

## NOVAGOLD RESOURCES INC.

*Unless the context otherwise requires, the words “we,” “us,” “our,” the “Company” and “NOVAGOLD” refer to NOVAGOLD RESOURCES INC., a British Columbia corporation, and its subsidiaries as of November 30, 2024.*

### CURRENCY

References in this report to \$ refer to United States currency and C\$ to Canadian currency.

See the “Glossary of Technical Terms” for more information regarding some of the terms used in this report.

### FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K 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, anticipated timing and impact of certain judicial and/or administrative decisions, continued support of the state and federal permitting process, future capital raising activities and their related dilutive effects, sufficiency of working capital, timelines, strategic plans, including our plans and expectations relating to the Donlin Gold project, permitting and the timing thereof, the Company’s market price, 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;
- dependence on cooperation of co-owner in exploration and development of 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: (i) the federal Joint Record of Decision (“JROD”) and permits issued by the U.S. Army Corps of Engineers (“Corps”) and U.S. Bureau of Land Management (“BLM”), (ii) the State Clean Water Act Section 401 Certification (as defined below), (iii) the state pipeline right-of-way (“ROW”) agreement and lease (as defined below), and (iv) the application for water rights (as defined below).

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;

- risks related to co-owner on which we depend for Donlin Gold project activities;
- risks related to proceeding with a feasibility study for the Donlin Gold project without the participation of the co-owner;
- our history of losses and expectation of future losses; our limited property portfolio;
- 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, including the impact of inflation thereon;
- commodity price fluctuations;
- risks related to market events and general economic conditions;
- risks related to opposition to our operations at our mineral exploration and development properties from non-governmental organizations (“NGOs”) 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;
- 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;
- 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;
- 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;
- risks related to governmental regulation, including uncertainties resulting from the change in the U.S. federal administration;
- uncertainties relating to the stability of pre-existing tax regimes, including the potential introduction of tariffs, as a result of the change in the U.S. federal administration;
- risks related to environmental laws and regulations;
- risks related to our insurance;
- risks related to title and other rights to our mineral properties;
- 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 the effects of global climate change on the Donlin Gold project;
- risks related to information technology systems;
- risks related to cybersecurity attacks and breaches; and
- risks related to the Company’s status as a “passive foreign investment company” in the United States.

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 on Form 10-K under the heading “Risk Factors” and elsewhere.

Our forward-looking statements contained in this Annual Report on Form 10-K 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.

## Technical Information

Paul Chilson, P.E., a Qualified Person and an employee of the Company reviewed and approved the scientific and technical information contained in this Annual Report on Form 10-K.

## Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations (U.S. dollars in thousands, except per share amounts)

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 2024 and year-over-year comparisons between 2024 and 2023. Discussions of our consolidated financial condition and results of operations for 2023 and year-over-year comparisons between 2023 and 2022 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, 2023, filed with the Securities and Exchange Commission on January 24, 2024, 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. 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.

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 feasibility studies, preparation of engineering designs and the financing to fund these objectives.

## **Donlin Gold project**

Donlin Gold advanced key activities in 2024 to position the project to update technical work and cost estimates. Principal activities included the substantial completion of metallurgical test work at a pilot plant in Ontario, Canada to confirm proposed optimizations to the flowsheet, field and geochemical data collection to continue updating source characteristics for groundwater and surface water models for both operational and closure planning, as well as advancement of the Donlin Gold resource model. Results derived from the considerable technical work performed over these past twelve months will serve as inputs into updated feasibility work.

The Donlin Gold board must approve an updated feasibility study, 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 an updated feasibility study, 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 due to 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.

### *Stakeholder and government engagement*

In collaboration with Calista and TKC, Donlin Gold actively engages stakeholders and governments in the Y-K region, Alaska and Washington, D.C. The project’s location on private lands selected under the 1971 Alaska Native Claims Settlement Act is a significant feature, setting it apart from most other mining assets in Alaska and guiding our outreach efforts. Donlin Gold’s enduring partnerships with Calista and TKC are pivotal in facilitating comprehensive outreach throughout the Y-K region.

