

**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 August 31, 2022**

**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:

<b>Title of Each Class</b>	<b>Trading Symbol</b>	<b>Name of each exchange on which registered</b>
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 September 27, 2022, the Company had 333,390,237 Common Shares, no par value, outstanding.

NOVAGOLD RESOURCES INC.

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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 mineral resource estimates, work programs, 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 mineral resource and mineral 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);
- risks related to the third parties on which we depend for Donlin Gold project activities;
- dependence on cooperation of joint venture partners in exploration and development of the Donlin Gold 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 mineral resource and mineral 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, administrative, 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, 2021 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 August 31, 2022	As of November 30, 2021
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$61,932	\$91,124
Term deposits	70,000	78,000
Notes receivable (Note 4)	24,204	—
Other assets (Note 6)	977	327
Current assets	<u>157,113</u>	<u>169,451</u>
Notes receivable (Note 4)	—	23,572
Investment in Donlin Gold (Note 5)	6,608	3,576
Other assets (Note 6)	2,860	2,253
Total assets	<u><u>\$166,581</u></u>	<u><u>\$198,852</u></u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$807	\$682
Accrued payroll and related benefits	1,773	2,637
Other liabilities (Note 8)	878	1,064
Current liabilities	<u>3,458</u>	<u>4,383</u>
Promissory note (Note 7)	121,117	115,723
Other liabilities (Note 8)	1,130	464
Total liabilities	<u><u>125,705</u></u>	<u><u>120,570</u></u>
Commitments and contingencies (Notes 7 and 8)		
<b>EQUITY</b>		
Common shares	1,981,785	1,978,520
Contributed surplus	83,130	82,216
Accumulated deficit	(2,000,253)	(1,959,165)
Accumulated other comprehensive loss	(23,786)	(23,289)
Total equity	<u>40,876</u>	<u>78,282</u>
Total liabilities and equity	<u><u>\$166,581</u></u>	<u><u>\$198,852</u></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 October 4, 2022. 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)

	Three months ended August 31,		Nine months ended August 31,	
	2022	2021	2022	2021
Operating expenses:				
General and administrative (Note 10)	\$4,872	\$4,883	\$15,420	\$15,204
Equity loss – Donlin Gold (Note 5)	9,412	6,748	21,893	12,914
	<u>14,284</u>	<u>11,631</u>	<u>37,313</u>	<u>28,118</u>
Loss from operations	(14,284)	(11,631)	(37,313)	(28,118)
Interest expense on promissory note	(2,198)	(1,506)	(5,394)	(4,420)
Accretion of notes receivable	212	639	631	2,347
Other income (expense), net (Note 11)	147	818	988	34
Loss before income taxes and other items	(16,123)	(11,680)	(41,088)	(30,157)
Income tax expense	—	(110)	—	(110)
Net loss	(16,123)	(11,790)	(41,088)	(30,267)
Other comprehensive gain (loss):				
Foreign currency translation adjustments	(761)	(1,457)	(497)	1,015
Comprehensive loss	<u>\$(16,884)</u>	<u>\$(13,247)</u>	<u>\$(41,585)</u>	<u>\$(29,252)</u>
Net loss per common share – basic and diluted	<u>\$(0.05)</u>	<u>\$(0.04)</u>	<u>\$(0.12)</u>	<u>\$(0.09)</u>
Weighted average shares outstanding				
Basic and diluted (thousands)	333,337	331,641	333,172	331,442

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)

