

PRESIDENT AND CEO'S MESSAGE



Gregory A. Lang
President and CEO

It is impossible to review 2020 without acknowledging the cloud of the global COVID-19 pandemic that continues to affect us all. NOVAGOLD had to go beyond the call of duty to practice extraordinary care, discipline, focus, and professionalism to ensure the safety and well-being of its workforce and that of Donlin Gold. We recognized very early on that extensive preventive measures had to be put in place immediately to protect employees. We also knew that communities near the Donlin Gold project in Alaska needed urgent help with transportation, food, and supplies.

COVID-19 RESPONSE

Donlin Gold was one of the first mining companies in Alaska to respond to the pandemic. Along with its Native Corporation partners, the company rapidly engaged to provide much-needed assistance to the remote and small villages in the region by partnering with tribal councils to coordinate food collection and delivery of supplies. Donlin also collaborated with tribal administrators to produce face masks for Elders and other people highly susceptible to COVID-19, and shipped 1,400 mask-making kits to 56 Yukon-Kuskokwim (Y-K) villages. A partnership was also established with the Bethel Community Services Foundation to support the Y-K Delta COVID-19 Response Fund, as well as with Covenant House Alaska for homeless and at-risk youth services in Bethel. Supplies were provided to hundreds of families – and meals served to thousands of individuals – through the Elders and Youth program. Donlin Gold donated thousands of pounds of food to shelters when the project camp temporarily closed in April due to the pandemic, and delivered food to every home in eight middle

Kuskokwim villages. As many communities found themselves cut off from winter transportation when the regional airline declared bankruptcy, Donlin stepped in to help coordinate essential deliveries to those remote communities without regular air service, one of the primary means of transportation in Western Alaska.

The Donlin Gold 2020 drill program commenced as planned in February and continued through March. It was temporarily paused near the end of that month, however, when COVID-19 reached Alaska. Our most important objective was to secure the health and safety of the workforce and partners. To minimize the risk posed by the virus when the drill program began again in late May, NOVAGOLD, in conjunction with its joint-venture partner Barrick Gold Corporation, implemented strict protocols to protect the Donlin Gold workforce, resulting in zero COVID-19 cases on site and no lost-time incidents during 2020. In addition to regular safety meetings conducted at camp with personal protective equipment provided to all site employees and contractors, instructions about good hygiene and sanitation practices were added – all in an effort to ensure that everyone remains healthy and makes it home safely every day.

We are proud of the active response in meeting urgent needs in the Y-K communities during the COVID-19 pandemic. Donlin Gold's partnership with Calista Corporation and The Kuskokwim Corporation (TKC) in ongoing community engagement also played a critical role in the implementation of environmental management, safety, and educational programs, as well as health and cultural initiatives, in these very difficult circumstances.

The majority of NOVAGOLD employees have been working remotely since the start of the pandemic and have not missed a beat. To the contrary, we endeavored to stay connected and increased communications with our key stakeholders, shareholders, and investors to maintain momentum and share progress on our stated strategy of advancing Donlin Gold, one of the largest and highest-grade known open-pit deposits in the world in one of the safest mining jurisdictions, Alaska.

PARTNERSHIPS AND COMMITMENTS

As we continue to deal with COVID-19 and its impact on the health of our communities, great comfort can be derived from the multi-decade partnerships that unite us in the common goal of advancing Donlin Gold for the benefit of its stakeholders. The project's Native Corporation partners, Calista and TKC, as well as Barrick, share our vision of building value for future generations. Calista and TKC have been our partners since 1995. As the owners

of the mineral and surface rights to the land, respectively, they have a direct interest in seeing the project move forward. In fact, concurrent private ownership of such rights is rather rare in mining projects today. The land where Donlin Gold is located was designated for mining under the Alaska Native Claims Settlement Act (ANCSA) long before exploration activities commenced, and the respective rights were subsequently transferred to Calista and TKC. Donlin Gold has life-of-mine agreements with both, and we are grateful for their long-term support and commitment to the project. We are all dedicated to supporting Calista's and TKC's mandate to help develop their land for the economic benefit of the region and for all stakeholders in accordance with ANCSA.

