NOVAGOLD RESOURCES INC.

ANNUAL REPORT TO ACCOMPANY MANAGEMENT INFORMATION CIRCULAR

FOR YEAR ENDED NOVEMBER 30, 2022

CORPORATE OFFICE	EXECUTIVE OFFICE
400 Burrard Street, Suite 1860	201 South Main Street, Suite 400
Vancouver, British Columbia	Salt Lake City, Utah
Canada V6C 3A6	USA 84111
Tel: 604-669-6227 or 866-669-6227	Tel: 801-639-0511
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Website: www.novagold.com

NOVAGOLD RESOURCES INC.

OVERVIEW

NOVAGOLD RESOURCES INC. ("NOVAGOLD," "we," or the "Company") operates 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 Gold Corporation ("Barrick").

We do not produce gold or any other minerals, and do not currently generate operating earnings. Funding to explore our mineral properties and to operate the Company was acquired primarily through previous equity financings consisting of public offerings of our common shares and warrants and through debt financing consisting of convertible notes, and the sale of assets. We expect to continue to raise capital through additional equity and/or debt financings, through the exercise of stock options, and otherwise.

We were incorporated by memorandum of association on December 5, 1984, under the Companies Act (Nova Scotia) as 1562756 Nova Scotia Limited. On January 14, 1985, we changed our name to NovaCan Mining Resources (l985) Limited and on March 20, 1987, we changed our name to NOVAGOLD RESOURCES INC. On May 29, 2013, our shareholders approved the continuance of the corporation into British Columbia. Subsequently, we filed the necessary documents in Nova Scotia and British Columbia, and we continued under the Business Corporations Act (British Columbia) effective as of June 10, 2013. The current addresses, telephone and facsimile numbers of our offices are:

Executive office
201 South Main Street, Suite 400
Salt Lake City, UT, USA 84111
Telephone (801) 639-0511
Facsimile (801) 649-0509

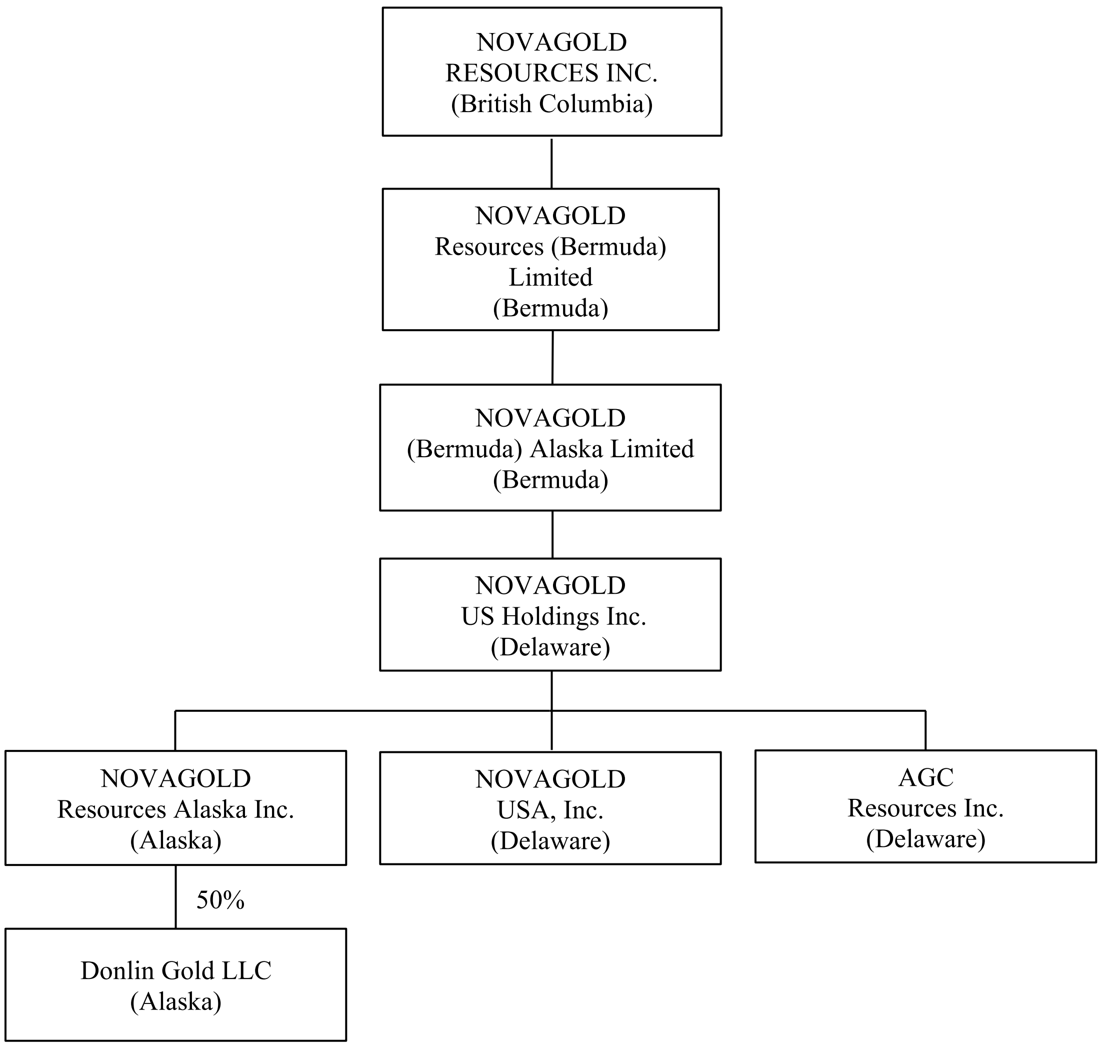
Corporate office
400 Burrard Street, Suite 1860
Vancouver, BC, Canada V6C 3A6
Toll free (866) 669-6227
Facsimile (604) 669-6272

NOVAGOLD RESOURCES INC.

Corporate Structure

As of November 30, 2022, we had the following material, direct and indirect, wholly-owned subsidiaries: NOVAGOLD Resources Alaska, Inc., NOVAGOLD US Holdings Inc., NOVAGOLD USA, Inc., AGC Resources Inc, NOVAGOLD (Bermuda) Alaska Limited and NOVAGOLD Resources (Bermuda) Limited.

The following chart depicts the corporate structure of the Company together with the jurisdiction of incorporation of each of our material subsidiaries and related holding companies. All ownership is 100% unless otherwise indicated.



Human Capital Resources

On November 30, 2022, we had 13 full-time employees, of which four are located in Canada and nine are located in the United States. We also use consultants with specific skills to assist with various aspects of project evaluation, engineering, and corporate governance.

Company Values

Our company culture is the cornerstone of all our human capital programs. Empowering every employee to be their best, affording every employee the opportunity to make a difference, and giving every employee a chance to be heard are core Company values. Our values extend to the communities in which we work. We have adopted a Human Rights Policy focused on our commitment to having a positive influence in the communities where we operate which includes ensuring that we respect human rights.

Diversity

As of the end of fiscal year 2022, 46% of our total workforce were women. Selection of individuals for executive and other positions with the Company is guided by the Company's policy which "prohibits discrimination in any aspect of employment based on race, color, religion, sex, national origin, disability or age." Our Board and management acknowledge the importance of all aspects of diversity including gender, ethnic origin, business skills and experience, because it is right to do so and because it is good for our business. When considering candidates for executive positions, the Board's evaluation considers the broadest possible assessment of each candidate's skills and background with the overriding objective of ensuring that we have the appropriate balance of skills, experience, and capacity that the Company needs to be successful. In the context of this overriding objective, we have determined not to set targets for the percentage of women, or other aspects of diversity, in executive officer positions.

NOVAGOLD is committed to fostering, cultivating, and preserving a culture of diversity, equity and inclusion. Our employees are one of the most valuable assets we have. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities, and talent that our employees invest in their work represents a significant part of our culture, reputation, and NOVAGOLD's achievements.

NOVAGOLD is dedicated to creating an inclusive work environment for everyone. We embrace and celebrate the unique experiences, perspectives, and cultural backgrounds that each employee brings to our workplace. NOVAGOLD strives to foster an environment where our employees feel respected, valued, and empowered, and our team members are at the forefront in helping us promote and sustain an inclusive workplace.

NOVAGOLD's diversity initiatives are applicable—but not limited—to our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; and the ongoing development of a work environment built on the premise of gender and diversity equity. To that end, we seek out qualified diverse candidates to encourage them to apply for open positions, either from within or outside of the company. We also seek out opportunities to develop a pipeline of qualified diverse candidates in a particular profession when we are unable to find them ourselves. For example, in 2021 the Company established and funded the NOVAGOLD Mining and Geological Engineering Scholarship at the University of Alaska to help support and encourage undergraduate students seeking bachelor's degrees in Mining or Geological Engineering, with a focus on supporting underrepresented students.

