NOVAGOLD RESOURCES INC.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders 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 (the Company) as of November 30, 2024 and 2023, and the related consolidated statements of loss and comprehensive loss, equity (deficit) and cash flows for each of the three years in the period ended November 30, 2024, 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, 2024, 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, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended November 30, 2024 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, 2024, 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 the closing of the Galore Creek sale or in subsequent periods. Management's assessment did not change as of November 30, 2024. 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 owners of the project to the Company under the terms of the sale agreement.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, Canada
January 22, 2025

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

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

	As of November 30,	
	2024	2023
ASSETS		
Cash and cash equivalents	$42,224	$45,749
Term deposits	59,000	80,000
Other assets (Note 6)	1,530	1,470
Current assets	102,754	127,219
Investment in Donlin Gold (Note 5)	2,597	3,071
Other assets (Note 6)	4,402	3,000
Total assets	109,753	$133,290
LIABILITIES		
Accounts payable and accrued liabilities	1,371	$703
Accrued payroll and related benefits	2,482	2,799
Income taxes payable	220	—
Other liabilities (Note 9)	413	404
Current liabilities	4,486	3,906
Promissory note (Note 7)	151,522	136,748
Other liabilities (Note 9)	1,161	859
Total liabilities	157,169	141,513
Commitments and contingencies (Notes 7, 8 and 9)		
EQUITY (DEFICIT)		
Common shares		
Authorized – 1,000 million shares, no par value		
Issued and outstanding – 334.6 and 334.2 million shares, respectively	1,989,245	1,986,938
Contributed surplus	93,377	88,621
Accumulated deficit	(2,104,932)	(2,059,311)
Accumulated other comprehensive loss	(25,106)	(24,471)
Total equity (deficit)	(47,416)	(8,223)
Total liabilities and equity	109,753	$133,290

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

Approved by the Board of Directors

/s/ Gregory A. Lang /s/ Hume Kyle

NOVAGOLD RESOURCES INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(U.S. dollars in thousands except per share amounts)

	Years ended November 30,		
	2024	2023	2022
Operating expenses:			
General and administrative (Note 12)	$24,936	$21,783	$20,109
Equity loss - Donlin Gold (Note 5)	12,921	18,529	28,163
	37,857	40,312	48,272
Loss from operations	(37,857)	(40,312)	(48,272)
Interest expense on promissory note (Note 7)	(14,774)	(13,063)	(7,962)
Interest and dividend income	5,378	5,791	1,591
Accretion of notes receivable (Note 4)	—	579	849
Remediation expense	(339)	(541)	(366)
Other income (expense), net (Note 14)	2,695	782	784
Loss before income taxes	(44,897)	(46,764)	(53,376)
Income tax recovery (expense) (Note 15)	(724)	(39)	33
Net loss	(45,621)	(46,803)	(53,343)
Other comprehensive income (loss):			
Foreign currency translation adjustments	(635)	(54)	(1,128)
	(635)	(54)	(1,128)
Comprehensive loss	$(46,256)	$(46,857)	$(54,471)
Net loss per common share – basic and diluted	$(0.14)	$(0.14)	$(0.16)
Weighted average shares outstanding			
Basic and diluted (thousands)	334,458	334,057	333,236

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

NOVAGOLD RESOURCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(U.S. dollars in thousands)

	Years ended November 30,		
	2024	2023	2022
Operating activities:			
Net loss	$(45,621)	$(46,803)	$(53,343)
Adjustments:			
Equity loss – Donlin Gold	12,921	18,529	28,163
Interest expense on promissory note	14,774	13,063	7,962
Share-based compensation	7,237	8,731	8,214
Remediation expense	339	541	366
Foreign exchange (gain) loss	(516)	43	(595)
Accretion of notes receivable	—	(579)	(849)
Change in fair value of marketable securities	(1,436)	(269)	(189)
Gain on sale of mineral property	(743)	(556)	—
Other operating adjustments	35	49	(44)
Net change in operating assets and liabilities (Note 17)	368	(535)	(2,056)
Net cash used in operating activities	(12,642)	(7,786)	(12,371)
Investing activities:			
Proceeds from term deposits	140,000	148,000	148,000
Purchases of term deposits	(119,000)	(166,000)	(132,000)
Funding of Donlin Gold	(12,447)	(17,752)	(28,435)
Proceeds from notes receivable	—	25,000	—
Proceeds from sale of mineral property	743	556	—
Other	59	(132)	73
Net cash provided from investing activities	9,355	(10,328)	(12,362)
Financing activities:			
Withholding tax on share-based compensation	(174)	—	(2,122)
Net cash used in financing activities	(174)	—	(2,122)
Effect of exchange rate changes on cash and cash equivalents	(64)	(19)	(387)
Net change in cash and cash equivalents	(3,525)	(18,133)	(27,242)
Cash and cash equivalents at beginning of year	45,749	63,882	91,124
Cash and cash equivalents at end of year	$42,224	$45,749	$63,882

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

NOVAGOLD RESOURCES INC.