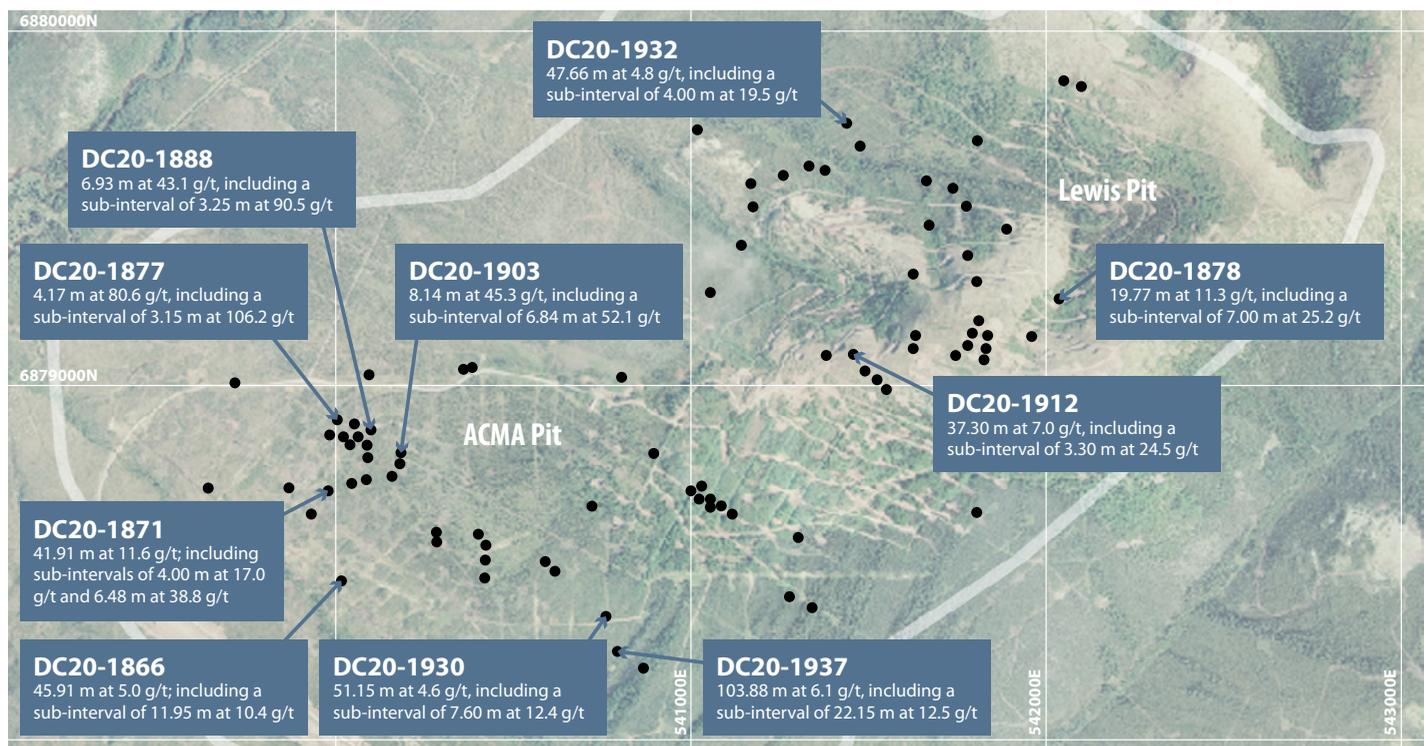
The partnership with Calista and TKC has strengthened over the last year. All three partners collectively focused on safety, culture, and social responsibility by maintaining regular communication with stakeholders and engaging in meaningful ways to promote the health and well-being of local communities. Donlin Gold has continued its outreach activities with both Calista and TKC via Tribal council and stakeholder meetings that have shifted to phone calls and video conferences given the ongoing situation with COVID-19. Other important initiatives included Donlin Gold scholarships, which are granted annually to students selected by Calista and TKC to benefit youth education in the region, and the CleanUp GreenUp program, in which 32 Y-K villages participated in cleaning up their communities.

In the summer, commitment to Y-K communities was reflected in the Donlin Gold Backhaul Hazardous Waste Removal Partnership – an initiative that saw 28 Y-K communities collaborate with key local groups to remove approximately 45,000 pounds of household hazardous materials and electronic waste, which was collected and shipped out for proper disposal. This event built on three previous occasions during 2018 and 2019 when more than 140,000 pounds of household hazardous materials were removed from 15 villages on the Kuskokwim River.

Access to training and education is critical for youth and young adult students. Recognizing this need, Donlin Gold scholarships are awarded to students selected by Calista and TKC to benefit education in the region. Calista awarded a total of 225 scholarships in 2020, with 158 students attending schools in Alaska and 67 going out of state. Donlin Gold also hosted two week-long virtual Alaska Resource Education minerals camps for Y-K and Doyon students.