We encourage:

- Respectful communication and cooperation among all employees.
- Teamwork and employee participation, fostering the representation of all employee perspectives.
- Work/life balance through flexible work schedules to accommodate employees' varying needs.
- Learning about and, where appropriate, aiding the communities near NOVAGOLD's projects to promote a greater understanding and respect for diversity in those communities.

Safety and Health

NOVAGOLD's primary objective is to ensure the health and safety of its employees, partners, and contractors, and is reflected in its Health and Safety Policy. The Company has implemented COVID-19 policies at its offices in Salt Lake City and Vancouver designed to ensure the safety and well-being of all employees and the people associated with them. As a result of the COVID-19 pandemic, to reduce risk, our employees have been encouraged to be fully vaccinated against COVID-19, have been asked to work remotely, adhere to good hygiene practices, and engage in physical distancing. Our focus on safety is also reflected at Donlin Gold where a wide-ranging set of policies were implemented at the Donlin Gold project site and Anchorage office to mitigate the spread of COVID-19. Also see section *Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations*, below.

Recent Developments

Donlin Gold project

In 2022, Donlin Gold completed a 141-hole drilling program totaling 42,331 meters. As part of a key focus area for the drill program, the tight-spaced grid drilling in structural domains in the Lewis (further infilled to 10m x 10m), West ACMA and Divide areas confirmed recent geological modelling at wider drill-spacing in the immediate area surrounding the grids. It also identified additional short-scale controls that will be incorporated in an update to improve the geological domains used for global resource estimation which will be utilized for strategic mine planning work. In addition, the 14 geotechnical drill holes provided results for advancing efforts to completing the issuance of the Alaska Dam Safety Certifications. With the receipt of the final assay results for the 2022 drill program, an update of the resource model, and completion of trade-off studies, the owners expect to take the next steps in moving the Donlin Gold project up the value chain and leading toward an updated feasibility study decision.

Donlin Gold continued to work in partnership with Calista Corporation ("Calista") and The Kuskokwim Corporation (TKC) in stakeholder and government engagement in the Yukon-Kuskokwim (Y-K) region, Alaska and Washington, D.C. Environmental and social investment in fiscal year 2022 focused on the Y-K region spanned from supporting important health and safety initiatives in remote communities, to cultural preservation efforts and educational programming in collaboration with school districts and other organizations.

For further information, see section *Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations*, below.

Reclamation

We will generally be required to mitigate long-term environmental impacts by stabilizing, contouring, re-sloping and re-vegetating various portions of a site after mining and mineral processing operations are completed. These reclamation efforts will be conducted in accordance with detailed plans, which are approved by the appropriate regulatory agencies. In addition, financial assurance acceptable to the regulatory authority with jurisdiction over reclamation must be provided in an amount that the authority determines to be sufficient to allow the authority to implement the approved reclamation plan in the event that the project owners fail to complete the work as provided in the plan.

Government and Environmental Regulations

Our exploration and development activities are subject to various national, state, and local laws and regulations in the United States, which govern prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, protection of the environment, mine safety, hazardous substances, disclosure requirements and other matters. We have obtained or have pending applications for those licenses, permits or other authorizations currently required to conduct our exploration and development programs. We believe that we are in compliance in all material respects with applicable mining, health, safety and environmental statutes and regulations in the United States. There are no current orders or directions relating to us with respect to the foregoing laws and regulations. For a more detailed discussion of the various government laws and regulations applicable to our operations and potential negative effects of these laws and regulations, see section *Item 1A, Risk Factors*, below.

Competition

We compete with other mineral resource exploration and development companies for financing, technical expertise, and the acquisition of mineral properties. Many of the companies with whom we compete have greater financial and technical resources. Accordingly, these competitors may be able to spend greater amounts on the acquisition, exploration, and development of mineral properties. This competition could adversely impact our ability to finance further exploration and to obtain the financing necessary for us to develop the Donlin Gold project.

Availability of Raw Materials and Skilled Employees

Most aspects of our business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, resource estimating, metallurgy, mine planning, logistical planning, preparation of pre-feasibility and feasibility studies, permitting, engineering, construction and operation of a mine, financing, legal, accounting, investor relations, and community relations. Historically, we have found that we can locate and retain appropriate employees and consultants and we believe we will continue to be able to do so.

The raw materials we require to carry on our business are readily available through normal supply or business contracting channels in the United States and Canada. Historically, we have been able to secure the appropriate equipment and supplies required to conduct our contemplated programs. As a result, we do not believe that we will experience any shortages of required equipment or supplies in the foreseeable future.

Seasonality

Our business can be seasonal as our mineral exploration and development activities take place in southwestern Alaska. Due to the northern climate, work on the Donlin Gold project can be limited due to excessive snow cover and cold temperatures. In general, surface work often is limited to late spring through early fall, although work in some locations is more readily and efficiently completed during the winter months when the ground is frozen.

Gold Price History

The price of gold is volatile and is affected by numerous factors, all of which are beyond our control, such as the sale or purchase of gold by various central banks and financial institutions, inflation, recession, fluctuation in the relative values of the U.S. dollar and foreign currencies, changes in global and regional gold demand, in addition to international and national political and economic conditions.

The following table presents the annual high, low and average daily afternoon London Bullion Market Association ("LBMA") Gold Price over the past five calendar years on the London Bullion Market ($/ounce):

Year	High	Low	Average
2018	$1,355	$1,178	$1,269
2019	$1,546	$1,271	$1,392
2020	$2,067	$1,474	$1,770
2021	$1,943	$1,684	$1,799
2022	$2,039	$1,628	$1,800
2023 (through January 17)	$1,917	$1,834	$1,876

On January 17, 2023, the afternoon LBMA gold price was $1,914 per ounce.

Data Source: www.kitco.com

Available Information

We maintain a website at www.novagold.com and make available, through the Investors section of the website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Section 16 filings and all amendments to those reports, as soon as reasonably practicable after such material is electronically filed with the Securities and Exchange Commission ("SEC"). These reports are also available at the SEC website at www.sec.gov. Certain other information, including but not limited to the Company's Corporate Governance Guidelines, the charters of key committees of its Board of Directors and its Code of Business Conduct and Ethics are also available on the website. Our website and the information contained therein or connected thereto are not intended to be, and are not incorporated into this Annual Report. The Form 10-K does not form any part of the material for the solicitation of proxies. **We will promptly deliver free of charge, upon request, a copy of the Form 10-K to any shareholder requesting a copy. Requests should be directed to the attention of the Company's Investor Relations Department at:**

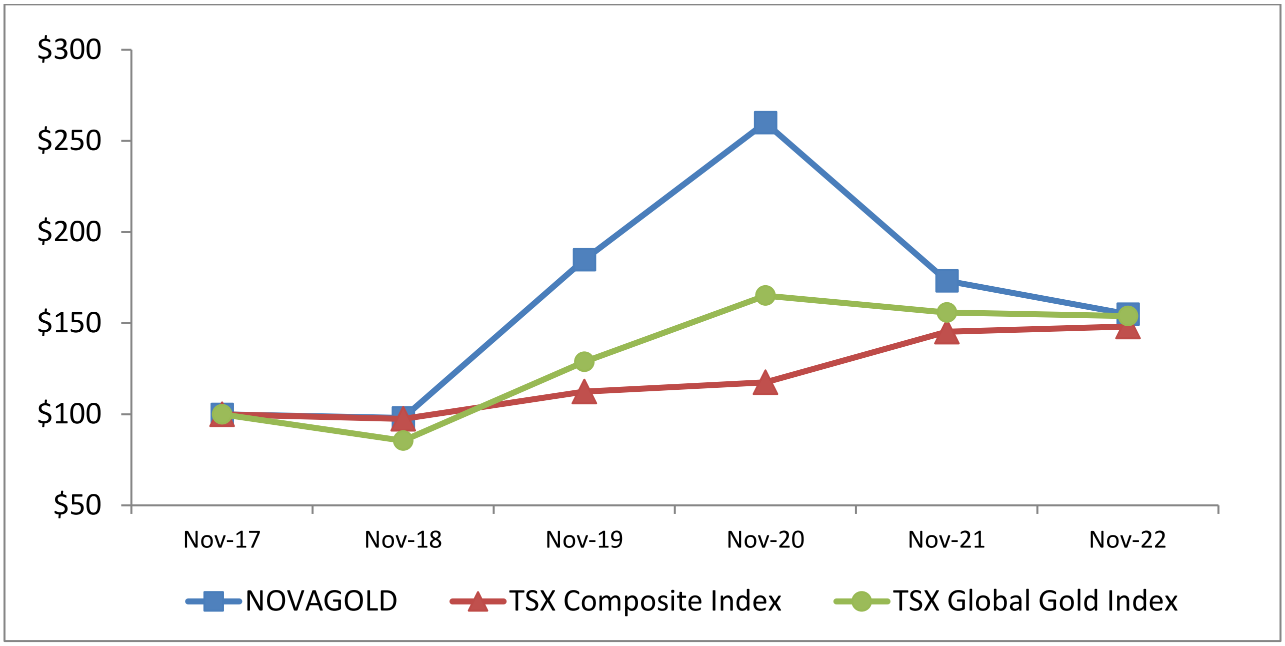
NOVAGOLD RESOURCES INC.
400 Burrard Street, Suite 1860
Vancouver, British Columbia, V6C 3A6
Canada

Market Information

Our common shares trade on the New York Stock Exchange (NYSE American) and on the Toronto Stock Exchange (TSX) under the symbol "NG." On January 17, 2023, there were 586 holders of record of our shares, which does not include shareholders for which shares are held in nominee or street name. We believe that more than half of our common shares are beneficially owned by investors in the United States.

