaining a favorable reputation of NOVAGOLD; and preserving a healthy balance sheet. Our operations primarily relate to the delivery of project milestones, including the achievement of various technical, environmental, sustainable development, economic and legal objectives, obtaining necessary permits, completion of pre-feasibility and feasibility studies, preparation of engineering designs and the financing to fund these objectives.

Donlin Gold highlights

Stakeholder and government engagement

Donlin Gold is fortunate to have time-tested partnerships with Calista Corporation (“Calista”) and The Kuskokwim Corporation (TKC), owners of the mineral and surface rights, respectively. The project’s location on private lands specially selected for mineral development potential pursuant to the 1971 Alaska Native Claims Settlement Act is a key attribute that distinguishes it from most other mining assets in Alaska. Donlin Gold’s commitment to meaningful tribal engagement throughout project development and permitting has been reinforced by decades of reliable and dependable engagement with the community.

Donlin Gold continues to work with Calista and TKC in all aspects of outreach and engagement throughout the Yukon-Kuskokwim (“Y-K”) region. In the second quarter, Donlin Gold signed additional Shared Values Statements with two villages in the Y-K region bringing the total to 14, which formalize current engagement with key local communities, expand upon the long term relationships already established with them, and address specific community needs including: water, sewer, and solid waste projects; the ice road that connects remote villages in the Y-K region; salmon and other aquatic life studies; and suicide and public safety prevention programs.

Donlin Gold was recognized as a leader in the Y-K region for providing support to Crooked Creek, the village closest to the project site, following major spring flooding of their village. Donlin Gold staff were on-site providing support, supplies, transportation and comfort to those affected by the flood. The staff were able to fly over the river to take pictures and provide them to the State, which ultimately prompted the declaration of a state of emergency.

In partnership with Calista and TKC, Donlin Gold held the first informational Subsistence Communications Advisory Committee (SCAC) meeting in Aniak during the second quarter. All attendees, who have varying perspectives on the Donlin Gold project, completed an application to join the SCAC.

During the second quarter, visits were made to Washington, DC for continued bipartisan outreach to the Biden Administration and U.S. Congress, including Senators Lisa Murkowski and Dan Sullivan and Representative Mary Peltola from the Y-K region. In early March, TKC, Calista, and Crooked Creek held a tribal consultation meeting with the U.S. Army Corps of Engineers (“Corps”) Alaska District leadership to emphasize the benefits of the project, as well as the strengths and transparency of the NEPA review and federal permitting process undertaken for the project. In early May, the village of Crooked Creek Traditional Council, which recently re-affirmed its support for the project, accompanied Calista and Donlin Gold in visits with Administration and Congressional staff. In all these meetings, Calista, Donlin Gold, and now Crooked Creek have highlighted the thoroughness of the project’s environmental

review and permitting processes, as well as the partnerships with Native Alaskans that own the land.

Environment and social investments

Environmental stewardship, education, community wellness, and cultural preservation constitute key focus investments for Donlin Gold in the Y-K region. The Donlin Gold project supports these initiatives through fisheries studies and other environmental activities, subsistence and cultural preservation efforts, and educational grants. A wide range of activities and projects were carried out in the second quarter with Calista and TKC.

Health and Safety

In partnership with Covenant House Alaska and Bethel Community Services, Donlin Gold has been working on an action plan to address the chronic youth shelter and food security issues in the Y-K region. Since the start of the year, space was successfully leased from Bethel Winter House where they recently held their grand opening to provide young adults aged 18 to 24 with shelter and food.

Donlin Gold also supported the Chevak Search and Rescue team and provided funding to various health and safety initiatives of communities throughout the Y-K region such as Skwenta and Nikolai.

Healthy Lifestyle and Cultural Preservation

Donlin Gold is supporting the annual Clean-up Green-up program for 52 villages, which aims to collect and dispose of trash from the tundra, roads, public areas, and beaches in the Y-K region that accumulates over the winter months.

Donlin Gold also supported the Calista Education and Culture, Inc. (“CECI”), a nonprofit corporation providing educational scholarships to Calista shareholders and descendants. CECI conducts cultural summer camps, provides burial assistance, and engages in various fundraising activities in the Y-K region.