As part of Donlin Gold's ongoing community engagement efforts, Friendship Agreements were signed by six Y-K communities (Crooked Creek, Sleetmute, Nikolai, Akiak, Napaskiak, and Napaimute) in 2020. These agreements build upon long-term relationships and address specific community needs such as water, sewer, and landfill projects; the ice road that connects remote villages in the Y-K region during the winter months; salmon studies; and suicide prevention programs. These various partnerships, activities, and programs demonstrate NOVAGOLD's, as well as Barrick's, unwavering commitment to sustainable and responsible development for the benefit of all stakeholders in the Y-K region.

TOP 10 RESULTS FROM THE 2020 DRILL PROGRAM



Pit outline is mineral reserve pit outline from Second Updated Feasibility Study. See "Cautionary Note Concerning Reserve & Resource Estimates" and "Mineral Reserves & Mineral Resources" and associated information on page 50. See media release dated March 25, 2021, "Donlin Gold Announces Assay Results From Remaining 30 Percent of the 2020 Drill Program, Consistent With Previously Reported Results of Higher Than Predicted Grade-Thickness" here: https://www.novagold.com/_resources/news/2021-03-25.pdf

2020 DRILL PROGRAM

Despite numerous challenges, Donlin Gold successfully completed a drill program in 2020 – the largest at the site in 12 years. Initially, 80 holes totaling 22,000 meters of drilling were planned in the ACMA and Lewis deposit areas to validate recently developed geologic and resource modeling concepts and high-grade mineralization controls.

Prior to re-opening the camp in late May, Donlin Gold met with community and tribal leaders throughout the Y-K region to ensure everyone agreed upon the new COVID-19 mitigation plan for those working at site, as approximately 80 percent of the project's direct hires are Alaska Natives from the Y-K region. With extensive health and safety measures in place, employees were enthusiastic about returning to work at Donlin Gold and the owners were able to re-mobilize four drill rigs and complete the drilling in September 2020.

A total of 85 core holes were completed ahead of schedule in 2020, encompassing 23,361 meters and exceeding our original plan. On March 25, 2021, NOVAGOLD and Barrick reported final assay results from the program. We were pleased to see that these represent some of the best in the gold industry for a large open-pit deposit and have yielded higher drilled grade-thicknesses than predicted by previous modelling, which are expected to improve the interpretation of gold mineralization controls. The program results should not only improve geologic interpretation, but also provide encouragement for additional high-grade drill targets. The work was carried out safely despite the rise of COVID-19 cases throughout Alaska. I commend the Donlin Gold, NOVAGOLD, and Barrick teams for completing the drilling while implementing new and comprehensive safety protocols in response to the pandemic. It was indeed a remarkable operational milestone for us to complete this work ahead of schedule and without any COVID-19 cases at the Donlin Gold site.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

Over the past year, NOVAGOLD has developed an intentional and methodical process in shaping how the company reports information on environmental, social, and governance (ESG) matters to all stakeholders. It is a daunting task – as those in the investment community know – given the hundreds of frameworks being used globally to report and measure ESG performance. In addition to evaluating those frameworks, our internal ESG team sought input from proxy advisory firms, ESG professionals, institutional investors, pension plan fund managers, and other peers. We also worked with Barrick on forming a compatible and synchronized approach to reporting ESG information for Donlin Gold. As a result, NOVAGOLD gained insight on best practices from a wide range of stakeholders and businesses in this area to help strike the right balance in ESG disclosures, especially considering the development stage of Donlin Gold and future needs as the project develops.

Our timing could not have been better. ESG principles help us formalize how we measure and report to the broader market on the sustainability and societal impact of the Donlin Gold project



2020 ACHIEVEMENTS

- ▶ advance the Donlin Gold project toward a construction/production decision (45% weighting)
- ▶ maintain/increase support for the Donlin Gold project among Native entities and other stakeholders (25%)
- ▶ promote a strong safety, sustainability, and environmental culture (15%)
- ▶ maintain a favorable reputation of the company and its projects among shareholders (10%)
- ▶ manage the company treasury effectively and efficiently and streamline the corporate structure (5%)

Specific tactical goals were set under each of these categories. Based on the level of completion and weighting, the compensation committee recommends an overall company performance rating ranging from 0-150% (100% as target).