Share Performance Graph

The following graph depicts the Company's cumulative total Shareholder returns over the five most recently completed fiscal years assuming a C$100 investment in Common Shares on November 30, 2017, compared to an equal investment in the S&P/TSX Composite Index (TSX ticker: ^TSX) and in the S&P/TSX Global Gold Index (TSX ticker: ^TTGD) on November 30, 2017. The Company does not currently issue dividends. The Common Share performance as set out in the graph is not indicative of future price performance.



C$	2018	2019	2020	2021	2022
Value based on C$100 invested in the Company on November 30, 2017	98	185	260	173	155
Value based on C$100 invested in the S&P/TSX Composite Index on November 30, 2017	97	112	118	145	148
Value based on C$100 invested in the S&P/TSX Global Gold Index on November 30, 2017	85	129	165	156	154

Dividends

We have never declared or paid dividends on our common shares and our current business plan requires that, for the foreseeable future, any future earnings be reinvested to finance growth and development of our business. We will pay dividends on our common shares only if and when declared by our Board. In determining whether to declare dividends, the Board will consider our financial condition, results of operations, working capital requirements, future prospects, and other factors it considers relevant.

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

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 years ended November 30, 2022 and 2021. This discussion should be read in conjunction with the consolidated financial statements and notes thereto contained elsewhere in this report. For a discussion of the years ended November 30, 2021 and 2020, see section Item 7., Management's Discussion and Analysis of Financial Condition and Results of Operations, on Registrant's Annual Report on Form 10-K for the year ended November 30, 2021, filed with the Securities and Exchange Commission on January 26, 2022.

The following Management's Discussion and Analysis ("MD&A") provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of NOVAGOLD RESOURCES INC., incorporated in British Columbia, Canada, and its subsidiaries (collectively, "NOVAGOLD," the "Company," "our" and "we"). This item should be read in conjunction with our Consolidated Financial Statements and the notes thereto included in this annual report.

The following MD&A generally discusses our consolidated financial condition and results of operations for 2022 and 2021 and year-to-year comparisons between 2022 and 2021. Discussions of our consolidated financial condition and results of operations for 2020 and year-to-year comparisons between 2021 and 2020 are included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 2021, filed with the Securities and Exchange Commission on January 26, 2022, are incorporated by reference into this MD&A.

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 Gold Corporation ("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

Stakeholder and government engagement

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

Donlin Gold continues to work with Calista and TKC in all aspects of outreach and engagement throughout the Y-K region. Crooked Creek, the closest community to the project site in the Y-K region submitted a letter in support of Donlin Gold. Three additional Shared Value Statements were also signed with villages in the Y-K region in the last three months for a total of 11. These formalize current engagement with key local communities, expand upon the long-term relationships already established with them, and address specific community needs including: water, sewer, and solid waste projects; the ice road that connects remote villages in the Y-K region; salmon and other aquatic life studies; and suicide and public safety prevention programs. Various local hires from the 2022 drill program will continue to support Donlin Gold's engagement efforts through the Community Liaison program in five Y-K villages.

For the 2022 season, Donlin Gold hired employees from 24 Y-K communities. In an area with high unemployment and fewer job choices than in urban environments, the work experience and skills training that Donlin Gold provides is attractive and employees are encouraged to bring their safety knowledge into their home village. Local community involvement in the project is core to both Barrick's and NOVAGOLD's philosophy, and approximately 83% of Donlin Gold direct hires for this year's work program were Alaska Natives.

Calista and Donlin Gold continued their proactive, bipartisan outreach in Alaska and with the Administration and Congress in Washington, D.C. to highlight the thoroughness of the project's environmental review and permitting processes, in addition to the considerable benefits that the project would deliver to all Native Alaskans. The 2022 United States elections were held on November 8, 2022. Alaska U.S. Senator Lisa Murkowski and Governor Michael Dunleavy were re-elected. Both, along with U.S Senator Dan Sullivan, have been long-term supporters of the Donlin Gold project. We also recognize the historic re-election of U.S. Congresswomen Mary Peltola for a full term as an Alaska Native from the Y-K region and look forward to our continued outreach to her regarding Donlin Gold in the upcoming year.

Environment and social investments

Environmental stewardship, education, community wellness, and cultural preservation constitute key focus investments for Donlin Gold in the Y-K region. The project supports these initiatives through fisheries studies and other environmental activities, subsistence and cultural preservation efforts, and educational grants. A wide range of activities and projects were carried out in collaboration with Calista and TKC during the fiscal year 2022.

Some of these activities included the Backhaul Project, "In It for the Long Haul". This was the fifth annual backhaul project to collect, remove, and safely dispose of household hazardous and electronic waste from 30 remote villages throughout the Y-K region, removing nearly 400,000 pounds of waste during the last five years that would otherwise have ended up in landfills and waterways. Donlin Gold supported various search and rescue teams in the region, provided funding to the Healthy Alaska Natives Foundation and Bethel Community Services Foundation, as well as sponsored and participated in the Alaska Safe Riders initiative, which promotes safety for year-round outdoor sports. Donlin Gold fostered education, community wellness and cultural preservation through a variety of interventions including several river studies, supporting the local school district and educational organizations, funding and participating in youth sporting activities, and backing initiatives led by Traditional Councils and Native communities.

During the 2022 field season at the Donlin Gold project site, there were no spills to water and no spills of greater than 10 gallons to land. There were no spills that required reporting to government agencies. Donlin Gold was not cited for any permit non-compliance during 2022. Donlin Gold further continued updating its site baseline data, including monitoring water quality and fisheries.

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. Donlin Gold, its owners, and its partners Calista and TKC are intimately familiar with the permitting and regulatory processes applicable to the project and will continue to support the State in its defense of the thorough and diligent permitting process. Together, they will also continue working to secure the various remaining state-level permits and certificates required for the project. Calista and Donlin Gold continued their proactive, bipartisan outreach in Alaska and with the Administration and Congress in Washington, D.C. to highlight the thoroughness of the project's environmental review and permitting processes as well as the benefits the project would deliver to all Native Alaskans. Alaska's U.S. Senators and Governor have consistently expressed their long-term support of the Donlin Gold project.

The APDES water discharge permit was issued by ADEC on May 24, 2018 and became effective on July 1, 2018. Donlin Gold submitted its application to ADEC for the regularly scheduled re-issuance of its APDES permit and in December 2022, Donlin Gold received a letter from ADEC indicating that the application is complete and the permit will remain in effect until ADEC completes the reissuances process. ADFG issued Title 16 Fish Habitat permits for the mine area and transportation corridor on August 30, 2018. 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, which modeling demonstrates they will be. A draft permit was issued for public comment in December 2022. The final approvals of the Donlin Gold Reclamation Plan and the Waste Management Permit were issued on January 18, 2019. ADNR issued the easement, land leases, land use permits, and material site authorizations for the proposed transportation facilities, and easement for the fiber optic cable on State lands on January 2, 2020. On January 17, 2020, SPCS issued the final State ROW authorization for the natural gas pipeline. On June 29, 2021, ADNR's Division of Mining Land and Water issued 12 final Water Rights for the mine site and transportation corridor. On November 1, 2021, ADFG issued two Special Area Permits required for pipeline facilities located within the Refuge. One permit authorizes the compressor station, and the other permit authorizes the section of the pipeline ROW in the Refuge. On November 1, 2022, ADNR finalized approval of the proposed re-location plan for public easements in the mine site and transportation facility areas.

The field work related to the issuance of the Alaska Dam Safety certificates re-commenced during the third quarter of 2022 and is planned to be completed in 2023.