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)

(U.S. dollars and shares in thousands)

	Common shares		Contributed	Accumulated		Total equity
	Shares	Amount	surplus	deficit	AOCL*	(deficit)
November 30, 2021	332,416	$1,978,520	$82,216	$(1,959,165)	$(23,289)	$78,282
Share-based compensation	—	—	8,214	—	—	8,214
Performance share units (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
Share-based compensation	—	—	8,731	—	—	8,731
DSUs settled in shares	48	246	(246)	—	—	—
Stock options exercised	446	2,730	(2,730)	—	—	—
Net loss	—	—	—	(46,803)	—	(46,803)
Other comprehensive income	—	—	—	—	(54)	(54)
November 30, 2023	334,247	$1,986,938	$88,621	$(2,059,311)	$(24,471)	$(8,223)
Share-based compensation	—	—	7,237	—	—	7,237
PSUs settled in shares	149	800	(800)	—	—	—
DSUs settled in shares	47	224	(224)	—	—	—
Stock options exercised	124	1,283	(1,283)	—	—	—
Withholding tax on PSUs	—	—	(174)	—	—	(174)
Net loss	—	—	—	(45,621)	—	(45,621)
Other comprehensive loss	—	—	—	—	(635)	(635)
November 30, 2024	334,567	$1,989,245	$93,377	$(2,104,932)	$(25,106)	$(47,416)

* 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 not realized revenues from its principal asset. 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 including 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 (U.S.) 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 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 assets 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 fair values of PSU retention incentive awards are based on their grant date market prices. 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.

(U.S. dollars in thousands, except per share)

Recently Issued Accounting Pronouncements and Securities and Exchange Commission Rules

Updates to Reportable Segment Disclosures

In November 2023, the FASB issued ASU 2023-07 "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." ASU 2023-07 expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss and interim disclosures of a reportable segment's profit or loss and assets. The standard is effective for the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 2025, and subsequent interim periods, with early adoption permitted. The Company does not expect the adoption to have a material impact on the consolidated financial statements or disclosures.

Updates to Income Tax Disclosure

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." ASU 2023-09 enhances the transparency and decision usefulness of income tax disclosures through changes to the rate reconciliation and income taxes paid information. The standard is effective beginning with the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 2025, and subsequent interim periods, with early adoption permitted. The Company is currently evaluating the impact of the guidance on the consolidated financial statements.

SEC Final Climate Rule

In March 2024, the SEC issued a final rule that requires registrants to disclose climate-related information in their annual reports and in registration statements. In April 2024, the SEC chose to stay the newly adopted rulemaking pending judicial review of related consolidated Eighth Circuit petitions. If the stay is lifted, certain disclosures may be required in annual reports for the year ending November 30, 2026, filed in 2027. The Company is currently monitoring the outcome of political and legal developments surrounding the new rules and in the meantime is evaluating the impact of the rules on its consolidated financial statements.

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 the 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,		
	2024	2023	2022
Balance – beginning of period	$—	$24,421	$23,572
Accretion of notes receivable	—	579	849
Payment received	—	(25,000)	—
Balance – end of period	$—	$—	$24,421

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 from Newmont $75,000 on July 27, 2021, and $25,000 on July 27, 2023.

(U.S. dollars in thousands, except per share)

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, 2024.

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. On closing, the Company determined the fair value of the notes was nil. Iconic completed the C$750 note payment due on November 1, 2022 in December 2022, and the C$1,000 note payment due on November 1, 2023 in January 2024.

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,		
	2024	2023	2022
Balance – beginning of period	$3,071	$3,848	$3,576
Share of losses:			
Mineral property expenditures	(12,351)	(17,918)	(27,690)
Depreciation	(530)	(571)	(427)
Accretion	(40)	(40)	(46)
	(12,921)	(18,529)	(28,163)
Funding	12,447	17,752	28,435
Balance – end of period	$2,597	$3,071	$3,848

The following amounts represent the Company's 50% share of the assets and liabilities of Donlin Gold. Donlin Gold capitalized the initial contribution of the Donlin Gold property as *Non-current assets: Mineral property* with a carrying value of $64,000, resulting in a higher carrying value of the mineral property for Donlin Gold than that of the Company.