Both the committee and the board determined that, overall, the 2020 goals were achieved; the resulting rating was 109%.

and of NOVAGOLD. ESG practices have always been a fundamental part of our business, ever since the early days of exploration at the Donlin Gold project site some 25 years ago. But as a development-stage company, measuring what we do and reporting it publicly have not been systematically organized in all areas of the business. For example, while the project enjoys longstanding exemplary health and safety practices – with voluminous environmental data supporting air, waste, and water permits – we have not provided this information to the public annually. It is time for NOVAGOLD to transition to a formal reporting process for the Donlin Gold project, using ESG metrics, now that most permits are in hand and there is activity at the site.

We have a solid base upon which to build. Extensive external affairs engagement with Donlin Gold's Native Corporation partners in the Y-K region has been effectively communicated over the last two decades. Governance changes to date have been driven by the company's adoption of best practices, and are facilitated by our ongoing shareholder engagement and proxy outreach with input from shareholders. Not only has progress in these areas

EXPECTED DEVELOPMENT LIFECYCLE OF ONE OF THE WORLD'S LARGEST OPEN-PIT MINING PROJECTS



* Donlin Gold data as per the Second Updated Feasibility Study. For current mineral reserves and resources, refer to "Cautionary Note Concerning Reserve & Resource Estimates" and "Mineral Reserves & Mineral Resources" and associated information on page 50. Projected average annual production represents 100% of which NOVAGOLD's share is 50%.

been monitored at the project level; NOVAGOLD has also regularly communicated that progress through public filings, Management Information Circulars, media releases, corporate presentations, and our website. Environmental considerations and outreach initiatives with communities in the Y-K region have represented a core focus in the technical and social components of the Donlin Gold project since inception; we just needed to develop a cohesive way to communicate the work already being done. NOVAGOLD and Barrick collaborated to develop Donlin Gold's environmental and social reporting framework, which we hope you find useful and informative.

In the long term, enhanced ESG reporting constitutes an advantageous progression for a late-stage development company like NOVAGOLD. First, stakeholders benefit from increased transparency in conveying not just measurements of ESG but also targets and projections of future developments, providing both a road map and more frequent interactions with all stakeholders. Second, increased reporting will further strengthen relationships with communities, investors, and other stakeholders. Third, these efforts will produce an integrated ESG report within our annual reporting and highlight the company's ongoing ESG work.

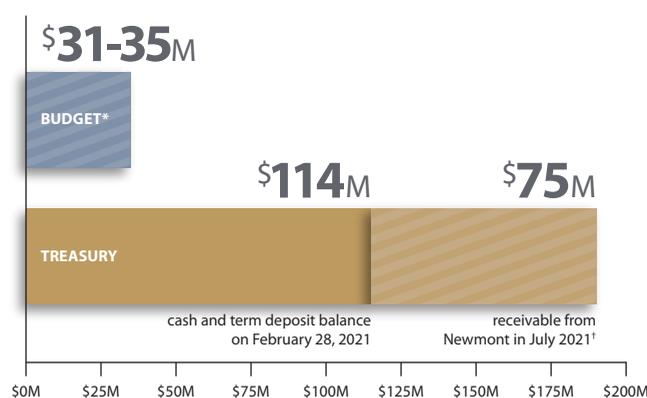
We remain fully committed to transparency and engagement. Our approach is to augment the frequency and consistency of ESG communications with our partners, shareholders, and other stakeholders as we embark on the production of our first annual sustainability summary – which is integrated into this annual report. Additional ESG and COVID-19 pandemic response-related information can also be found in the sustainability section of the company's website, along with details about our people and partnerships, health and safety, environmental responsibility, community and social responsibility, education and training, and governance and corporate policies.

Once you have had a chance to read our inaugural sustainability summary, please let us know how we are doing. We are invested in making meaningful improvements in every facet of what we do as we bring Donlin Gold up the value chain.

PERMITTING

Alongside the great achievements of the 2020 drilling program, the record of successful permitting continued in early 2020. With federal permitting complete, Donlin Gold has been working with its Native Corporation partners and continues to support the State of Alaska in advancing other permits and certifications required for the project. Several milestones were reached this past year with the issuance of key transportation and energy infrastructure approvals for the project. These include the final land leases, land use permits and material site authorizations for the proposed transportation facilities on state lands, and the final easements for the access road and fiber optic cable. The remaining permits are not currently on the critical path for further advancement of the project. Permitting takes tremendous leadership and attention to detail, along with transparency from Donlin Gold with the support and contributions of TKC and the communities closest to the project. We are extremely grateful for the dedicated efforts of the entire team in advancing these remaining permits and approvals for the project, and their overall commitment to environmental and governance best practices.