	Three months ended		Nine months ended	
	August 31,		August 31,	
	2022	2021	2022	2021
<b>Operating activities:</b>				
Net loss	\$(16,123)	\$(11,790)	\$(41,088)	\$(30,267)
<b>Adjustments:</b>				
Equity loss – Donlin Gold	9,412	6,748	21,893	12,914
Share-based compensation	2,105	2,050	6,301	6,187
Interest expense on promissory note	2,198	1,506	5,394	4,420
Foreign exchange (gain) loss	(423)	(906)	(264)	620
Accretion of notes receivable	(212)	(639)	(631)	(2,347)
Change in fair value of marketable securities	647	168	(66)	(316)
Other operating adjustments	2	2	—	6
Net change in operating assets and liabilities (Note 13)	750	984	(1,506)	644
Net cash used in operating activities	<u>(1,644)</u>	<u>(1,877)</u>	<u>(9,967)</u>	<u>(8,139)</u>
<b>Investing activities:</b>				
Proceeds from term deposits	62,000	25,000	78,000	86,000
Purchases of term deposits	(62,000)	(25,000)	(70,000)	(80,799)
Proceeds from note receivable	—	75,000	—	75,000
Funding of Donlin Gold	(8,438)	(6,901)	(24,925)	(15,025)
Net cash provided from (used in) investing activities	<u>(8,438)</u>	<u>68,099</u>	<u>(16,925)</u>	<u>65,176</u>
<b>Financing activities:</b>				
Withholding tax on share-based compensation	—	—	(2,122)	(731)
Net cash used in financing activities	<u>—</u>	<u>—</u>	<u>(2,122)</u>	<u>(731)</u>
Effect of exchange rate changes on cash and cash equivalents	(278)	(217)	(178)	581
Net change in cash and cash equivalents	(10,360)	66,005	(29,192)	56,887
Cash and cash equivalents at beginning of period	72,292	51,788	91,124	60,906
Cash and cash equivalents at end of period	<u>\$61,932</u>	<u>\$117,793</u>	<u>\$61,932</u>	<u>\$117,793</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)

	Nine months ended August 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	333,337	\$1,981,785	\$81,025	\$(1,984,130)	\$(23,025)	\$55,655
Share-based compensation	—	—	2,105	—	—	2,105
Net loss	—	—	—	(16,123)	—	(16,123)
Other comprehensive loss	—	—	—	—	(761)	(761)
August 31, 2022	<u>333,337</u>	<u>\$1,981,785</u>	<u>\$83,130</u>	<u>\$(2,000,253)</u>	<u>\$(23,786)</u>	<u>\$40,876</u>

  

	Nine months ended August 31, 2021					Total equity
	Common shares		Contributed surplus	Accumulated deficit	AOCL*	
	Shares	Amount				
November 30, 2020	330,412	\$1,972,029	\$81,203	\$(1,918,629)	\$(23,876)	\$110,727
Share-based compensation	—	—	2,042	—	—	2,042
PSUs settled in shares	574	1,460	(1,460)	—	—	—
Stock options exercised	345	777	(777)	—	—	—
Withholding tax on PSUs	—	—	(731)	—	—	(731)
Net loss	—	—	—	(7,956)	—	(7,956)
Other comprehensive income	—	—	—	—	778	778
February 28, 2021	331,331	\$1,974,266	\$80,277	\$(1,926,585)	\$(23,098)	\$104,860
Share-based compensation	—	—	2,095	—	—	2,095
Stock options exercised	194	618	(618)	—	—	—
Net loss	—	—	—	(10,521)	—	(10,521)
Other comprehensive income	—	—	—	—	1,694	1,694
May 31, 2021	331,525	\$1,974,884	\$81,754	\$(1,937,106)	\$(21,404)	\$98,128
Share-based compensation	—	—	2,050	—	—	2,050
Stock options exercised	153	521	(521)	—	—	—
Net loss	—	—	—	(11,790)	—	(11,790)
Other comprehensive loss	—	—	—	—	(1,457)	(1,457)
August 31, 2021	<u>331,678</u>	<u>\$1,975,405</u>	<u>\$83,283</u>	<u>\$(1,948,896)</u>	<u>\$(22,861)</u>	<u>\$86,931</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, 2021. 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 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, employee stock option exercise behaviors, additional stock option grants, estimates of forfeitures, the Company’s performance, and the

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

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 investments 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 a subsidiary of Newmont Corporation ("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 August 31, 2022, the carrying value of the \$25,000 note receivable was \$24,204 including \$3,256 of accumulated accretion. The carrying value of the note receivable is being 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 August 31, 2022.

