NOVAGOLD RESOURCES INC
Form F-10/A
January 06, 2012

As filed with the Securities and Exchange Commission on January 6, 2012.

Registration No. 333-178588

U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 1
to
Form F-10

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

NOVAGOLD RESOURCES INC.

(Exact name of Registrant as specified in its charter)

Nova Scotia	**1041**	**Not Applicable**
(Province or other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number, if any)*

Suite 2300, 200 Granville Street, Vancouver, British Columbia, Canada, V6C 1S4, (604) 669-6227
(Address and telephone number of Registrant s principal executive offices)

CT Corporation System, 111 Eighth Avenue, New York, New York 10011, (212) 894-8940
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Copies to:

Rick Van Nieuwenhuyse **NovaGold Resources Inc.** **Suite 2300** **200 Granville Street** **Vancouver, BC V6C 1S4** **Canada** **(604) 669-6227**	**Peter C. Kalbfleisch and Bob Wooder** **Blake, Cassels & Graydon LLP** **595 Burrard Street, Suite 2600** **Three Bentall Centre** **Vancouver, BC V7X 1L3** **Canada** **(604) 631-3330**	**Christopher J. Barry and Kimberley R. Anderson** **Dorsey & Whitney LLP** **701 Fifth Avenue** **Suite 6100** **Seattle, WA 98104 USA** **(206) 903-8800**	**Michael G. Urbani** **McCarthy Tétrault LLP** **Suite 1300, Pacific Centre** **777 Dunsmuir Street** **Vancouver, BC V7Y 1K2** **Canada** **(604) 643-7100**	**Ric** **Skad** **Meag** **222 Bay** **Toron** **(4**

Approximate date of commencement of proposed sale to the public:
From time to time after the effective date of this Registration Statement.

Province of British Columbia, Canada
(Principal jurisdiction regulating this offering)

It is proposed that this filing shall become effective (check appropriate box below):

A. [ ] upon filing with the Commission, pursuant to Rule 467(a) (if in connection with an offering being made contemporaneously in the United States and Canada).

B. [X] at some future date (check appropriate box below)

1. [ ] pursuant to Rule 467(b) on ( ) at ( ) (designate a time not sooner than seven calendar days after filing).

2. [ ] pursuant to Rule 467(b) on ( ) at ( ) (designate a time seven calendar days or sooner after filing) because the securities regulatory authority in the review jurisdiction has issued a receipt or notification of clearance on ( ).

3. [X] pursuant to Rule 467(b) as soon as practicable after notification of the Commission by the Registrant or the Canadian securities regulatory authority of the review jurisdiction that a receipt or notification of clearance has been issued with respect hereto.

4. [ ] after the filing of the next amendment to this Form (if preliminary material is being filed).

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to the home jurisdiction s shelf prospectus offering procedures, check the following box. [X]

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registration Statement shall become effective as provided in Rule 467 under the Securities Act of 1933 or on such date as the Commission, acting pursuant to Section 8(a) of the Act, may determine.

PART I

INFORMATION REQUIRED TO BE DELIVERED TO OFFEREES OR PURCHASERS

Prospectus **January 5, 2012**

NOVAGOLD RESOURCES INC.

US$500,000,000
Debt Securities
Preferred Shares
Common Shares
Warrants to Purchase Equity Securities
Warrants to Purchase Debt Securities
Share Purchase Contracts
Share Purchase or Equity Units

NovaGold Resources Inc. (NovaGold or the Company) may offer and issue from time to time debt securities (the Debt Securities), preferred shares and common shares (the Equity Securities), warrants to purchase Equity Securities and warrants to purchase Debt Securities (the Warrants), share purchase contracts and share purchase or equity units (all of the foregoing, collectively, the Securities) or any combination thereof up to an aggregate initial offering price of US$500,000,000 during the 25-month period that this short form base shelf prospectus (the Prospectus), including any amendments thereto, remains effective. Securities may be offered separately or together, in amounts, at prices and on terms to be determined based on market conditions at the time of sale and set forth in an accompanying shelf prospectus supplement (a Prospectus Supplement).

Investing in our securities involves a high degree of risk. You should carefully read the Risk Factors section beginning on page 49 of this Prospectus.