Our outreach in Alaska, particularly in the Y-K region, and in Washington, D.C., has strengthened community engagement and reinforces the project’s social license. The Company appreciates the diligent contributions of the Donlin Gold team, partners, and stakeholders, and remains dedicated to developing the project to its full potential. In collaboration with Calista and TKC, the mineral and surface rights holders, Donlin Gold LLC has made significant strides in local community and government engagement across the Y-K region, Alaska, and Washington, D.C., including advancing the project’s development and permitting efforts. Over decades, our commitment to engaging with the 62 stakeholder communities in the Y-K region has built meaningful relationships, enhanced investment, and reinforced our social license. This longstanding dedication underscores the approach of the Donlin Gold project and its partners, Calista and TKC, to foster robust relationships with both local communities and governmental entities built on trust, transparency, respect and partnership.

To that end, Donlin Gold led numerous projects and activities in 2024. Calista, TKC, and Donlin Gold hosted public Open Houses in Anchorage, Bethel, and Crooked Creek providing Alaskans and local residents with the opportunity to learn more about the project and to engage in open and transparent discussions. Donlin Gold hosted a project site tour for a group of residents from Crooked Creek and Georgetown which are the project's closest neighboring villages.

NOVAGOLD remains committed to stakeholder engagement and community development working closely with Tribal communities and Alaska Native Corporations to identify needs and collaboratively develop solutions that enhance and uplift communities, fostering sustainable growth and shared prosperity for future generations. To that end, NOVAGOLD representatives were on the ground in Alaska providing extensive support to the Donlin Gold team in their outreach efforts. Donlin Gold established three additional Shared Values Statements for a total of 18, which formalize Donlin Gold's ongoing engagement with local communities, reinforce existing long-term relationships, and address specific community needs. In 2024, over 12,000 direct engagements were conducted with key stakeholders.

Donlin Gold, Calista, and TKC held two Subsistence Community Advisory Committee ("SCAC") meetings in 2024, the first in Aniak and second in Anchorage. This committee, which is composed of people from the Y-K region, reflects the ongoing commitment to establishing a structured process for communication, dialogue, problem-solving, and gathering input from the broader community on subsistence matters throughout the life of the project. The SCAC committee provides a forum for sharing information, questions and ideas from the communities in the Y-K region with Donlin Gold, Calista and TKC, as well as bringing information about the project back to their respective communities.

#### *Environment and social investments*

Recognizing the importance of ecological stewardship in the Y-K region, since mid-2023, Donlin Gold has intensified efforts with our Alaska Native Corporation partners to monitor, survey and engage in the dialogue on salmon fisheries in the Kuskokwim and Yukon River watersheds. In 2024, Donlin Gold launched a salmon smolt monitoring program on the George River, a tributary of the Kuskokwim River, in partnership with the Native Village of Napaimute to assess smolt health and migration patterns — an initiative that will continue into 2025. Restoration of a portion of the historic Lyman placer site, which included significant stream and pond habitat creation, including aquatic life access and use, was completed in 2024. Aquatic restoration work on a reach of Snow Gulch previously disturbed by historic mining will start in 2025.

In addition, Donlin Gold's "In It for The Long Haul" Backhaul Program, a long-standing initiative to collect and safely dispose of hazardous household electronic waste, including appliances, from Y-K villages, recycled approximately 140,000 pounds of material in 2024, for an impressive total of approximately 803,000 pounds of hazardous materials removed from the Y-K region since the program began in 2018.

Donlin Gold's partnership with the Crooked Creek Traditional Council has supported the Summer Youth Employment program, providing local youth with hands-on experience in various work environments while also assisting Elders. The Donlin Gold project continued sponsoring the RurAL CAP Elder Mentor Program, which connects youth with Elders to foster intergenerational knowledge and support academic engagement and school readiness across the State. Donlin Gold also shipped dictionaries to all school districts in the Y-K region for third graders as part of The Dictionary Project, a national effort to promote literacy and creative thinkers, a project they have participated in annually since 2012.

Donlin Gold has also reaffirmed its commitment to the Alaska School Activities Association, supporting high school-level athletic, academic, and fine arts programs statewide. Donlin Gold's ongoing financial contributions highlight our steadfast dedication to enhancing educational and extracurricular opportunities for students throughout Alaska.