	As of November 30,	
	2024	2023
Current assets: Cash, prepaid expenses, and other receivables	$3,745	$3,410
Non-current assets: Right-of-use assets, property and equipment	965	1,456
Non-current assets: Mineral property	32,654	32,615
Current liabilities: Accounts payable, accrued liabilities and lease obligations	(1,947)	(1,669)
Non-current liabilities: Reclamation and lease obligations	(820)	(741)
Net assets	$34,597	$35,071

(U.S. dollars in thousands, except per share)

NOTE 6 – OTHER ASSETS

	As of November 30,	
	2024	2023
Other current assets:		
Accounts receivable	$22	$43
Interest receivable	89	99
Receivable from Donlin Gold	212	203
Prepaid expenses	1,207	1,125
	$1,530	$1,470
Other long-term assets:		
Marketable equity securities	$3,387	$2,102
Right-of-use assets	896	757
Office equipment	119	141
	$4,402	$3,000

NOTE 7 – PROMISSORY NOTE

The Company has a promissory note payable to Barrick of $151,522, comprising $51,576 in principal, and $99,946 in accrued interest at U.S. prime plus 2%, compounded semi-annually. The average effective interest rate was 10.5%, 10.3%, and 6.8%, in 2024, 2023 and 2022, respectively. 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,		
	2024	2023	2022
Balance – beginning of period	$136,748	$123,685	$115,723
Interest expense on promissory note	14,774	13,063	7,962
Balance – end of period	$151,522	$136,748	$123,685

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 Right-of-Use ("ROU") assets or lease liabilities associated with these leases as management did not consider it reasonably certain it would exercise the options. 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.

(U.S. dollars in thousands, except per share)

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,		
	2024	2023	2022
Operating lease cost	$225	$232	$234
Variable lease cost	135	121	126
Short-term lease cost	6	5	5
	$366	$358	$365

Future minimum lease payments under non-cancellable operating leases as of November 30, 2024, were as follows:

2025	$216
2026	215
2027	226
2028	247
2029	141
Thereafter	14
Total future minimum lease payments	1,059
Less: imputed interest	(129)
	$930

Other information regarding leases includes the following:

	Years ended November 30,		
	2024	2023	2022
Cash paid for operating leases	$232	$193	$238
Variable lease cost	135	121	126
Short-term lease cost	6	5	5
	$373	$319	$369
ROU assets obtained in exchange for lease liabilities	$—	$—	$750
Weighted average:			
Remaining lease term (years) – operating leases	4.6	4.8	5.6
Discount rate – operating leases	6.7%	5.9%	5.8%

NOTE 9 – OTHER LIABILITIES

	As of November 30,	
	2024	2023
Other current liabilities:		
Remediation liabilities	$244	$212
Lease obligations	169	192
	$413	$404
Other long-term liabilities:		
Remediation liabilities	$400	$250
Lease obligations	761	609
	$1,161	$859

(U.S. dollars in thousands, except per share)

NOTE 10 – SHARE CAPITAL

Common shares

The Company is authorized to issue 1,000,000,000 common shares without par value, of which 334,567,187 were issued and outstanding as of November 30, 2024, and 334,246,859 were issued and outstanding as of November 30, 2023.

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, 2024 and 2023, 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 values 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, 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 $3,387 as of November 30, 2024 ($2,102 as of November 30, 2023), 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,		
	2024	2023	2022
Share-based compensation (Note 13)	$7,237	$8,731	$8,214
Salaries and benefits	7,958	7,009	6,710
Office expense	3,205	3,302	2,992
Professional fees	5,279	1,647	1,177
Corporate communications and regulatory	1,235	1,084	1,009
Depreciation	22	10	7
	$24,936	$21,783	$20,109

(U.S. dollars in thousands, except per share)

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. As of November 30, 2024, 29,350,311 common shares were available for future share incentive plan awards under all three plans.

The following table shows the recognized share-based compensation expense (see *Note 12 - General and administrative*) by award type:

	Years ended November 30,		
	2024	2023	2022
Stock options	$4,236	$4,594	$4,642
Performance share unit plan	2,727	3,910	3,345
Deferred share unit plan	274	227	227
	$7,237	$8,731	$8,214

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. The 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.