Education

Donlin Gold provides support to the Rural Alaska Honors Institute, which is a competitive program that gives Alaska Native and Y-K region students an opportunity to experience what it’s like to be a college student. The program includes an in-dorm experience on the University of Alaska Fairbanks campus, an average of nine college credit courses, the ability to explore interior Alaska through a variety of outdoor activities and volunteer opportunities in the Fairbanks community.

Donlin Gold sponsors the Lower Kuskokwim School District’s annual college and career fair. The event was moved to a virtual platform in 2020, which has allowed the audience to increase and become more engaged for those who would not be able to attend due to travelling from a remote location. This year’s career fair was held in April with 70 students and 30 vendors.

Permitting

Permitting in the United States and in Alaska has been a tremendous achievement to date and a substantial undertaking over many years to ensure a diligent, thorough, transparent, and inclusive process for all involved, including stakeholders from the Y-K region. Donlin Gold, its owners, and its partners Calista and TKC are intimately familiar with the permitting and regulatory processes applicable to the project and will continue to support the State in its defense of the thorough and diligent permitting process. Together, they will also continue working to secure the various remaining state-level permits and certificates required for the project.

The Donlin Gold camp re-opened in February 2023 to continue geotechnical and hydrological fieldwork to collect additional data needed to advance toward finalizing the next step in the design documentation required for the Alaska Dam Safety certificates, with anticipated field completion in July 2023 and issuance of the certificates expected in 2026. In 2022, Donlin Gold applied for a new air quality permit based on updated air quality modeling and emissions controls information, and the regularly scheduled re-issuance of its Alaska Pollutant Discharge Elimination System (APDES) permit from the Alaska Department of Environmental Conservation (ADEC). The new air quality permit is anticipated to be issued by June 30, 2023. ADEC has extended the existing APDES permit indefinitely until a new permit is finalized.

Litigation

On June 3, 2020, Earthjustice joined by Orutsararmiut Native Council (ONC), ten Y-K villages, and the Alaska Community Action on Toxics filed a formal appeal with the ADEC Commissioner of the State’s water quality certification under Section 401 of the Clean Water Act. The appeal process consisted of an Administrative Hearing in front of an Administrative Law Judge (ALJ) appointed by the ADEC Commissioner. On April 12, 2021, the ALJ issued his opinion for the Commissioner’s consideration recommending the

401 Certification be vacated. The Commissioner issued his decision to uphold the 401 Certification on May 27, 2021. The decision was appealed on June 28, 2021, in Alaska Superior Court by Earthjustice, on behalf of ONC. On September 27, 2021, Donlin Gold filed a motion requesting a short term stay in the case to allow the State to fully consider additional technical materials on mercury and temperature; the State indicated to the Court that they did not oppose the motion. On October 22, 2021, Donlin Gold submitted to ADEC expert technical reports on mercury and temperature. On November 22, 2021, ADEC filed an additional motion asking to remand the 401 certification back to ADEC to determine how the additional information affects the certification. Earthjustice did not oppose the motion although had comments on the remand process. On December 29, 2021, the Court granted the remand request, dismissed the case without prejudice, and left in place existing certification. On May 13, 2022, the ADEC Water Division Director reaffirmed the 401 certification. On June 13, 2022, Earthjustice appealed the elements of the decision related to temperature to the Commissioner and requested an adjudicatory hearing with an ALJ. On July 14, 2022, the Commissioner granted the request for the hearing and a new ALJ was assigned. On September 14, 2022, Earthjustice filed their initial brief. Donlin Gold and ADEC filed response briefs on October 14, 2022. Earthjustice filed their final reply brief on October 21, 2022. The Commissioner's decision, which he will make in collaboration with the ALJ, is expected in the third quarter of 2023.