#### *Permitting*

The preliminary design packages for Dam Safety Certification were submitted to the ADNR in 2024. Comments from the ADNR on the Dam Safety Certification preliminary design packages are anticipated in 2025 with potential issuance of the Certification in 2026/2027.

The Alaska Pollutant Discharge Elimination System permit, which was originally set to expire in 2023, as well as the Waste Management Permit, which was set to expire in January 2024, are administratively extended by the Alaska Department of Environmental Conservation until renewed. The Reclamation Plan, which was also set to expire in 2024, is administratively extended until 2027.

Donlin Gold applied for and received an 18-month extension of the construction deadline on its air quality permit through July 2026.

In September 2022, thirteen tribes sent letters to the Corps and the EPA. The letter to the Corps requests that it consider requiring an EIS on the Donlin Gold project and revoke the Clean Water Act Section 404 permit (the “404 permit”) in light of what the tribes consider “new information” since the final EIS was issued in 2018. Additionally, the EPA letter requested that it initiate a Clean Water Act Section 404(c) veto process for the Donlin Gold project. In early January 2023, Donlin Gold and Calista both submitted responses to the Corps on why the requests to prepare a supplemental EIS or revoke the 404 permit should not be granted. In January 2023, Donlin Gold also provided a response to the EPA describing why the agency should not initiate a 404(c) process. To date, neither the Corps nor EPA has responded to the tribes’ letters.

### *Litigation*

On June 28, 2021, Earthjustice representing Orutsararmiut Native Council (“ONC”) filed an appeal of the ADEC Commissioner’s decision upholding the ADEC’s Clean Water Act Section 401 water quality certification in Alaska Superior Court. In December 2021, at the request of the State of Alaska and Donlin Gold, the Alaska Superior Court suspended the case and remanded it to ADEC to allow for consideration of additional technical materials on mercury and temperature. After an administrative process, the Commissioner reaffirmed ADEC’s issuance of the 401 Certification on August 18, 2023. The suspension of the previously filed Alaska Superior Court case was then lifted and Earthjustice filed its opening brief with the Alaska Superior Court in January 2024. Briefing is complete and oral arguments were held on August 30, 2024. A decision is anticipated from the Alaska Superior Court in 2025.

On September 20, 2021, Earthjustice, representing ONC, Cook Inletkeeper, and three Y-K villages, filed an appeal of the State pipeline ROW authorization in Alaska Superior Court. On April 12, 2023, the Alaska Superior Court affirmed ADNR’s issuance of the ROW lease in the Earthjustice case. Earthjustice appealed the Superior Court’s decision to the Alaska Supreme Court. On May 25, 2022, Earthjustice, representing ONC and five Y-K villages, filed an appeal of ADNR’s issuance of certain water rights permits to Donlin Gold in Alaska Superior Court. After briefing and oral argument, on September 1, 2023, the Alaska Superior Court affirmed ADNR’s decision on Donlin Gold’s water rights permits. On October 2, 2023, Earthjustice appealed the Superior Court’s decision to the Alaska Supreme Court. Earthjustice’s opening brief was submitted to the Alaska Supreme Court on January 4, 2024. Response briefs from the State of Alaska and Donlin Gold were completed in April 2024, and Earthjustice subsequently filed their reply brief in May 2024. Briefing on Earthjustice’s appeal of the Alaska Superior Court affirmation of ADNR’s issuance of the State pipeline ROW lease to the Alaska Supreme Court was completed in February 2024. Oral arguments for both the water rights permits and the State pipeline ROW were held November 12, 2024, and a decision is anticipated in 2025.