**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 August 31,		Nine months ended August 31,	
	2022	2021	2022	2021
Balance – beginning of period	\$7,582	\$4,572	\$3,576	\$2,614
Share of losses:				
Mineral property expenditures	(9,280)	(6,650)	(21,567)	(12,680)
Depreciation	(120)	(98)	(291)	(234)
Accretion	(12)	—	(35)	—
	(9,412)	(6,748)	(21,893)	(12,914)
Funding	8,438	6,901	24,925	15,025
Balance – end of period	<u>\$6,608</u>	<u>\$4,725</u>	<u>\$6,608</u>	<u>\$4,725</u>

**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 August 31, 2022	As of November 30, 2021
Current assets: Cash, prepaid expenses and other receivables	\$10,185	\$3,815
Non-current assets: Right-of-use assets, property and equipment	2,153	1,417
Non-current assets: Mineral property	32,615	32,615
Current liabilities: Accounts payable, accrued liabilities and lease obligations	(5,686)	(1,584)
Non-current liabilities: Reclamation and lease obligations	(659)	(687)
Net assets	<u>\$38,608</u>	<u>\$35,576</u>

**NOTE 6 – OTHER ASSETS**

	As of August 31, 2022	As of November 30, 2021
Other current assets:		
Accounts and interest receivable	\$397	\$302
Receivable from Donlin Gold	330	—
Prepaid expenses	250	25
	<u>\$977</u>	<u>\$327</u>
Other long-term assets:		
Marketable equity securities	\$1,850	\$1,830
Right-of-use assets	989	396
Office equipment	21	27
	<u>\$2,860</u>	<u>\$2,253</u>

**NOTE 7 – PROMISSORY NOTE**

The Company has a promissory note payable to Barrick of \$121,117, comprised of \$51,576 in principal, and \$69,541 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 August 31, 2022	As of November 30, 2021
Other current liabilities:		
Remediation liabilities	\$734	\$840
Lease obligations	144	224
	<u>\$878</u>	<u>\$1,064</u>
Other long-term liabilities:		
Remediation liabilities	\$280	\$280
Lease obligations	850	184
	<u>\$1,130</u>	<u>\$464</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, note receivable, accounts payable and accrued liabilities, and promissory note. The fair value of the Company's 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, note receivable, accounts payable and accrued liabilities, and 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 \$1,850 at August 31, 2022 (\$1,830 at November 30, 2021), 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 August 31,		Nine months ended August 31,	
	2022	2021	2022	2021
Share-based compensation (Note 12)	\$2,105	\$2,050	\$6,301	\$6,187
Salaries and benefits	1,607	1,625	5,033	4,948
Office expense	750	595	2,228	1,798
Professional fees	246	409	930	1,416
Corporate communications and regulatory	162	202	922	849
Depreciation	2	2	6	6
	<u>\$4,872</u>	<u>\$4,883</u>	<u>\$15,420</u>	<u>\$15,204</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 August 31,		Nine months ended August 31,	
	2022	2021	2022	2021
Interest income	\$371	\$80	\$658	\$338
Foreign exchange gain (loss)	423	906	264	(620)
Change in fair market value of marketable securities	(647)	(168)	66	316
	<u>\$147</u>	<u>\$818</u>	<u>\$988</u>	<u>\$34</u>

**NOTE 12 – SHARE-BASED COMPENSATION**

	Three months ended August 31,		Nine months ended August 31,	
	2022	2021	2022	2021
Stock options	\$1,195	\$1,157	\$3,580	\$3,557
Performance share unit plan	855	831	2,550	2,456
Deferred share unit plan	55	62	171	174
	<u>\$2,105</u>	<u>\$2,050</u>	<u>\$6,301</u>	<u>\$6,187</u>

**Stock options**

A summary of stock options outstanding and activity during the nine months ended August 31, 2022 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, 2021	8,602	\$5.43		
Granted	1,987	6.71		
Exercised	(1,086)	3.99		
Cancelled	(194)	7.67		
August 31, 2022	<u>9,309</u>	<u>\$5.80</u>	<u>2.14</u>	<u>\$2,979</u>
Vested and exercisable as of August 31, 2022	<u>6,066</u>	<u>\$4.86</u>	<u>1.31</u>	<u>\$2,979</u>

The following table summarizes other stock option-related information:

	Nine months ended August 31,	
	2022	2021
Weighted-average assumptions used to value stock option awards:		
Expected volatility	46.5%	47.3%
Expected term of options (years)	4	4
Expected dividend rate	—	—
Risk-free interest rate	1.13%	0.3%
Expected forfeiture rate	2.9%	3.0%
Weighted-average grant-date fair value	\$3.16	\$3.66
Intrinsic value of options exercised	\$3,630	\$6,837
Cash received from options exercised	\$—	\$—

As of August 31, 2022, the Company had \$3,691 of unrecognized compensation cost related to 3,243,000 non-vested stock options expected to be recognized and vest over a period of approximately 2.25 years.

