

RE: IMPORTANT TAX NOTICE TO U.S. SHAREHOLDERS

This statement is provided for holders of NOVAGOLD RESOURCES INC. common shares who are required to file a United States federal income tax return (“U.S. holders”). It is not relevant to other holders.

NOVAGOLD RESOURCES INC. (the “Company”) may be considered a passive foreign investment company (PFIC) under Section 1297 of the United States Internal Revenue Code (the “Code”) for the taxable period beginning on December 1, 2020 and ending on November 30, 2021. For U.S. holders of the Company, certain significant and potentially adverse United States federal income tax consequences may result from this designation. Such consequences may generally be mitigated by making a timely and effective election to treat the Company as a Qualified Electing Fund under Section 1295 of the Code (“QEF election”).

Pursuant to the requirements of Treasury Regulation Section 1.1295-1(g)(1), the attached PFIC Annual Information Statement is being provided to U.S. holders who have made or intend to make a QEF Election. The attached PFIC Annual Information Statement contains information to enable you or your tax advisor to prepare your tax return if you make a QEF election.

A U.S. holder that makes a timely QEF Election generally will be subject to U.S. federal income tax on such U.S. holder’s pro rata share of our “net capital gain” and “ordinary earnings” (calculated under U.S. federal income tax rules), regardless of whether such amounts are distributed by the Company. The QEF election is made by completing and attaching Form 8621 to your federal income tax return filed by the due date of the return.

PFIC Annual Information Statement

(1) This Information Statement applies to the taxable period of NOVAGOLD RESOURCES INC. (the “Company”) beginning on December 1, 2020 and ending on November 30, 2021.

(2) Each shareholder of the Company has the following pro-rata share of the ordinary earnings and net capital gain of the Company for the taxable year of the Company specified in paragraph (1):

Ordinary Earnings: None

Net Capital Gain: None

(3) The amount of cash and fair market value of other property distributed or deemed distributed by the Company to each shareholder of the Company during the taxable year specified in paragraph (1) is as follows:

Cash: None

Fair Market Value of Property: None

(4) The Company will permit its shareholders to inspect and copy the Company’s permanent books of account, records, and such other documents as may be maintained by the Company that are necessary to establish that PFIC ordinary earnings and net capital gain, as provided in section 1293(e) of the Internal Revenue Code, are computed in accordance with U.S. income tax principles.

NOVAGOLD Resources Inc.

By: /s/ David A. Ottewell
David A. Ottewell
Vice-President and CFO

Date: March 15, 2022

THIS INFORMATION IS PROVIDED IN ORDER TO ASSIST SHAREHOLDERS IN MAKING CALCULATIONS AND DOES NOT CONSTITUTE TAX ADVICE. SHAREHOLDERS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE OVERALL TAX CONSEQUENCES OF THE OWNERSHIP OF COMMON SHARES ARISING IN THEIR OWN PARTICULAR SITUATIONS UNDER UNITED STATES FEDERAL, STATE, LOCAL OR FOREIGN LAW.