On April 5, 2023, Earthjustice representing ONC and six Y-K villages filed suit against the U.S. government in Anchorage Federal District Court (the “Federal District Court”) asking the Federal District Court to invalidate the Donlin Gold Joint Record of Decision, which included the U.S. Army Corps’ of Engineers’ issuance of the 404 permit and the Department of Interior, Bureau of Land Management’s issuance of the ROW lease for the portions of the pipeline on Federal lands. The U.S. Department of Justice (“DOJ”) is defending the issuance of the permits by those Federal agencies. The State of Alaska, Donlin Gold, and Calista were granted intervenor status in this case. The DOJ filed their brief supporting the issuance of the JROD and the sufficiency of the environmental analysis in the Final Environmental Impact Statement on April 2, 2024. Amicus briefs supporting the project were filed by the village of Crooked Creek and the Alaska federal Congressional delegation. Oral arguments were held on June 24, 2024, and the Federal District Court issued a decision on September 30, 2024. The decision rejected the plaintiffs’ arguments on two of the three issues raised in the litigation but agreed with plaintiffs that the federal agencies took too narrow of a view in analyzing the impact of a theoretical release from the TSF. The Federal District Court requested supplemental briefing on the appropriate remedy for addressing this issue. On October 7, 2024, the plaintiffs filed a request for reconsideration on one of the issues on which the Federal District Court had ruled against the plaintiffs and, at DOJ’s request, the Federal District Court suspended the schedule for briefing on the appropriate remedy until after the Federal District Court ruled on plaintiffs’ motion for reconsideration. On December 23, 2024, the Federal District Court denied plaintiffs’ request for reconsideration. The Court reestablished the remedy briefing schedule with initial briefs from all parties now due on January 31, 2025, and response briefs from all parties due on February 14, 2025.

To date, all permits and approvals granted to Donlin Gold by federal and state agencies remain issued and in place while the legal challenges described above proceed. We recognize the importance of preparedness and organization in these matters. With the unwavering support of Donlin Gold and its owners, we will continue to back the state and federal agencies in defending their thorough and diligent permitting processes and are committed to working with the federal agencies and all stakeholders on an appropriate remedy to address the Federal District Court’s decision.

### **Other remediation**

During 2024, \$157 in remediation expenditures were incurred for fieldwork at the historic former New Gold House property in Nome, Alaska, including re-seeding. Monitoring, sampling and maintenance work (as needed, based on monitoring results) is planned for the 2025 field season.

## Consolidated Financial Results

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

	Years ended November 30,		Change
	2024	2023	
Net loss	\$(45,621)	\$(46,803)	\$(1,182)
Net loss per common share, basic and diluted	\$(0.14)	\$(0.14)	\$0.00

*Net loss* decreased by \$1,182 from 2023, primarily due to lower field expenses at Donlin Gold, partially offset by higher corporate general and administrative expenses, increased interest expense on the promissory note, lower interest income on cash and term deposits and other income related to a gain in the fair market value of marketable securities and proceeds received for the 2021 sale of the Company's interest in the San Roque mineral property. Donlin Gold expenses were lower with reduced site activity in 2024, compared to fieldwork and geotechnical drilling for the Alaska Dam Safety certificates and hydrological drilling to support mine planning and design in 2023. General and administrative costs increased primarily due to higher professional fees and employee compensation partially offset by lower stock-based compensation expense related to forfeiture of options and performance share units due to the departure of certain former employees.

Professional fees increased due to consulting fees primarily related to ongoing efforts to enhance the value of the Donlin Gold project by evaluating alternatives to further advance the project. Salaries and benefits increased primarily due to hiring of additional staff. Income tax expense relates to passive income taxable in Canada on a portion of interest income earned by U.S. subsidiaries, and for withholding taxes on the sale proceeds received during the first quarter of 2024 related to the 2021 sale of the Company's interest in the San Roque mineral property in Argentina.

## Liquidity and Capital Resources

### Liquidity overview

With total cash and term deposits of \$101,224, the Company has sufficient working capital available to cover anticipated funding of the Donlin Gold project and corporate general and administrative costs for at least the next two years at current spending levels. Additional capital may be required to complete an updated Donlin Gold feasibility study. Considerable additional capital will be required if a decision to commence engineering and construction is reached by Donlin Gold. Future financing to fund construction is anticipated through debt and equity offerings, project specific debt, and/or other means. Our continued operations are dependent on our ability to obtain additional funding or to generate future cash flows. However, there is 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 2025 are approximately \$37,500, including \$21,500 to fund the Donlin Gold project, and \$16,000 for corporate general and administrative costs.