On September 20, 2021, Earthjustice, representing ONC, Cook Inletkeeper, and three Y-K villages, filed an appeal of the State pipeline ROW authorization in Alaska Superior Court. An appeal was also filed by a second party, Robert Fithian, the owner of an outdoor guiding business located near the proposed Donlin Gold pipeline route, on September 20, 2021. On April 5, 2022, Earthjustice filed its opening brief, which related to the scope of the cumulative effects analysis required by the Alaska Constitutional, statutory, and regulatory provisions, and related previous litigation. Alaska Department of Natural Resources (ADNR), Donlin Gold, and Calista filed response briefs on June 15-16, 2022. Earthjustice filed its reply on July 18, 2022, and requested oral arguments. The second appellant filed his initial brief on June 8, 2022. ADNR's and Donlin Gold's response briefs were submitted on August 22, 2022, and the second appellant filed their reply brief on November 9, 2022. The request for oral arguments was granted by the Court and they were held on January 11, 2023. On April 12, 2023, the Alaska Superior Court affirmed ADNR's issuance of the ROW lease in the Earthjustice/ONC case. This decision has been appealed by Earthjustice to the Alaska Supreme Court. We anticipate an Alaska Superior Court decision on the Fithian case by the end of 2023.

On May 25, 2022, Earthjustice, on behalf of ONC and five Y-K villages, filed an appeal of the final Water Rights in Alaska Superior Court. The appellants filed their initial brief on November 21, 2022. The briefing process has been completed and oral arguments are scheduled for July 19, 2023. A decision is expected within the next twelve-month period.

In September 2022, 13 tribes sent a letter to the Corps and the U.S. Environmental Protection Agency (EPA) requesting that the Corps consider requiring a supplemental environmental impact statement (EIS) on the Donlin Gold project and also requesting to revoke the Clean Water Act Section 404 permit in light of what the tribes consider "new information" since the final EIS was issued in 2018. Additionally, in September 2022, the same tribes submitted a separate letter to the EPA requesting that they initiate a Clean Water Act Section 404(c) veto process for the Donlin Gold project. In early January 2023, Donlin Gold and Calista both submitted responses to the Corps on why the requests to prepare a supplemental EIS or revoke the 404 permit should not be granted. In mid-January 2023, Donlin Gold also provided a response to the EPA describing why the agency should not initiate a 404(c) process.

On April 6, 2023, Earthjustice with ONC and five Y-K villages filed suit against the U.S. government in Anchorage Federal District Court. The lawsuit asks the Court to invalidate the Joint Record of Decision, including the Clean Water Act Section 404 permit issued by the Corps and ROW lease for the portions of the pipeline on Federal lands issued by the Bureau of Land Management of the U.S. Department of Interior. The DOJ will defend the issuance of the permits by those Federal agencies. Donlin Gold and Calista have been granted intervenor status in this case.

Donlin Gold project

The continued focus at Donlin Gold is to update the geologic and resource models with the data derived from the extensive drill program that took place over the last three years; reviewing key project assumptions, inputs, and design components for optimization (mine engineering, metallurgy, hydrology, and infrastructure); advancing remaining permits through the regulatory process and supporting the State in maintaining the existing permits; and, through continued engagement, sustaining and expanding project support in the Y-K region.

The 2023 field program at the Donlin Gold project is anticipated to be completed in July. The Donlin Gold project camp workforce has safely advanced site activities. Local hire has always been a priority for Donlin Gold with 63% of the workforce being from the Y-K. The work completed to date includes fieldwork and geotechnical drilling for the Alaska Dam Safety certificates by collecting data in the locations of the water retention structures planned for construction (including proposed Tailings Storage Facility); and hydrological drilling to further define the depth and flow of groundwater in the areas of the planned Donlin Gold pit and surrounding infrastructure to support mine planning and design.

The comprehensive work being completed will provide valuable information for the Donlin Gold LLC board and its owners to consider with respect to an updated feasibility study decision. The owners will advance the Donlin Gold project in a financially disciplined manner with a strong focus on engineering excellence, environmental stewardship, a strong safety culture and continued community engagement.

Our share of funding for the Donlin Gold project in the first half of 2023 was \$12,772. In 2023, we continue to expect our share of Donlin Gold LLC funding to be \$17,000, including \$8,000 for external affairs, permitting, environmental, land, and legal activities and \$9,000 for project planning and fieldwork.

The Donlin Gold LLC board must approve a construction program and budget before the Donlin Gold project can be developed. The timing of the required engineering work and the Donlin Gold LLC board's approval of a construction program and budget, the receipt of all required governmental permits and approvals, and the availability of financing, commodity price fluctuations, risks related to market events and general economic conditions among other factors, will affect the timing of and whether to develop the Donlin Gold project. Among other reasons, project delays could occur as a result of co-owner disagreements, public opposition, litigation challenging permit decisions, requests for additional information or analysis, limitations in agency staff resources during regulatory review and permitting, or project changes made by Donlin Gold LLC.