A summary of stock options outstanding as of November 30, 2024, and activity during the year ended November 30, 2024 are as follows:

	Number of stock options	Weighted-average exercise price per share	Weighted-average remaining contractual term (years)	Aggregate intrinsic value
November 30, 2023	7,606,200	$6.59		
Granted	3,088,900	4.12		
Exercised	(890,000)	3.67		
Forfeited	(765,663)	4.96		
Expired	(189,902)	7.16		
November 30, 2024	8,849,535	$6.12	2.37	$138
Vested and exercisable as of November 30, 2024	4,488,049	$7.39	1.25	$—

(U.S. dollars in thousands, except per share)

The following table summarizes key stock option valuation inputs:

	Years ended November 30,		
	2024	2023	2022
Weighted-average assumptions used to value stock option awards:			
Expected volatility	48.7%	48.4%	46.5%
Expected term of options (years)	4	4	4
Expected dividend rate	—	—	—
Risk-free interest rate	4.29%	3.85%	1.13%
Weighted-average grant-date fair value	$1.76	$2.40	$2.49
Intrinsic value of options exercised	$471	$2,339	$5,723
Cash received from options exercised	$—	$—	$—

As of November 30, 2024, the Company 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.

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 varies 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 a comparator index and the correlation of returns between the comparator index and the Company's shares. Expected volatility is based on the historical volatility of the Company's shares and the comparator index at the grant date. As new PSUs and stock options are generally granted on the same date, many of the key valuation input assumptions are the same for both share incentive award types.

A summary of PSU awards outstanding as of November 30, 2024, and activity during the year ended November 30, 2024 are as follows:

	Number of PSU awards	Weighted-average grant day fair value per award	Aggregate intrinsic value
November 30, 2023	1,605,500	$6.89	
Granted	886,800	4.20	
Retention awards vested	(181,700)	5.65	
Expired	(319,300)	9.92	
Forfeited	(339,200)	5.33	
Vested/Matured	(18,600)	5.32	
November 30, 2024	1,633,500	$5.32	$—

(U.S. dollars in thousands, except per share)

The following table summarizes key PSU valuation inputs:

	Years ended November 30,		
	2024	2023	2022
Weighted-average assumptions used to value PSU awards:			
Expected volatility of Company shares	42.5%	53.9%	52.4%
Expected volatility of TSX index	29.2%	37.5%	34.5%
Expected correlation between Company shares and TSX	78.3%	80.6%	80.7%
Expected term of PSUs (years)	3	3	3
Risk-free interest rate	4.22%	3.52%	1.07%
Number of PSUs granted	886,800	605,500	516,700
Weighted-average grant-date fair value	$4.20	$5.77	$6.75

As of November 30, 2024, the Company 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 and 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. On December 15, 2022, 181,700 PSUs were granted to the Company's executive officers as a retention incentive and vested on June 30, 2024.

The following table summarizes other PSU-related vesting information:

	Years ended November 30,		
	2024	2023	2022
Performance multiplier on PSUs vested	100%	—%	93%
Common shares issued	149,559	—	430,045
Total fair value of common shares issued	$800	$—	$2,903
Withholding tax paid on PSUs vested	$174	$—	$2,122

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 or the market value thereof in cash, at the Company's option, when they retire from the Company. The Company granted 76,781, 43,658, and 38,470 DSUs to directors with a weighted-average grant day fair value of $4.62, $5.04, and $5.74 per DSU during 2024, 2023, and 2022, respectively. The Company issued 46,405, 48,446, and 52,930 common shares under the DSU plan to directors that retired from the Company in 2024, 2023, and 2022, respectively. As of November 30, 2024, there were 314,715 DSUs outstanding.

NOTE 14– OTHER INCOME (EXPENSE), NET

	Years ended November 30,		
	2024	2023	2022
Gain on sale of mineral property	$743	$556	$—
Change in fair market value of marketable securities	1,436	269	189
Foreign exchange gain (loss)	516	(43)	595
	$2,695	$782	$784

(U.S. dollars in thousands, except per share)

NOTE 15 – INCOME TAXES

The Company's statutory tax rate is 27% and is expected to remain unchanged until at least 2025.