Our financial position includes the following as of November 30, 2024:

- Cash and cash equivalents of \$42,224, primarily held at three large Canadian chartered banks with investment grade credit ratings.
- Term deposits of \$59,000 held at two large Canadian chartered banks with investment grade credit ratings with maturities of less than one year.
- Promissory note payable to Barrick of \$151,522, including accrued interest at U.S. prime plus 2%, compounded semi-annually. 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. At the current interest rate of 9.5%, interest on the note in fiscal year 2025 will total approximately \$14,942.

#### *Cash flows*

In 2024, cash and cash equivalents decreased by \$3,525, mainly to fund our share of Donlin Gold, corporate administrative expenses partially offset by a net reduction of term deposits held.

Spending on operating activities in 2024 increased by \$4,856 compared to the prior year primarily due to increased corporate general and administrative expenses, lower interest income on cash and term deposits and higher income tax withholding related to passive income taxable in Canada on a portion of interest income earned by U.S. subsidiaries. Cash provided from investing activities in 2024 increased by \$19,683 compared to the prior year primarily due to a net reduction of term deposits held in 2024 and lower Donlin Gold funding requirements. Financing activities reflect \$174 of withholding tax on PSUs (as defined below) that vested at 100% during the year and settled with the issuance of net common shares. The PSU awards that matured and vested in December 2024 at 25% of the grant amount were also settled with the issuance of net common shares.

#### **Outstanding share data**

As of January 13, 2025, the Company had 334,646,571 common shares issued and outstanding. Also, as of January 13, 2025, the Company had: i) a total of 8,838,001 stock options outstanding; 7,816,967 of those stock options with a weighted-average exercise price of \$6.21 and the remaining 1,021,034 with a weighted-average exercise price of C\$7.62; and ii) 1,225,100 performance shares units ("PSUs") and 284,378 deferred share units ("DSUs") outstanding. Upon exercise of the foregoing convertible securities, the Company would be required to issue a maximum of 10,960,029 common shares.

#### **Related party transactions**

As of November 30, 2024, the Company has accounts receivable from Donlin Gold of \$212 (November 30, 2023: \$203) 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 2024 we incurred a net loss of \$10,860 compared to a net loss of \$10,421 in the fourth quarter of 2023. The increase in net loss primarily resulted from higher corporate general and administrative expenses, increased interest on the promissory note, lower interest income, partially offset by reduced activity at Donlin Gold.

#### **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, 2024. 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 can 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. Donlin Gold LLC is a non-publicly traded equity investee holding 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 of \$2,597 as of November 30, 2024. The Company reviews and evaluates its investment in the Donlin Gold project 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 an affiliate 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. Management reviewed potential impairment indicators and determined that there were none as of November 30, 2024.

#### *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 and PSU grants, estimates of forfeitures, the Company's performance, and the Company's performance in relation to its peers.

We grant members of the Board DSUs whereby each DSU entitles the directors to receive one common share of the Company or the market value thereof in cash, at the Company's option, 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.

In 2024, we incurred \$7,237 in share-based compensation costs, a decrease of \$1,494 over the prior year primarily due to the forfeiture of options and performance share units following the departure of the former Chief Financial Officer and other personnel during the year.

During 2024, we had 149,000 PSU awards that vested at 100% and 47,000 DSU awards that vested and were settled with the issuance of common shares. As of November 30, 2024, we had \$2,348 of unrecognized compensation cost related to 4,361,486 non-vested stock options expected to be expensed and vest over a period of approximately two years. Also, as of November 30, 2024, we had 1,633,500 non-vested PSU awards outstanding of which 408,400 were fully expensed and vested in December 2024 at 25% of the grant amount, which were subsequently settled with the issuance of common shares. The remaining 1,225,100 non-vested PSU awards with \$3,715 of unrecognized compensation cost will be expensed over a period of approximately two years.

#### **Item 7A. 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, and term deposit investments. All term deposits are held at two Canadian chartered banks with investment grade credit ratings and have maturities of less than one year.

##### *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, 2024, and assuming all other variables remain constant, a 1% change in the U.S. prime rate would result in an increase/decrease of approximately \$1.5 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.