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

**Performance share units**

A summary of PSU awards outstanding and activity during the nine months ended August 31, 2022 are as follows:

	Number of PSU awards (thousands)	Weighted- average grant day fair value per award	Aggregate intrinsic value
November 30, 2021	1,583	\$5.94	
Granted	517	6.75	
Vested	(745)	3.69	
Performance adjustment	(56)	3.69	
Cancelled	(42)	7.69	
August 31, 2022	<u>1,257</u>	<u>\$7.65</u>	<u>\$1,518</u>

As of August 31, 2022, the Company had \$4,221 of unrecognized compensation cost related to 1,257,200 non-vested PSU awards expected to be recognized and vest over a period of approximately 2.25 years.

The following table summarizes other PSU-related information:

	Nine months ended August 31,	
	2022	2021
Performance multiplier on PSUs vested	93%	150%
Common shares issued (thousands)	430	574
Total fair value of common shares issued	\$2,903	\$5,723
Withholding tax paid on PSUs vested	\$2,122	\$731

**NOTE 13 – NET CHANGE IN OPERATING ASSETS AND LIABILITIES**

	Nine months ended August 31,	
	2022	2021
Changes in operating assets and liabilities:		
Other assets	\$(684)	\$1,403
Accounts payable and accrued liabilities	144	(286)
Accrued payroll and related benefits	(860)	(473)
Remediation liabilities	(106)	—
	<u>\$(1,506)</u>	<u>\$644</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 nine-month periods ended August 31, 2022 and August 31, 2021. 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, 2021, as well as other information we file with the Securities and Exchange Commission on EDGAR at [www.sec.gov](http://www.sec.gov) and with Canadian Securities Administrators on SEDAR at [www.sedar.com](http://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**

*Community engagement*

Donlin Gold is fortunate to have time-tested partnerships with 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 feedback in the Yukon-Kuskokwim (Y-K) region in the areas of education, health and safety, cultural traditions, and environmental initiatives, including creating a subsistence committee comprised of independent regional stakeholders with varying views on development initiatives in recent years, among other activities.

In the third quarter, Donlin Gold signed two additional Shared Values Statements with villages in the Y-K region for a total of 11 (Akiak, Sleetmute, Napaimute, Crooked Creek, Napaskiak, Nikolai, Tuluksak, Upper Kalskag, Stony River, Pilot Station, and Toksook Bay) that formalize current engagement with key local communities. These agreements with Donlin Gold expand upon the long-term relationships already established with these communities and address specific community needs such as 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.

Calista and Donlin Gold continued their proactive, bipartisan outreach in Alaska and Washington DC in the third quarter to highlight the thoroughness of the project’s environmental review and permitting processes as well as the benefits the project would deliver to Native Alaskans. Alaska’s U.S. Senators have consistently expressed their long-term support of the Donlin Gold project.

*Permitting*

Permitting 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.



The State's Clean Water Act (CWA) Section 401 certification (the "401 Certification") of the Federal CWA Section 404 permit was formally appealed to the Commissioner of the Alaska Department of Environmental Conservation (ADEC) in June 2020, and the ADEC Commissioner referred the appeal to an Administrative Law Judge for review. The appeal focused on three narrow issues related to compliance with the State's water quality standards near the mine site. On April 12, 2021, the Administrative Law Judge issued his opinion for the Commissioner's consideration recommending the 401 Certification be vacated. The ADEC Commissioner issued his decision to uphold the 401 Certification on May 27, 2021. The decision was appealed on June 28, 2021 in Alaska's Superior Court by Earthjustice on behalf of Orutsararmiut Native Corporation (ONC). On December 29, 2021, the Court issued an order dismissing the case without prejudice and remanding the 401 Certification to ADEC for consideration of additional technical information provided by Donlin Gold. The existing 401 Certification remains in effect during the remand period. On May 16, 2022, ADEC's Division of Water upheld the 401 Certification based on the record, including the additional technical information for mercury and temperature. On June 13, 2022, Earthjustice and ONC requested that the ADEC Commissioner conduct an additional adjudicatory hearing on the part of the Division of Water's decision related to potential water temperature effects in Crooked Creek. On July 14, 2022, the ADEC Commissioner granted the request for the adjudicatory hearing review. The briefing process is underway and we expect the hearing process to be completed in the fourth quarter of 2022 or the first quarter of 2023.