We record our interest in the Donlin Gold project as an equity investment, which results in our 50% share of Donlin Gold's expenses being recorded in the income statement as an operating loss. The investment amount recorded on the balance sheet primarily represents unused funds advanced to Donlin Gold.

Consolidated Financial Results

Second quarter 2023 compared to 2022

In the second quarter of 2023, *Net loss* decreased by \$321 from 2022, primarily due to lower field expenses at Donlin Gold and increased interest income on cash and term deposits, partially offset by an increase in interest expense on the promissory note and higher corporate travel and legal expenses. Donlin Gold expenses were lower in the second quarter of 2023 with fieldwork and geotechnical drilling for the Alaska Dam Safety certificates and hydrological drilling to support mine planning and design in the second quarter of 2023, compared to the large exploration drilling program in the second quarter of 2022.

First six months 2023 compared to 2022

In the first six months of 2023, *Net loss* increased by \$343 from 2022, primarily due to an increase in interest expense on the promissory note and higher corporate travel and legal expenses, partially offset by increased interest income and other income related to the 2021 sale of the Company's interest in the San Roque mineral property.

Liquidity and Capital Resources

Liquidity overview

At present, we believe we have sufficient working capital available to cover anticipated funding of the Donlin Gold project and corporate general and administrative costs through completion of an updated Donlin Gold feasibility study. Further, we believe we have sufficient working capital available to cover anticipated costs and expenses for at least the next three years. Substantial additional capital will be required once a decision to commence engineering and construction is reached by the Donlin Gold LLC board for the Donlin Gold project. Future financing to fund construction are anticipated through debt, equity, project specific debt, and/or other means. Our continued operations are dependent on our ability to obtain additional financing or to generate future cash flows. However, there can be no assurance that we will be successful in our efforts to raise additional capital on terms favorable to us, or at all. For further information, see section *Item 1A, Risk Factors – Our ability to continue the exploration, permitting, development, and construction of the Donlin Gold project, and to continue as a going concern, will depend in part on our ability to obtain suitable financing.*

Our anticipated expenditures in fiscal year 2023 are approximately \$31,000, including \$17,000 to fund the Donlin Gold project, \$13,000 for corporate general and administrative costs, and \$1,000 for working capital and other items.

Our financial position includes the following as of May 31, 2023:

- Cash and cash equivalents of \$46,954, primarily held at three large Canadian domestic chartered banks with high credit ratings.
- Term deposits of \$62,000 denominated in U.S. dollars and held at two large Canadian domestic chartered banks with high credit ratings and maturities of less than one year.

- A note receivable of \$25,000 due on July 27, 2023, and a note for \$75,000 fully contingent upon approval of a Galore Creek project construction plan by the owner(s).
- Promissory note payable to Barrick of \$129,841, including accrued interest at U.S. prime plus 2%. The promissory note and accrued interest are payable from 85% of the Company's share of revenue from future Donlin Gold project production or from any net proceeds resulting from a reduction of the Company's interest in Donlin Gold.

Cash flows

In the second quarter of 2023 cash and cash equivalents decreased by \$7,207, mainly to fund our share of Donlin Gold and for corporate administrative expenses. The decrease in cash used in operating activities in the second quarter of 2023 compared to 2022 was primarily due to interest proceeds received on cash and term deposits. The increase in cash used in investing activities was due to proceeds from term deposits in the second quarter of 2022, partially offset by reduced funding of Donlin Gold in the second quarter of 2023.

In the first six months of 2023 cash and cash equivalents decreased by \$16,928, mainly to fund our share of Donlin Gold and for corporate administrative expenses. The decrease in cash used in operating activities in the first six months of 2023 compared to 2022 was primarily due to interest proceeds received on cash and term deposits in 2023, and the timing of corporate liability insurance payments and withholding tax paid on share-based compensation in 2022 (no PSUs vested in 2023). The increase in cash used in investing activities was due to proceeds from term deposits in 2022, partially offset by reduced funding of Donlin Gold and proceeds received from the sale of the Company's interest in the San Roque mineral property in 2023.