On June 3, 2020, Earthjustice joined by ONC, Chevak, Kasigluk, Eek, Kwinhagak, Marshall, Nightmute, Tununak, Kwethluk, Kotlik, SalmonState, and the Alaska Community Action on Toxics filed a formal appeal with the ADEC Commissioner. of the State's water quality certification under Section 401 of the Clean Water Act. The appeal process consists of an Administrative Hearing in front of an ALJ appointed by the ADEC Commissioner. The ALJ was subsequently appointed. On April 12, 2021, the ALJ issued his opinion for the Commissioner's consideration recommending the 401 Certification be vacated. The Commissioner issued his decision to uphold the 401 Certification on May 27, 2021. The decision was appealed on June 28, 2021 in Alaska Superior Court by Earthjustice, on behalf of ONC. On September 27, 2021, Donlin Gold filed a motion requesting a short term stay in the case to allow the State to fully consider additional technical materials on mercury and temperature; the State indicated to the Court that they do not oppose the motion. On October 22, 2021, Donlin Gold submitted to ADEC expert technical reports on mercury and temperature. On November 22, 2021, ADEC filed an additional motion asking to remand the 401 certification back to ADEC to determine how the additional information affects the certification. Earthjustice did not oppose the motion although had comments on the remand process. On December 29, 2021, the Court granted the remand request, dismissed the case without prejudice, and left in place existing certification. On May 13, 2022, the ADEC Water Division Director reaffirmed the 401 certification. On June 13, 2022, Earthjustice appealed the elements of the decision related to temperature to the Commissioner and requested an adjudicatory hearing with an ALJ. On July 14, 2022, the Commissioner granted the request for the hearing and a new ALJ was assigned. On September 14, 2022, Earthjustice filed their initial brief. Donlin Gold and ADEC filed response briefs on October 14, 2022. Earthjustice filed their final response brief on October 21, 2022. The Commissioner's decision, which he will make in collaboration with the ALJ, is expected in early 2023. It is then subject to further review in Alaska Superior Court.

On September 20, 2021, Earthjustice, representing ONC, Cook Inletkeeper, and three villages, filed an appeal of the State pipeline ROW authorization in Alaska Superior Court. An appeal was also filed by a second party, the owner of an outdoor guiding business around the pipeline route, on September 20, 2021. On April 5, 2022, Earthjustice filed its opening brief, which related to the scope of the cumulative effects analysis required by the Alaska Constitutional, statutory, and regulatory provisions, and related previous litigation. ADNR, Donlin Gold, and Calista filed response briefs on June 15-16, 2022. Earthjustice filed responses on July 18, 2022, and then requested oral arguments. The second appellant filed his initial brief on June 8, 2022. ANDR's and Donlin Gold's response briefs were submitted on August 22, 2022, and the second appellant filed their response brief on November 9, 2022. The request for oral arguments was granted by the Court and they were held on January 11, 2023. Decisions are expected in 2023.

On May 25, 2022, Earthjustice, on behalf of ONC and five villages, filed an appeal of the final Water Rights in Alaska Superior Court. Earthjustice filed its initial brief on November 21, 2022. ADNR's and Donlin Gold's response briefs are due by January 30, 2023. A decision is expected in 2023 or the first half of 2024.

In September 2022, 13 tribes sent a letter to the Corps and the EPA requesting that the Corps consider requiring a supplemental EIS on the Donlin Gold project and revoking the Clean Water Act Section 404 permit in light of what the tribes consider "new information" since the final EIS was issued in 2018. Also in September 2022, the same tribes submitted a separate letter to EPA requesting that they initiate a Clean Water Act Section 404(c) veto process for the Donlin Gold project. A Section 404(c) veto has recently been applied to the Pebble Project in Alaska but is rarely used by EPA. In early January 2023, Donlin Gold and Calista both submitted responses to the Corps on why the requests to prepare a supplemental EIS or revoke the 404 permit should not be granted. In mid-January 2023, Donlin Gold also provided a response to EPA describing why the agency should not initiate a 404(c) process.

Donlin Gold project

In 2022, Donlin Gold completed a 141-hole drilling program totaling 42,331 meters. As part of a key focus area for the drill program, the tight-spaced grid drilling in structural domains in the Lewis (further infilled to 10m x 10m), West ACMA and Divide areas confirmed recent geological modelling at wider drill-spacing in the immediate area surrounding the grids. It also identified additional short-scale controls that will be incorporated in an update to improve the geological domains used for global resource estimation which will be utilized for strategic mine planning work. In addition, the 14 geotechnical drill holes provided results for advancing efforts in completing the issuance of the Alaska Dam Safety Certifications.

With the receipt of the final assay results for the 2022 drill program (that returned significant high-grade intercepts and continued to demonstrate important grade continuity), an update of the resource model, and completion of trade-off studies, the owners expect to take the next steps in moving the Donlin Gold project up the value chain and leading toward an updated feasibility study decision.

Our share of funding for the Donlin Gold project in 2022 was $28,435. In 2023, we expect our share of Donlin Gold funding to be approximately $17,000 to update geologic modelling and interpretation work for an updated resource model and includes engineering activities for use in an updated project feasibility study, the advancement of current permits, fieldwork for the Alaska Dam Safety certificates, environmental studies, community relations, and government affairs activities.

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

The details of our *Net loss* are set forth below*:*

	Years ended November 30,		
	2022	2021	Change
Net loss	$(53,343)	$(40,536)	$(12,807)
Net loss per common share, basic and diluted	$(0.16)	$(0.12)	$(0.04)

Net loss increased by $12,807 from 2021 to 2022, primarily due to the expanded Donlin Gold drilling and work program, and lower accretion income in 2022 resulting from the receipt of the $75,000 note from Newmont in July 2021. Increasing interest rates resulted in higher Barrick promissory note interest expense and was offset by income earned on cash and term deposits and favorable foreign exchange movements.

Liquidity and Capital Resources

Liquidity overview

At present, we believe we have sufficient working capital available to cover anticipated funding of the Donlin Gold project and corporate general and administrative costs through completion of an updated Donlin Gold feasibility study. Substantial additional capital will be required once a decision to commence engineering and construction is reached by the Donlin Gold board for the Donlin Gold project. 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 section *Item 1A, Risk Factors – Our ability to continue the exploration, permitting, development, and construction of the Donlin Gold project, and to continue as a going concern, will depend in part on our ability to obtain suitable financing*.

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

Our financial position includes the following as of November 30, 2022:

- Cash and cash equivalents of $63,882.
- Term deposits of $62,000 denominated in U.S. dollars and held at Canadian chartered banks with high investment-grade ratings and maturities of one year or less.
- Note receivable for $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 $123,685, 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

Our *Consolidated Statements of Cash Flows* are summarized as follows:

	Years ended November 30,		
	2022	2021	Change
Operating activities	$(12,371)	$(9,863)	$(2,508)
Funding of Donlin Gold	(28,435)	(17,587)	(10,848)
Proceeds from note receivable	—	75,000	(75,000)
Net proceeds from (purchases of) term deposits	16,000	(17,221)	33,221
Proceeds from sale of assets	73	200	(127)
Withholding tax on share-based compensation	(2,122)	(731)	(1,391)
Effect of exchange rate changes on cash and other	(387)	420	(807)
Net change in cash and cash equivalents	$(27,242)	$30,218	$(57,460)

In 2022, the net decrease in *Cash and cash equivalents* of $27,242 primarily resulted from Donlin Gold funding of $28,435, corporate operating activities of $12,371 and withholding tax on share-based compensation of $2,122, partially offset by cash received from term deposits of $16,000.

Net spending on operating activities increased in 2022 from 2021 primarily due to the timing of corporate liability insurance payments, partially offset by higher interest received on cash and term deposits due to higher interest rates. Donlin Gold funding increased due to the expanded drilling and work program. In 2021, a $75,000 payment was received from Newmont related to the 2018 sale of Galore Creek.

Outstanding share data

As of January 17, 2023, the Company had 333,965,718 common shares issued and outstanding. Also, as of January 17, 2023, the Company had: i) a total of 9,229,233 stock options outstanding; 7,968,101 of those stock options with a weighted-average exercise price of $6.26 and the remaining 1,261,132 with a weighted-average exercise price of C$8.02; and ii) 1,605,500 performance shares units (PSUs) and 301,359 deferred share units (DSUs) outstanding. Upon exercise of the foregoing convertible securities, the Company would be required to issue a maximum of 11,938,842 common shares.

Related party transactions

As of November 30, 2022, the Company has accounts receivable from Donlin Gold of $574 (November 30, 2021: $nil) included in *Other current assets* for third party study costs contracted for by the Company on behalf of Donlin Gold.

Fourth quarter results

During the fourth quarter of 2022 we incurred a net loss of $12,255 compared to a net loss of $10,269 in 2021. The increase in net loss primarily resulted from the expanded activity at Donlin Gold and increased interest on the promissory note, partially offset by higher interest income and lower remediation expense for the former New Gold House mineral property.

Critical Accounting Policies

We believe the following accounting policies are critical to our financial statements due to the degree of uncertainty regarding the judgements or assumptions involved and/or the magnitude of the asset, liability, or expense being reported.