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

	Years ended November 30,		
	2024	2023	2022
Current:			
Canada	$—	$—	$—
Foreign	724	39	(33)
	724	39	(33)
Deferred:			
Canada	—	—	—
Foreign	—	—	—
	—	—	—
Income tax (recovery) expense	724	$39	$(33)

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

	Years ended November 30,		
	2024	2023	2022
Canada	$289	$(18,213)	$(17,062)
Foreign	(45,186)	(28,551)	(36,314)
	$(44,897)	$(46,764)	$(53,376)

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,					
		2024		2023		2022
Loss before income taxes		$(44,897)		$(46,764)		$(53,376)
Federal Income Tax Rate		15.00%		15.00%		15.00%
British Columbia Income Tax Rate		12.00%		12.00%		12.00%
Statutory income tax rate		27.00%		27.00%		27.00%
Combined federal and provincial statutory tax rate	*27.0%*	(12,122)	*27.0%*	(12,626)	*27.0%*	(14,412)
Reconciling items:						
Non-deductible expenditures	*-4.9%*	2,207	*-5.9%*	2,767	*-4.5%*	2,411
Foreign accrual property income	*-3.8%*	1,715	*-3.6%*	1,682	*-1.2%*	666
Effect of different statutory tax rates on earnings or losses of subsidiaries	*0.8%*	(359)	*0.9%*	(407)	*1.0%*	(518)
Withholding taxes	*-0.2%*	99		—		—
Change in valuation allowance on deferred tax assets	*-20.4%*	9,144	*-18.5%*	8,623	*-22.3%*	11,852
Other	*-0.1%*	40	*—*	—	*0.1%*	(32)
Income tax (recovery) expense	*-1.6%*	$724	*-0.1%*	$39	*0.1%*	$(33)

(U.S. dollars in thousands, except per share)

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

	As of November 30,	
	2024	2023
Deferred tax income assets:		
Net operating loss carry forwards	$200,693	$193,508
Capital loss carry forwards	46,528	47,995
Mineral properties	605	624
Intangible assets	448	462
Property and equipment	183	184
Investment in affiliates	48,486	47,522
Unpaid interest expense	2,105	2,105
Unrealized loss on investments	56	196
Asset retirement obligation	183	131
Other	970	1,129
	300,257	293,856
Valuation allowances	(299,829)	(293,536)
	428	320
Deferred income tax liabilities:		
Notes receivable	—	—
Capitalized assets and other	(428)	(320)
	(428)	(320)
Net deferred income tax assets (liabilities)	$—	$—

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

Year of Expiry	U.S.	Canada
2025	$13,382	$—
2026	18,493	17,252
2027	85	1,722
2028	11,223	—
2029	10,916	11,163
2030	16,580	14,854
2031	309,772	14,783
2032	14,529	18,042
2033	15,607	13,615
2034	16,383	9,795
2035	14,764	8,945
2036	14,111	8,802
2037	—	5,853
2038	—	5,965
2039	—	5,407
2040	—	6,439
2041	—	—
2042	—	6,644
2043	—	4,993
2044	—	9,411
Indefinite	92,423	—
	$548,268	$163,685

(U.S. dollars in thousands, except per share)

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 $344,655 as of November 30, 2024 (November 30, 2023: $355,516) 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 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 include the cumulative loss incurred as of November 30, 2024. 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, 2024, a valuation allowance of $299,829 (November 30, 2023: $293,536), has been recorded in order to measure only the portion of the deferred tax asset that more likely than not will be realized. However, the amount of deferred tax asset considered realizable may change if estimates of future taxable income during the carryforward period are positive or if objective negative evidence in the form of cumulative losses is no longer present in which case 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, 2024, 2023 and 2022. The Company recognizes 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, 2024, 2023 and 2022, 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, 2024, are 2018 to 2024 in Canada and 2019 to 2024 in the United States.

NOTE 16 – RELATED PARTY TRANSACTIONS

The Company provided management and administrative services to Donlin Gold for $731 in 2024 ($990 in 2023 and $681 in 2022). As of November 30, 2024, the Company has accounts receivable from Donlin Gold of $212 (November 30, 2023: $203) included in *Other current assets*.

NOTE 17 – NET CHANGE IN OPERATING ASSETS AND LIABILITIES

	Years ended November 30,		
	2024	2023	2022
Changes in operating assets and liabilities:			
Other assets	$(100)	$694	$(1,962)
Accounts payable and accrued liabilities	708	(62)	128
Accrued payroll and related benefits	(309)	268	(92)
Income taxes payable	226	—	—
Remediation liability	(157)	(1,435)	(130)
	$368	$(535)	$(2,056)

(U.S. dollars in thousands, except per share)

NOTE 18 – SUPPLEMENTAL CASH FLOW INFORMATION

	Years ended November 30,		
	2024	2023	2022
Interest and dividends received	$5,539	$5,754	$1,684
Income taxes refunded	—	$325	$17
Income taxes paid	$645	$75	$—