In April 2020, the Alaska Department of Natural Resources' (ADNR) Division of Oil and Gas agreed to reconsider its decision on the State Right-of-Way (ROW) agreement and lease authorization for the buried natural gas pipeline. Under the reconsideration, on September 10, 2020, the ADNR issued for additional public comment a revised Consideration of Comments document. This document describes how the ADNR considered public input that was solicited in the ROW review, including how cumulative effects are addressed in the decision. The comment period on the document ended on November 9, 2020. On July 19, 2021, the ADNR Commissioner completed the reconsideration and upheld the ROW agreement and lease authorization. On August 9, 2021, two parties requested that the Commissioner conduct a further reconsideration. The first party was Earthjustice representing ONC, Cook Inletkeeper, and three villages. The second party was an individual who operates an outdoor guiding business around the pipeline route. The Commissioner rejected both further reconsideration requests on August 19, 2021. On September 20, 2021, Earthjustice, representing ONC, Cook Inletkeeper, and three villages, filed an appeal of the State ROW in Alaska Superior Court. An appeal was also filed by the second party individual in September 2021. The two appeals have been consolidated into a single case that is pending before the Alaska Superior Court based in Anchorage, Alaska. Legal briefings are being prepared by the parties and we anticipate a decision on the two appeals in the first half of 2023.

In November 2020, the ADNR published an initial public notice for comment on Donlin Gold's 12 applications for water rights for the mine site and transportation facilities, which closed on December 15, 2020. Water rights are for local surface water sources and groundwater to be used for process water, dust control, fire protection, and potable water. In March 2021, the ADNR held a second two-week public notice period, which closed on March 26, 2021. All the final Water Rights were issued on June 29, 2021 by ADNR's Division of Mining Land and Water. In July, they were administratively appealed to the ADNR Commissioner by Earthjustice, ONC, and five villages. On April 25, 2022, the ADNR Commissioner denied the appeal; however, Earthjustice, ONC and the five villages appealed the Commissioner's decision in Alaska Superior Court on May 25, 2022. ADNR filed the Administrative Record with the Court on September 12, 2022, and the appellants are preparing their initial brief. A decision is expected in 2023.

Donlin Gold, working with its Native Corporation partners, continues to support the State of Alaska to advance other permits and certificates needed for the project. Donlin Gold applied for a new air quality permit from ADEC, which is expected to be in place when the current permit expires in mid-2023. The Donlin Gold air quality permit renewal is required to update that emissions controls reflect best technology and re-confirm that air quality standards will be met. A draft permit is expected to be issued for public comment by the end of 2022. Donlin Gold is also preparing an updated Alaska Pollutant Discharge Elimination System application for regularly scheduled renewal by ADEC expected to be in place by mid-2023. Donlin Gold is working with Calista, TKC, ADNR, and the U.S. Bureau of Land Management on re-locating easements and public ROWs in the project area. ADNR issued the proposed re-location plan for public comment in summer 2022 and the final decision is expected by the end of 2022. The field work related to the issuance of the Alaska Dam Safety certificates recommenced during the third quarter of 2022.

#### *Donlin Gold project*

During the third quarter, the Donlin Gold board approved an increase in the 2022 drilling program from approximately 34,000 meters to 42,000 meters. In September 2022, the drilling portion of the program was completed with assays anticipated to be completed in early 2023. A total of 141 holes were drilled for a total of approximately 42,300 meters, including an additional 43 holes and 8,700 meters above the original 2022 plan. The drilling program included tight spaced grid drilling in structural domains and in-pit and below-pit drilling in sparsely drilled areas of the open pit, platform mapping to confirm mineralization continuity and key geological controls in representative areas of the deposit, waste rock facility condemnation drilling, and geotechnical drilling for the Alaska Dam Safety certificates (13 holes, 491 meters, not included in above total).

Project planning is also underway to advance geologic modeling and interpretation work for an updated resource model and engineering activities for use in an updated project feasibility study. Additionally, metallurgical testing, hydrogeology and geochemistry works, as well as infrastructure planning are underway. The owners of Donlin Gold LLC are also updating various engineering studies before making a decision whether to proceed to update the project feasibility study. Ultimately, the information should assist in determining the next steps to update the Donlin Gold feasibility study and initiate the engineering work necessary to advance the project design before reaching a construction decision. The owners will advance the Donlin Gold project in a financially disciplined manner with a strong focus on environmental stewardship, engineering excellence, a strong safety culture and continued community engagement.