Contingent note receivable

A portion of the proceeds on the sale of the Company's 50% interest in the Galore Creek project to Newmont, included a contingent note for $75,000 receivable upon the approval of a Galore Creek project construction plan by the owner(s). The Company has assigned no value to the contingent note receivable as management determined that approval of Galore Creek project construction was not probable as of the closing of the Galore Creek sale, and management's assessment did not change as of November 30, 2022. The contingent note will be recognized only when, in management's judgement, payment is probable, and 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. We 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 investment in Donlin Gold. Donlin Gold is a non-publicly traded equity investee holding exploration and development projects. The Company reviews and evaluates its investment in affiliates for other than temporary impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Events that could indicate impairment of an investment in affiliates include a significant decrease in long-term expected gold price, a significant increase in expected operating or capital costs, unfavorable exploration results or technical studies, a significant decrease in reserves, a loss of significant mineral claims, or a change in the development plan or strategy for the project. Asset impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset. If the underlying assets are not recoverable, an impairment loss is measured and recorded based on the difference between the carrying amount of the investee and its estimated fair value which may be determined using a discounted cash flow model.

Income taxes

We account for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under the asset and liability method, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recognized if it is more likely than not that some portion or the entire deferred tax asset will not be recognized.

Share-based compensation

We grant share-based compensation awards in exchange for employee services, including a stock option plan and a PSU plan. The fair value of awards granted under the plans are recognized in the *Consolidated Statements of Loss* over the related service period. The fair values of stock options are estimated at the time of each grant using a Black-Scholes option pricing model, and the fair values of PSUs are measured at each grant date using a Monte Carlo valuation model. The fair value 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 Company's performance in relation to its peers.

We grant members of our board of directors DSUs whereby each DSU entitles the directors to receive one common share of the Company when they retire from service with the Company. The fair value of the DSUs is measured at the date of the grant in amounts ranging from 50% to 100% of directors' annual retainers at the election of the directors. The fair value is recognized in the *Consolidated Statements of Loss* over the related service period.

As of November 30, 2022, we had $2,303 of unrecognized compensation cost related to 3,231,000 non-vested stock options expected to be expensed and vest over a period of approximately two years. Also, as of November 30, 2022, we had 1,257,200 non-vested PSU awards outstanding of which 438,900 were fully expensed. On December 1, 2022, it was determined that those expensed PSU awards matured and did not meet the performance criteria; therefore, no common shares were issued. The remaining 818,300 non-vested PSU awards with $3,184 of unrecognized compensation cost will be expensed over a period of approximately two years.

NOVAGOLD RESOURCES INC.

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.

A note receivable of $25 million is due from a subsidiary of Newmont upon the earlier of the completion of a Galore Creek project feasibility study or July 27, 2023. Newmont is a publicly traded company with investment-grade credit ratings and has guaranteed the notes receivable.

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 November 30, 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 $1.24 million in the interest accrued on the promissory note per annum. 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.

NYSE American Option Disclosure

As of December 1, 2021, there were 16,319,358 stock options available for grant pursuant to our 2004 Stock Award Plan, as amended, and as of November 30, 2022, there were 18,982,836 stock options available for grant. No outstanding stock option grants were repriced for any reason during fiscal year 2022.

NOVAGOLD RESOURCES INC.

Directors, Executive Officers and Corporate Governance

The following sets forth certain information with respect to our directors and executive officers as of November 30, 2022.

Name, Position	Principal Occupation	Principal Business of Employer
Dr. Elaine Dorward-King[(1)]	Corporate Director	Mining
Sharon Dowdall[(1)]	Corporate Director	Mining
Dr. Diane Garrett[(1)]	President and Chief Executive Officer of Hycroft Mining Holding Corporation	Mining
Dr. Thomas Kaplan[(1)]	Chairman, Chief Executive Officer and Chief Investment Officer of The Electrum Group LLC	Investment advisory and asset management
Gregory Lang[(1)(2)]	President and Chief Executive Officer of NOVAGOLD RESOURCES INC.	Mining
Kalidas Madhavpeddi[(1)]	Corporate Director	Mining
Kevin McArthur[(1)]	Corporate Director	Mining
Clynton Nauman[(1)]	Corporate Director	Mining
Ethan Schutt[(1)]	Executive Vice President and General Counsel of Bristol Bay Native Corporation	Economic Development
Anthony Walsh[(1)]	Corporate Director	Mining
David Ottewell[(2)]	Vice President and Chief Financial Officer, NOVAGOLD RESOURCES INC.	Mining

(1) Director of NOVAGOLD RESOURCES INC.
(2) Executive officer of NOVAGOLD RESOURCES INC.

NOVAGOLD RESOURCES INC.

Financial Statements and Supplementary Financial Information

Financial Statements

The Report of Independent Registered Public Accounting Firm and the accompanying consolidated financial statements begin on page 20 below.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Cautionary Note Regarding Forward-Looking Statements

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

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

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

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

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

- uncertainty of whether there will ever be production at the Donlin Gold project;
- our history of losses and expectation of future losses;
- risks related to our ability to finance the development of the Donlin Gold project through external financing, strategic alliances, the sale of property interests or otherwise;
- uncertainty of estimates of capital costs, operating costs, production and economic returns;
- commodity price fluctuations;

- risks related to market events and general economic conditions;
- risks related to the coronavirus global health pandemic (COVID-19) or other endemics/pandemics;
- risks related to the third parties on which we depend for Donlin Gold project activities;
- dependence on cooperation of co-owner 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 resource and reserve estimates, such as metal pricing, metallurgy, mineability, marketability and operating and capital costs;
- risks related to the inability to develop or access the infrastructure required to construct and operate the Donlin Gold project;
- uncertainty related to title to the Donlin Gold project;
- mining and development risks, including risks related to infrastructure, accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with, or interruptions in, development, construction or production;
- competition in the mining industry;
- risks related to governmental regulation and permits, including environmental regulation;
- risks related to our largest shareholder;
- risks related to conflicts of interests of some of the directors and officers of the Company;
- risks related to the need for reclamation activities on our properties and uncertainty of cost estimates related thereto;
- credit, liquidity, interest rate and currency risks;
- risks related to increases in demand for equipment, skilled labor and services needed for exploration and development of the Donlin Gold project, and related cost increases;
- our need to attract and retain qualified management and technical personnel;
- uncertainty as to the outcome of potential litigation;
- risks related to information technology systems;
- risks related to the Company's status as a "passive foreign investment company" in the United States; and
- risks related to the effects of global climate change on the Donlin Gold project.

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

Our forward-looking statements contained in this Annual Report 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.

Additional Information

Additional information relating to the Company is available on the Company's website at www.novagold.com, on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. The Company will furnish to shareholders, free of charge, a hard copy of the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 2022, including the financial statements and financial statement schedules, upon request to Investor Relations at NOVAGOLD RESOURCES INC., 400 Burrard Street, Suite 1860, Vancouver, British Columbia, V6C 3A6, Canada, Telephone 604-669-6227, Toll-Free 866-669-6227, Fax 604-669-6272.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of NOVAGOLD RESOURCES INC.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of NOVAGOLD RESOURCES INC. and its subsidiaries (together, the Company) as of November 30, 2022 and 2021, and the related consolidated statements of loss and comprehensive loss, cash flows and equity for each of the three years in the period ended November 30, 2022, including the related notes (collectively referred to as the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of November 30, 2022, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of November 30, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended November 30, 2022 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of November 30, 2022, based on criteria established in Internal Control – Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Report of Management on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Recognition of the contingent note receivable

As described in Notes 2 and 4 to the consolidated financial statements, on July 27, 2018, the Company sold its interest in the Galore Creek project (the sale). As part of the consideration for the sale, the Company received a $75 million note (the contingent note receivable), which is 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 Galore Creek project construction approval was not probable as of the closing of the Galore Creek sale or in subsequent periods. Management’s assessment did not change as of November 30, 2022. The contingent note will be recognized when, in management’s judgment, it is probable that the payment will occur, and that the amount recorded will not reverse in future periods.

The principal considerations for our determination that performing procedures relating to the recognition of the contingent note receivable is a critical audit matter are the judgment by management when determining if recognition was required, which in turn led to a high degree of auditor judgment and subjectivity in performing procedures and evaluating management’s assessment of the probability of whether a Galore Creek project construction plan will be approved.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management’s assessment of the basis for recognizing the contingent note receivable. These procedures also included, among others, evaluating the reasonableness of management’s assessment regarding the probability of the owner(s) of the project approving the Galore Creek project construction plan. This included considering both publicly available information and the latest annual progress report provided by the owner(s) of the project to the Company under the terms of the sale agreement.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, Canada
January 25, 2023

We have served as the Company's auditor since 1984.