Outstanding share data

As of June 20, 2023, the Company had 334,132,703 common shares issued and outstanding. Also, as of June 20, 2023, the Company had: i) a total of 8,695,067 stock options outstanding; 7,660,400 with a weighted-average exercise price of \$6.29 and the remaining 1,034,667 of those stock options with a weighted-average exercise price of C\$8.74; and ii) 1,605,500 PSUs and 321,416 deferred share units outstanding. Upon exercise or pay out, as applicable, of the foregoing convertible securities, the Company would be required to issue a maximum of 11,424,733 common shares.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

Credit risk

Concentration of credit risk exists with respect to our cash and cash equivalents, term deposit investments and notes receivable. Cash and cash equivalents are primarily held at three of the largest Canadian domestic chartered banks with high deposit credit ratings (S&P: AA- or A-1(mid), Moody's: Aa1 or Aa3). All term deposits are held through two of the largest Canadian domestic chartered banks with high deposit credit ratings (S&P: AA-, Moody's: Aa1) and have maturities of less than one year. The notes are receivable from a subsidiary of Newmont, a publicly traded company with investment-grade credit ratings. The notes are guaranteed by Newmont.

Interest rate risk

The interest rate on the promissory note owed to Barrick is variable with the U.S. prime rate. Based on the amount owing on the promissory note as of May 31, 2023, and assuming all other variables remain constant, a 1% change in the U.S. prime rate would result in an increase/decrease of approximately \$1.3 million in the interest accrued on the promissory note per annum.

Item 4. Controls and Procedures

Management, with the participation of our President and Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of May 31, 2023. On the basis of this review, our President and Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our President and Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There have not been any changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) promulgated by the SEC under the Exchange Act) during the Company's most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. The Company's internal controls over financial reporting are based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are a party to routine litigation and proceedings that are considered part of the ordinary course of our business. We are not aware of any material current, pending, or threatened litigation.

Item 1A. Risk Factors

There have been no material changes to the risk factors set forth in our Annual Report on Form 10-K for the year ended November 30, 2022, as filed with the SEC on January 25, 2023. The risk factors in our Annual Report on Form 10-K for the year ended November 30, 2022, in addition to the other information set forth in this quarterly report, could materially affect our business, financial condition or results of operations. Additional risks and uncertainties not currently known to us or that we deem to be immaterial could also materially adversely affect our business, financial condition or results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

These disclosures are not applicable to us.

Item 5. Other Information.

None.

Item 6. Exhibits

See Exhibit Index.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: June 27, 2023

NOVAGOLD RESOURCES INC.

By: /s/ Gregory A. Lang

Gregory A. Lang

President and Chief Executive Officer

(principal executive officer)

By: /s/ David A. Ottewell

David A. Ottewell

Vice President and Chief Financial Officer

(principal financial and accounting officer)

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
31.1	Certification of the Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a)
31.2	Certification of the Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a)
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101	The following materials are filed herewith: (i) Inline XBRL Instance, (ii) Inline XBRL Taxonomy Extension Schema, (iii) Inline XBRL Taxonomy Extension Calculation, (iv) XBRL Taxonomy Extension Labels, (v) XBRL Taxonomy Extension Presentation, and (vi) Inline XBRL Taxonomy Extension Definition.
104	Cover Page Interactive Data File – The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

**CERTIFICATION PURSUANT TO
RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gregory A. Lang, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NOVAGOLD Resources Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 27, 2023

By: /s/ Gregory A. Lang
Gregory A. Lang
President and Chief Executive Officer
(principal executive officer)

**CERTIFICATION PURSUANT TO
RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David A. Ottewell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NOVAGOLD Resources Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 27, 2023

By: /s/ David A. Ottewell
David A. Ottewell
Vice President and Chief Financial Officer
(principal financial and accounting officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of NOVAGOLD Resources Inc. (the “Registrant”) for the period ended May 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Gregory A. Lang, President and Chief Executive Officer of the Registrant, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 27, 2023

By: /s/ Gregory A. Lang
Gregory A. Lang
President and Chief Executive Officer
(principal executive officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of NOVAGOLD Resources Inc. (the “Registrant”) for the period ended May 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David A. Ottewell, Vice President and Chief Financial Officer of the Registrant, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 27, 2023

By: /s/ David A. Ottewell
David A. Ottewell
Vice President and Chief Financial Officer
(principal financial and accounting officer)