Our share of funding for the Donlin Gold project in the first nine months of 2022 was \$24,925. In 2022, with the additional drilling completed, we now expect our share of Donlin Gold funding to be approximately \$32,000, including \$23,000 for follow-up drilling, camp improvements and studies, and \$9,000 for permitting, community engagement and administration.

The Donlin Gold 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 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 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.

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**

### *Third quarter 2022 compared to 2021*

In the third quarter of 2022, *Net loss* increased by \$4,333 from 2021, primarily due to the expanded Donlin Gold work program, higher interest expense on the Barrick promissory note, a decrease in the fair market value of marketable securities, lower accretion income due to the maturity of the \$75,000 Newmont note in July 2021, and foreign exchange movements, partially offset by increased interest earned on cash and term deposits.

### *First nine months 2022 compared to 2021*

In the first nine months of 2022, *Net loss* increased by \$10,821 from 2021, primarily due to the expanded Donlin Gold work program, higher interest expense on the Barrick promissory note, lower accretion income, and a decrease in the fair market value of marketable securities, partially offset by foreign exchange movements and increased interest income.

## **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 until a decision to commence engineering and construction is reached by the Donlin Gold board for the Donlin Gold project, at which point substantial additional capital will be required. Future financings 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 our Annual Report on Form 10-K for the year ended November 30, 2021, as filed with the SEC and the Canadian Securities Regulators on January 26, 2022, 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 2022 are approximately \$48,000, including \$32,000 to fund the Donlin Gold project, \$13,000 for corporate general and administrative costs, \$2,000 for withholding taxes on share-based compensation and \$1,000 for working capital and other items.

Our financial position includes the following as of August 31, 2022:

- Cash and cash equivalents of \$61,932.
- Term deposits of \$70,000 denominated in U.S. dollars and held at Canadian chartered banks with high investment-grade ratings and maturities of one year or less.
- Notes receivable of \$25,000 due on the earlier of the completion of a Galore Creek feasibility study or 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 \$121,117, 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 third quarter of 2022 cash and cash equivalents decreased by \$10,360, primarily to fund our share of Donlin Gold and for corporate administrative expenses. The increase in cash used in the third quarter of 2022 compared to 2021 was primarily due to the expanded Donlin Gold work program in 2022. In July 2021, we received proceeds of \$75,000 on the Newmont notes.

In the first nine months of 2022 cash and cash equivalents decreased by \$29,192, primarily to fund our share of Donlin Gold, for corporate administrative expenses, and for withholding taxes on share-based payments, partially offset by a net \$8,000 received from term deposits. The increase in *Net cash used in operating activities* during the first nine months of 2022 compared to 2021 was primarily due to the timing of corporate liability insurance payments. *Net cash used in investing activities* increased in 2022 due to the expanded Donlin Gold work program, partially offset by a net increase in net proceeds received from term deposits. In 2021, we received proceeds of \$75,000 on the Newmont notes. *Net cash used in financing activities* increased in 2022 due to higher withholding tax on share-based compensation (no cash was used for CEO and CFO withholdings in 2021).

#### **Outstanding share data**

As of September 27, 2022, the Company had 333,390,237 common shares issued and outstanding. Also, as of September 27, 2022, the Company had: i) a total of 9,298,579 stock options outstanding; 8,161,681 with a weighted-average exercise price of \$5.79 and the remaining 1,136,898 of those stock options with a weighted-average exercise price of C\$7.67; and ii) 1,257,200 PSUs and 291,860 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 11,476,239 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. All term deposits are held through Canadian chartered banks with high investment-grade ratings and have maturities of one year or less. 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 August 31, 2022, and assuming all other variables remain constant, a 1% change in the U.S. prime rate would result in an increase/decrease of approximately \$1.2 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 August 31, 2022. 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, 2021, as filed with the SEC on January 26, 2022. The risk factors in our Annual Report on Form 10-K for the year ended November 30, 2021, 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: October 4, 2022

**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: October 4, 2022

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: October 4, 2022

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 August 31, 2022, 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: October 4, 2022

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 August 31, 2022, 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: October 4, 2022

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