NOVAGOLD RESOURCES INC.
CONSOLIDATED BALANCE SHEETS
(US dollars in thousands)

	As of November 30,	
	2022	2021
ASSETS		
Cash and cash equivalents	$63,882	$91,124
Term deposits	62,000	78,000
Notes receivable (Note 4)	24,421	—
Other assets (Note 6)	2,235	327
Current assets	152,538	169,451
Notes receivable (Note 4)	—	23,572
Investment in Donlin Gold (Note 5)	3,848	3,576
Other assets (Note 6)	2,803	2,253
Total assets	$159,189	$198,852
LIABILITIES		
Accounts payable and accrued liabilities	$769	$682
Accrued payroll and related benefits	2,532	2,637
Other liabilities (Note 9)	1,298	1,064
Current liabilities	4,599	4,383
Promissory note (Note 7)	123,685	115,723
Other liabilities (Note 9)	1,002	464
Total liabilities	129,286	120,570
Commitments and contingencies (Notes 7 and 8)		
EQUITY		
Common shares		
Authorized – 1,000 million shares, no par value		
Issued and outstanding – 333.8 and 332.4 million shares, respectively	1,983,962	1,978,520
Contributed surplus	82,866	82,216
Accumulated deficit	(2,012,508)	(1,959,165)
Accumulated other comprehensive loss	(24,417)	(23,289)
Total equity	29,903	78,282
Total liabilities and equity	$159,189	$198,852

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

Approved by the Board of Directors

/s/ Gregory A. Lang /s/ Anthony P. Walsh

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

	Years ended November 30,		
	2022	2021	2020
Operating expenses:			
General and administrative (Note 12)	$20,109	$20,210	$18,735
Equity loss - Donlin Gold (Note 5)	28,163	16,625	14,502
	48,272	36,835	33,237
Loss from operations	(48,272)	(36,835)	(33,237)
Interest expense on promissory note (Note 7)	(7,962)	(5,922)	(6,014)
Accretion of notes receivable (Note 4)	849	2,556	3,337
Other income (expense), net (Note 14)	2,009	(198)	1,569
Loss before income taxes	(53,376)	(40,399)	(34,345)
Income tax recovery (expense) (Note 15)	33	(137)	781
Net loss	(53,343)	(40,536)	(33,564)
Other comprehensive income (loss):			
Foreign currency translation adjustments	(1,128)	587	932
	(1,128)	587	932
Comprehensive loss	$(54,471)	$(39,949)	$(32,632)
Net loss per common share – basic and diluted	$(0.16)	$(0.12)	$(0.10)
Weighted average shares outstanding			
Basic and diluted (thousands)	333,236	331,546	329,269

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

NOVAGOLD RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(US dollars in thousands)

	Years ended November 30,		
	2022	2021	2020
Operating activities:			
Net loss	$(53,343)	$(40,536)	$(33,564)
Adjustments:			
Equity loss – Donlin Gold	28,163	16,625	14,502
Share-based compensation	8,214	8,235	7,057
Interest expense on promissory note	7,962	5,922	6,014
Remediation expense	366	938	—
Foreign exchange (gain) loss	(595)	336	606
Accretion of notes receivable	(849)	(2,556)	(3,337)
Change in fair value of marketable securities	(189)	(418)	(431)
Gain on sale of mineral property	—	(200)	—
Deferred income tax recovery	—	—	(751)
Other operating adjustments	(44)	7	19
Net change in operating assets and liabilities (Note 17)	(2,056)	1,784	(135)
Net cash used in operating activities	(12,371)	(9,863)	(10,020)
Investing activities:			
Proceeds from term deposits	148,000	141,578	81,000
Purchases of term deposits	(132,000)	(158,799)	(61,000)
Proceeds from note receivable	—	75,000	—
Funding of Donlin Gold	(28,435)	(17,587)	(15,276)
Proceeds from sale of mineral property	—	200	—
Other	73	—	—
Net cash provided from investing activities	(12,362)	40,392	4,724
Financing activities:			
Withholding tax on share-based compensation	(2,122)	(731)	(1,652)
Net cash used in financing activities	(2,122)	(731)	(1,652)
Effect of exchange rate changes on cash and cash equivalents	(387)	420	305
Net change in cash and cash equivalents	(27,242)	30,218	(6,643)
Cash and cash equivalents at beginning of year	91,124	60,906	67,549
Cash and cash equivalents at end of year	$63,882	$91,124	$60,906

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

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

	Common shares		Contributed	Accumulated		Total
	Shares	Amount	Surplus	deficit	AOCL*	equity
November 30, 2019	327,630	$1,965,573	$82,254	$(1,885,065)	$(24,808)	$137,954
Share-based compensation	—	—	7,057	—	—	7,057
Performance share units (PSUs) settled in shares	410	1,026	(1,026)	—	—	—
Stock options exercised	2,372	5,430	(5,430)	—	—	—
Withholding tax on PSUs	—	—	(1,652)	—	—	(1,652)
Net loss	—	—	—	(33,564)	—	(33,564)
Other comprehensive income	—	—	—	—	932	932
November 30, 2020	330,412	$1,972,029	$81,203	$(1,918,629)	$(23,876)	$110,727
Share-based compensation	—	—	8,235	—	—	8,235
PSUs settled in shares	574	1,460	(1,460)	—	—	—
Stock options exercised	1,430	5,031	(5,031)	—	—	—
Withholding tax on PSUs	—	—	(731)	—	—	(731)
Net loss	—	—	—	(40,536)	—	(40,536)
Other comprehensive income	—	—	—	—	587	587
November 30, 2021	332,416	$1,978,520	$82,216	$(1,959,165)	$(23,289)	$78,282
Share-based compensation	—	—	8,214	—	—	8,214
PSUs settled in shares	430	1,731	(1,731)	—	—	—
Deferred share units (DSUs) settled in shares	53	249	(249)	—	—	—
Stock options exercised	854	3,462	(3,462)	—	—	—
Withholding tax on PSUs	—	—	(2,122)	—	—	(2,122)
Net loss	—	—	—	(53,343)	—	(53,343)
Other comprehensive loss	—	—	—	—	(1,128)	(1,128)
November 30, 2022	333,753	$1,983,962	$82,866	$(2,012,508)	$(24,417)	$29,903

* Accumulated other comprehensive loss

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

NOTE 1 – THE COMPANY

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").

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presentation

The Consolidated Financial Statements include the accounts of NOVAGOLD RESOURCES INC. and its wholly-owned subsidiaries NOVAGOLD U.S. Holdings Inc., NOVAGOLD Resources Alaska Inc., NOVAGOLD USA, Inc., and AGC Resources Inc. All inter-company transactions and balances are eliminated on consolidation.

The Consolidated Financial Statements are presented in United States dollars and have been prepared in accordance with accounting principles generally accepted in the United States (US GAAP). The preparation of the Company's Consolidated Financial Statements in accordance with US GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of expenses during the reporting period. The Company bases its estimates and assumptions on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from the amounts recorded in these Consolidated Financial Statements.

References in these Consolidated Financial Statements and Notes to $ refer to United States (US) dollars and C$ to Canadian dollars. Dollar amounts are in thousands, except for per share amounts.

Foreign currency

The functional currency for NOVAGOLD RESOURCES INC. is the Canadian dollar and the functional currency for the Company's U.S. operations is the U.S. dollar. Therefore, gains and losses on U.S. dollar denominated transactions and the effect of translating U.S. dollar denominated balances of Canadian operations are recorded in net loss. The effects of translating the Company's Canadian operations from the Canadian dollar to the U.S. dollar are recorded in Other comprehensive income (loss).

Cash and cash equivalents

Cash and cash equivalents consist of cash balances and highly liquid investments with original maturities of three months or less, that are considered to be cash equivalents. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Term deposits

The Company's term deposits are classified as held to maturity and recorded at cost. Term deposits are held at Chartered Canadian banks with original maturities of 12 months or less. The term deposits are not traded in an active market.

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.

Income taxes

The Company accounts for income taxes using the liability method, recognizing certain temporary differences between the financial reporting basis of the Company's liabilities and assets and the related income tax basis for such liabilities and assets. This method generates deferred income tax liabilities and assets for the Company, as measured by the statutory tax rates in effect. The Company derives its deferred income tax charge or benefit by recording the change in deferred income tax liabilities and asset balances for the year.

The Company's deferred income tax assets include certain future tax benefits. The Company records a valuation allowance against any portion of those deferred income tax assets when it believes, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred income tax asset will not be realized.

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 Company's performance in relation to its peers.

Net income (loss) per common share

Basic and diluted income (loss) per share are presented for Net income (loss). Basic income (loss) per share is computed by dividing Net income (loss) by the weighted-average number of outstanding common shares for the period. Diluted income per share reflects the potential dilution that could occur if securities or other contracts that may require the issuance of common shares in the future were converted. Diluted income per share is computed by increasing the weighted-average number of outstanding common shares to include the additional common shares that would be outstanding after conversion and adjusting net income for changes that would result from the conversion. Only those securities or other contracts that result in a reduction in earnings per share are included in the calculation.