SUFFICIENT CASH TO ADVANCE DONLIN GOLD THROUGH TO A CONSTRUCTION DECISION



* Anticipated 2021 expenditures disclosed on January 27, 2021, which includes \$18-22M to Donlin Gold and \$13M G&A. † NOVAGOLD sold its 50% ownership of the Galore Creek project to Newmont Corp. in 2018. Deferred compensation on the sale of Galore Creek includes \$100M; \$75M on earlier of Pre-Feasibility Study or July 27, 2021 and \$25M on earlier of Feasibility Study or July 27, 2023. An additional \$75M is due upon construction approval.

2021 GOALS AND BUDGET

Even before the outstanding drill results received so far from the 2020 campaign, Donlin Gold was an extraordinary project. With approximately 39 million ounces of gold grading 2.24 grams per tonne¹ in measured and indicated mineral resources, Donlin Gold dwarfs most comparable development projects in terms of its size and its grade. As envisioned, it would average 1.1 million ounces of gold production per year over its projected 27-year mine life.² Very few mines exist in the gold industry with that level of production. And it's located in one of the safest mining jurisdictions in the world: Alaska. Donlin Gold also enjoys incredible exploration potential along its eight-kilometer gold-bearing trend, which could substantially increase the already sizable resource and further extend the mine life of the project. Such a one-of-a-kind asset is certainly worth all the time and attention needed to maximize its value.

Looking ahead to 2021, NOVAGOLD and Barrick expect to integrate the Donlin Gold 2020 drill program results into an updated geologic model and evaluate the timing to update the Donlin Gold feasibility study, followed by engineering work which would form the basis of an execution plan and, ultimately, a construction decision. To complete the model update, additional confirmation and extension drilling are planned for 2021, focusing on the continuity and structural controls of the higher-grade mineralization. To minimize the risks posed by COVID-19, NOVAGOLD will continue to be guided by a set of wide-ranging safety policies to be applied at every company-related facility.

NOVAGOLD anticipates spending approximately \$31 to \$35 million in 2021. Between \$18 and \$22 million will be allocated to fund our share of expenditures at the Donlin Gold project – including \$11 million for the 2021 drilling program and studies; \$7 million for camp improvements, community engagement, permitting, and administration; and an additional \$4 million for other studies contingent upon mid-year approval by both owners – as well as \$13 million for corporate general and administrative costs.

NOVAGOLD believes that with approximately \$114 million in cash and term deposits as of February 28, 2021, and \$75 million due from Newmont in July 2021, it has sufficient funds to cover anticipated corporate general and administrative costs and funding of the Donlin Gold project through to a construction decision.

Our success in 2020 would not have been possible without the dedicated and experienced team of professionals at NOVAGOLD, Donlin Gold, and Barrick, as well as our top-performing drill crews and support teams at the project site. Their commitment to the task at hand and their timely and efficient response to the COVID-19 pandemic, while enhancing a multi-decade partnership with Calista and TKC, have been nothing short of outstanding, all of which is in large part responsible for the considerable achievements seen

¹ Donlin Gold data as per the Donlin Gold Second Updated Feasibility Study (as defined herein). Donlin Gold 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. Mineral resources have been estimated in accordance with NI 43-101.
² As per the Donlin Gold Second Updated Feasibility Study (as defined herein).



2021 GOALS

- ▶ continue to advance the Donlin Gold project toward a construction decision
- ▶ maintain/increase support for Donlin Gold among the project's stakeholders; promote a strong safety, sustainability, and environmental culture
- ▶ maintain a favorable reputation among shareholders of NOVAGOLD, its governance practices, and its project
- ▶ manage the company treasury effectively and efficiently, including streamlining the corporate structure

at the Donlin Gold project. I would also like to thank the entire NOVAGOLD board and team for their commitment, hard work, and dedication to the company. It is a joy to work alongside each of you. My appreciation also extends to the various Alaska state agencies for their diligence in advancing permitting for the project.

Finally, to our shareholders who so clearly understand and support the NOVAGOLD investment thesis, I thank you for your unwavering support through the many challenges that 2020 brought. We value every engagement opportunity and will keep you informed of our progress as we work toward many more accomplishments in 2021, highlighting NOVAGOLD and this unique investment opportunity.

The NOVAGOLD team has entered the new year extremely excited about the recent assay results and very much looks forward to further advancing the project throughout 2021.

Gregory A. Lang

President and CEO

April 7, 2021