NOTE 3 – SEGMENTED INFORMATION

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

NOTE 4 – NOTES RECEIVABLE

Changes in the Company's *Notes receivable* are summarized as follows:

	Years ended November 30,		
	2022	2021	2020
Balance – beginning of period	$23,572	$96,016	$92,679
Accretion of notes receivable	849	2,556	3,337
Payment received	—	(75,000)	—
Balance – end of period	$24,421	$23,572	$96,016

Galore Creek

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 due upon the earlier of the completion of a Galore Creek pre-feasibility study or July 27, 2021, a $25,000 note due upon the earlier of the completion of a Galore Creek feasibility study or July 27, 2023, and a contingent note for $75,000 due 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 November 30, 2022, the carrying value of the $25,000 note was $24,421 including $3,473 of accumulated accretion. The carrying value of the note 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 due upon approval of a Galore Creek project construction plan by the owner(s). No value was assigned to the final $75,000 contingent note. 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 November 30, 2022.

Minas San Roque

On November 3, 2021, the Company sold its 49% interest in the Minas San Roque project in Argentina to Marifil S.A., a subsidiary of International Iconic Gold Mines Ltd. ("Iconic") for cash proceeds of C$250 upon closing, a C$750 note receivable due on November 1, 2022, and a C$1,000 note receivable due on November 1, 2023. The notes are guaranteed by Iconic. On closing, the Company determined the fair value of the notes was nil. The Company's assessment did not change as of November 30, 2022. Subsequent to November 30, 2022, Iconic obtained sufficient funding and completed the C$750 note payment by the end of December 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 Donlin Gold 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:

	Years ended November 30,		
	2022	2021	2020
Balance – beginning of period	$3,576	$2,614	$1,840
Share of losses:			
Mineral property expenditures	(27,690)	(16,286)	(14,339)
Depreciation	(427)	(300)	(163)
Accretion	(46)	(39)	—
	(28,163)	(16,625)	(14,502)
Funding	28,435	17,587	15,276
Balance – end of period	$3,848	$3,576	$2,614

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 than that of the Company.

	As of November 30,	
	2022	2021
Current assets: Cash, prepaid expenses, and other receivables	$4,220	$3,815
Non-current assets: Right-of-use assets, property and equipment	2,036	1,417
Non-current assets: Mineral property	32,615	32,615
Current liabilities: Accounts payable, accrued liabilities and lease obligations	(2,322)	(1,584)
Non-current liabilities: Reclamation and lease obligations	(701)	(687)
Net assets	$35,848	$35,576

NOTE 6 – OTHER ASSETS

	As of November 30,	
	2022	2021
Other current assets:		
Accounts and interest receivable	$363	$302
Receivable from Donlin Gold	574	—
Prepaid expenses	1,298	25
	$2,235	$327
Other long-term assets:		
Marketable equity securities	$1,845	$1,830
Right-of-use assets	939	396
Office equipment	19	27
	$2,803	$2,253

NOTE 7 – PROMISSORY NOTE

The Company has a promissory note payable to Barrick of $123,685, comprised of $51,576 in principal, and $72,109 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.

Changes in the Company's *Promissory Note* is summarized as follows:

	Years ended November 30,		
	2022	2021	2020
Balance – beginning of period	$115,723	$109,801	$103,787
Interest expense on promissory note	7,962	5,922	6,014
Balance – end of period	$123,685	$115,723	$109,801

NOTE 8 – LEASES

The Company leases office space under non-cancelable operating leases with original lease terms of five years. These leases require monthly lease payments that may be subject to annual increases throughout the lease term. Certain of these leases also include renewal options at the election of the Company to renew or extend the lease for an additional five years. These optional periods have not been considered in the determination of ROU assets or lease liabilities associated with these leases as management did not consider it reasonably certain it would exercise the options. In 2022, the Company extended the lease of its Salt Lake City office for an additional 6.25 years. Certain of our leases include payments that vary based on the Company's level of usage and operations. These variable payments are not included within ROU assets and lease liabilities in the Consolidated Balance Sheets. Additionally, short-term leases, which have an initial term of 12 months or less, are not recorded in the Consolidated Balance Sheets.

Lease expenses are included in *General and administrative expense – Office expense* on the Consolidated Statements of Loss and include the following components:

	Years ended November 30,	
	2022	2021
Operating lease cost	$234	$235
Variable lease cost	126	122
Short-term lease cost	5	4
	$365	$361

Future minimum lease payments under non-cancellable operating leases as of November 30, 2022, were as follows:

2023	$194
2024	234
2025	157
2026	154
2027	159
Thereafter	220
Total future minimum lease payments	1,118
Less: imputed interest	(174)
Total	$944

Other information regarding leases for the year ended November 30, 2022 includes the following:

Cash paid for operating leases	$238
Variable lease cost	126
Short-term lease cost	5
	$369

Right-of-use assets obtained in exchange for lease liabilities	$750
Weighted average remaining lease term (years) – operating leases	5.6
Weighted average discount rate – operating leases	5.8%

NOTE 9 – OTHER LIABILITIES

	As of November 30,	
	2022	2021
Other current liabilities:		
Remediation liabilities	$1,156	$840
Lease obligations	142	224
	$1,298	$1,064
Other long-term liabilities:		
Remediation liabilities	$200	$280
Lease obligations	802	184
	$1,002	$464

NOTE 10 – SHARE CAPITAL

Common shares

The Company is authorized to issue 1,000,000,000 common shares without par value, of which 333,753,116 were issued and outstanding as of November 30, 2022, and 332,415,547 were issued and outstanding as of November 30, 2021.

Preferred shares

Pursuant to the Company's Notice of Articles filed under the Business Corporations Act (British Columbia), the Company is authorized to issue 10,000,000 preferred shares without par value. The authorized but unissued preferred shares may be issued in designated series from time to time by one or more resolutions adopted by the Directors. The Directors have the authority to determine the preferences, limitations, and relative rights of each series of preferred shares. As of November 30, 2022 and 2021, no preferred shares were issued or outstanding.

NOTE 11 – 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, accounts payable and accrued liabilities, and promissory note. The fair value of the promissory note approximates its carrying value based on accrued interest at U.S. prime plus 2% and the terms for repayment from future mine production or from any net proceeds resulting from a reduction of the Company's interest in Donlin Gold. The fair value of the Company's other financial instruments approximate 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 $1,845 as of November 30, 2022 ($1,830 as of 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 12 – GENERAL AND ADMINISTRATIVE

	Years ended November 30,		
	2022	2021	2020
Share-based compensation (Note 13)	$8,214	$8,235	$7,057
Salaries and benefits	6,710	6,599	6,274
Office expense	2,992	2,544	2,199
Professional fees	1,177	1,849	2,139
Corporate communications and regulatory	1,009	976	1,059
Depreciation	7	7	7
	$20,109	$20,210	$18,735

NOTE 13 – SHARE-BASED COMPENSATION

Share incentive awards include a stock option plan for directors, executives, employees and eligible consultants, a PSU plan for executives, employees, and eligible consultants and a DSU plan for non-executive directors of the Company. Options granted to purchase common shares have exercise prices not less than the fair market value of the underlying share at the date of grant. As of November 30, 2022, 30,783,900 common shares were available for future share incentive plan awards under all three plans.

The Company recognized share-based compensation expense (see *Note 12 - General and administrative*) as follows:

	Years ended November 30,		
	2022	2021	2020
Stock options	$4,642	$4,721	$4,309
Performance share unit plan	3,345	3,278	2,547
Deferred share unit plan	227	236	201
	$8,214	$8,235	$7,057

Stock options

Stock options granted under the Company's share-based incentive plans generally expire five years after the date of grant and vest in one-third annual increments beginning on the first anniversary of the date of grant. The value of each option award is estimated at the date of grant using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option award and share price volatility. The expected term of options granted is derived from historical data on employee exercise and post-vesting employment termination experience. Expected volatility is based on the historical volatility of the Company's shares at the date of grant over the same length of term. These estimates involve inherent uncertainties and the application of management's judgment. In addition, management estimates the expected forfeiture rate and only recognizes expense for those options expected to vest. As a result, if other assumptions had been used, the recorded share-based compensation expense would have been different from that reported.

A summary of stock options outstanding as of November 30, 2022, and activity during the year ended November 30, 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	(2,566)	3.88		
Cancelled	(306)	6.44		
November 30, 2022	7,717	$6.18	2.27	$5,801
Vested and exercisable as of November 30, 2022	4,486	$5.20	1.43	$5,796

The following table summarizes other stock option-related information:

	Years ended November 30,		
	2022	2021	2020
Weighted-average assumptions used to value stock option awards:			
Expected volatility	$46.5%	47.2%	46.1%
Expected term of options (years)	4	4	4
Expected dividend rate	—	—	—
Risk-free interest rate	1.13%	0.3%	1.5%
Expected forfeiture rate	2.9%	3.0%	3.1%
Weighted-average grant-date fair value	$2.49	$3.63	$2.70
Intrinsic value of options exercised	$5,723	$12,543	$24,137
Cash received from options exercised	$—	$—	$—

As of November 30, 2022, the Company had $2,303 of unrecognized compensation cost related to 3,231,000 non-vested stock options expected to be expensed and vest over a period of approximately two years.

Performance share units

The Company has a PSU plan that provides for the issuance of PSUs in amounts as approved by the Company's Compensation Committee. Each PSU award entitles the participant to receive one common share of the Company at the end of a specified period. The Compensation Committee may adjust the number of common shares for the achievement of certain performance and vesting criteria established at the time of grant. The actual performance against each of these criteria generates a multiplier that varies from 0% to 150%. Thus, the common shares that may be issued vary between 0% and 150% of the number of PSUs granted, as reduced by the amounts for participants no longer with the Company on the vesting date.

The value of each PSU granted is estimated at the grant date using a Monte Carlo simulation model. The Monte Carlo simulation model requires the input of subjective assumptions, including the share price volatility of the Company's stock, as well as comparator index and the correlation of returns between the comparator index and the Company. Expected volatility is based on the historical volatility of the Company's shares and the comparator index at the grant date. These estimates involve inherent uncertainties and the application of management's judgment. As a result, if other assumptions had been used, our recorded share-based compensation expense would have been different from that reported.

A summary of PSU awards outstanding and activity during the year ended November 30, 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	
November 30, 2022	1,257	$7.65	$2,326

As of November 30, 2022, the Company had 1,257,200 non-vested PSU awards outstanding of which 438,900 were fully expensed and subsequently expired with no value. The remaining 818,300 non-vested PSU awards with $3,184 of unrecognized compensation cost will be expensed over a period of approximately two years.

The following table summarizes other PSU-related information:

	Years ended November 30,		
	2022	2021	2020
Performance multiplier on PSUs vested	93%	150%	150%
Common shares issued (thousands)	430	574	410
Total fair value of common shares issued	$2,903	$5,723	$2,855
Withholding tax paid on PSUs vested	$2,122	$731	$1,652

Deferred share units

The Company has a DSU plan that provides for the issuance of DSUs in amounts where the Directors receive half of their annual retainer in DSUs and have the option to elect to receive all or a portion of the other half of their annual retainer in DSUs. Each DSU entitles the Directors to receive one common share when they retire from the Company. The Company granted 38,470, 25,957 and 21,602 DSUs to Directors with a weighted-average grant day fair value of $5.74, $8.86, and $9.07 per DSU during 2022, 2021 and 2020, respectively. The Company issued 52,930, nil, and nil common shares under the DSU plan in 2022, 2021 and 2020, respectively. As of November 30, 2022, there were 291,860 DSUs outstanding.

NOTE 14– OTHER INCOME (EXPENSE), NET

	Years ended November 30,		
	2022	2021	2020
Interest and dividend income	$1,591	$458	$1,744
Change in fair market value of marketable securities	189	418	431
Foreign exchange gain (loss)	595	(336)	(606)
Remediation expense	(366)	(938)	—
Gain on sale of mineral property	—	200	—
	$2,009	$(198)	$1,569

NOTE 15 – INCOME TAXES

The Company's statutory tax rate is 27% and is expected to remain at this amount until 2024.

The Company's *Income tax (recovery) expense* consisted of:

	Years ended November 30,		
	2022	2021	2020
Current:			
Canada	$—	$110	$—
Foreign	(33)	27	(30)
	(33)	$137	(30)
Deferred:			
Canada	—	—	—
Foreign	—	—	(751)
	—	—	(751)
Income tax (recovery) expense	$(33)	$137	$(781)

The Company's *Loss before income taxes* consisted of:

	Years ended November 30,		
	2022	2021	2020
Canada	$(17,062)	$(17,723)	$(16,447)
Foreign	(36,314)	(22,676)	(17,898)
	$(53,376)	$(40,399)	$(34,345)

The Company's *Income tax (recovery) expense* differed from the amounts computed by applying the Canadian statutory corporate income tax rates for the following reasons:

	Years ended November 30,		
	2022	2021	2020
Loss before income taxes	$(53,376)	$(40,399)	$(34,345)
Combined federal and provincial statutory tax rate	27%	27%	27%
Income tax recovery based on statutory income tax rates	(14,412)	(10,908)	(9,273)
Reconciling items:			
Non-deductible expenditures	2,411	2,483	1,911
Foreign accrual property income	666	771	652
Effect of consolidated return for U.S. subsidiaries	—	—	(751)
Effect of different statutory tax rates on earnings or losses of subsidiaries	(518)	(323)	(2)
Change in valuation allowance on deferred tax assets	11,852	8,115	6,638
Other	(32)	(1)	44
Income tax (recovery) expense	$(33)	$137	$(781)
Effective tax rate	0.1%	(0.3)%	2.3%

Components of the Company's deferred income tax assets (liabilities) are as follows:

	As of November 30,	
	2022	2021
Deferred tax income assets:		
Net operating loss carry forwards	$188,783	$184,833
Capital loss carry forwards	48,264	50,969
Mineral properties	628	663
Intangible assets	465	491
Property and equipment	198	207
Investment in affiliates	44,713	38,931
Unpaid interest expense	2,105	2,105
Unrealized loss on investments	233	265
Asset retirement obligation	386	318
Other	1,068	980
	286,843	279,762
Valuation allowances	(285,611)	(278,790)
	1,232	972
Deferred income tax liabilities:		
Notes receivable	(942)	(701)
Capitalized assets and other	(290)	(271)
	(1,232)	(972)
Net deferred income tax assets (liabilities)	$—	$—

Net operating losses available to offset future taxable income are as follows:

Year of Expiry	U.S.	Canada
2024	$1,032	$—
2025	1,246	—
2026	13,382	17,893
2027	18,493	1,786
2028	85	—
2029	11,223	11,578
2030	10,916	15,406
2031	16,580	15,332
2032	309,772	18,712
2033	14,529	14,121
2034	15,607	10,159
2035	16,383	9,278
2036	14,764	9,130
2037	14,111	6,070
2038	—	6,174
2039	—	5,608
2040	—	6,679
2041	—	—
2042	—	6,866
Indefinite	58,971	—
	$517,094	$154,792

U.S. net operating losses arising in tax years ending after December 31, 2017 can be carried over to each taxable year following the tax year of loss (indefinitely). The Company has capital loss carry-forwards of approximately $357,511 (November 30, 2021: $377,550) for Canadian tax purposes. These tax losses are carried forward indefinitely.

Future use of U.S. loss carry-forwards is subject to certain limitations under provisions of the Internal Revenue Code including limitations subject to Section 382, which relates to a 50% change in control over a three-year period and are further dependent upon the Company attaining profitable operations. Ownership changes occurred on January 22, 2009 and on December 31, 2012 and the U.S. tax losses related to NOVAGOLD Resources Alaska Inc. and its investment in Donlin Gold for the prior three-year periods prior to the change in control may be subject to limitation under Section 382. Accordingly, the Company's ability to use these losses may be limited or they may expire un-utilized. Losses incurred to date may be further limited if a subsequent change in control occurs.

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax asset. Significant pieces of objective negative evidence evaluated included the cumulative loss incurred as of November 30, 2022. Such objective evidence limits the ability to consider other subjective evidence such as management's projections for future growth. On the basis of this evaluation, as of November 30, 2022, a valuation allowance of $285,611 (November 30, 2021: $278,790), has been recorded in order to measure only the portion of the deferred tax asset that more likely than not will be realized. The amount of the deferred tax asset considered realizable; however, could be adjusted if estimates of future taxable income during the carry forward period are reduced or if objective negative evidence in the form of cumulative losses is no longer present and additional weight may be given to subjective evidence such as management's projections for growth.

Uncertain tax position

There were no uncertain tax positions as of November 30, 2022, 2021 and 2020. The Company recognizes any interest and penalties related to uncertain tax positions, if any, as income tax expense. Accrued interest and penalties are included within the related tax liability line in the consolidated balance sheet. As of November 30, 2022, 2021 and 2020, there were no accrued interest and penalties related to uncertain tax positions. The Company is subject to income taxes in Canada and the United States. With few exceptions, the tax years that remain subject to examination as of November 30, 2022, are 2018 to 2022 in Canada and 2019 to 2022 in the United States.

NOTE 16 – RELATED PARTY TRANSACTIONS

The Company provided management and administrative services to Donlin Gold for $681 in 2022 ($nil in 2021 and 2020). As of November 30, 2022, the Company has accounts receivable from Donlin Gold of $574 (November 30, 2020: $nil) included in *Other current assets*.

NOTE 17 – NET CHANGE IN OPERATING ASSETS AND LIABILITIES

	Years ended November 30,		
	2022	2021	2020
Changes in operating assets and liabilities:			
Other assets	$(1,962)	$1,605	$(65)
Accounts payable and accrued liabilities	128	(240)	(137)
Accrued payroll and related benefits	(92)	419	67
Remediation liability	(130)	—	—
	$(2,056)	$1,784	$(135)

NOTE 18 – SUPPLEMENTAL CASH FLOW INFORMATION

	Years ended November 30,		
	2022	2021	2020
Interest received	$1,684	$1,024	$2,265
Income taxes refunded	$17	$—	$—
Income taxes paid	$—	$142	$376