This offering is made by a foreign issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States and Canada, to prepare this Prospectus in accordance with Canadian disclosure requirements. Prospective investors should be aware that such requirements are different from those of the United States. Financial statements included or incorporated herein have been or will be prepared in accordance with Canadian generally accepted accounting principles or, for periods starting after December 1, 2011, in accordance with International Financial Reporting Standards, and are subject to Canadian auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies.

Prospective investors should be aware that the acquisition of the securities described herein may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in, or citizens of, the United States may not be described fully herein. Prospective investors should read the tax discussion contained in the applicable Prospectus Supplement with respect to a particular offering of Securities.

The enforcement by investors of civil liabilities under the federal securities laws may be affected adversely by the fact that the Company is incorporated under the laws of Nova Scotia, Canada, that some of its officers and directors are residents of Canada, that some or all of the experts named in the registration statement are residents of a foreign country, and that a substantial portion of the assets of the Company and said persons are located outside the United States.

Neither the Securities and Exchange Commission, nor any state securities regulator has approved or disapproved the Securities offered hereby or passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

The specific terms of the Securities with respect to a particular offering will be set out in the applicable Prospectus Supplement and may include, where applicable: (i) in the case of Debt Securities, the specific designation, aggregate principal amount, the currency or the currency unit for which the Debt Securities may be purchased, the maturity, interest provisions, authorized denominations, offering price, covenants, events of default, any terms for redemption or retraction, any exchange or conversion terms, whether the debt is senior or subordinated and any other terms specific to the Debt Securities being offered; (ii) in the case of Equity Securities, the designation of the particular class and series, the number of shares offered, the issue price, dividend rate, if any, and any other terms specific to the Equity Securities being offered; (iii) in the case of Warrants, the designation, number and terms of the Equity Securities or Debt Securities issuable upon exercise of the Warrants, any procedures that will result in the adjustment of these numbers, the exercise price, dates and periods of exercise, the currency in which the Warrants are issued and any other specific terms; (iv) in the case of share purchase contracts, the designation, number and terms of the Equity Securities to be purchased under the share purchase contract, any procedures that will result in the adjustment of these numbers, the purchase price and purchase date or dates of the Equity Securities, any requirements of the purchaser to secure its obligations under the share purchase contract and any other specific terms; and (v) in the case of share purchase or equity units, the terms of the share purchase contract and Debt Securities or third party obligations, any requirements of the purchaser to secure its obligations under the share purchase contact by the Debt Securities or third party obligations and any other specific terms. Where required by statute, regulation or policy, and where Securities are offered in currencies other than Canadian dollars, appropriate disclosure of foreign exchange rates applicable to such Securities will be included in the Prospectus Supplement describing such Securities.

Warrants will not be offered for sale separately to any member of the public in Canada unless the offering is in connection with, and forms part of, the consideration for an acquisition or merger transaction or unless the Prospectus Supplement describing the specific terms of the Warrants to be offered separately is first approved for filing by each of the securities commissions or similar regulatory authorities in Canada where the Warrants will be offered for sale.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

This Prospectus constitutes a public offering of these Securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such Securities. The Company may offer and sell Securities to, or through, underwriters or dealers and also may offer and sell certain Securities directly to other purchasers or through agents pursuant to exemptions from registration or qualification under applicable securities laws. A Prospectus Supplement relating to each issue of Securities offered thereby will set forth the names of any underwriters, dealers or agents involved in the offering and sale of such Securities and will set forth the terms of the offering of such Securities, the method of distribution of such Securities including, to the extent applicable, the proceeds to the Company and any fees, discounts or any other compensation payable to underwriters, dealers or agents and any other material terms of the plan of distribution. The common shares of NovaGold are listed on the Toronto Stock Exchange (TSX) and the NYSE Amex LLC (NYSE Amex) under the symbol NG . Unless otherwise specified in the applicable Prospectus Supplement, Securities other than the common shares of NovaGold will not be listed on any securities exchange. The offering of Securities hereunder is subject to approval of certain legal matters on behalf of NovaGold by Blake, Cassels & Graydon LLP, with respect to Canadian legal matters, and Dorsey & Whitney LLP, with respect to U.S. legal matters.

The earnings coverage ratio of NovaGold for the fiscal year ended November 30, 2010 was less than one-to-one. See *Earnings Coverage* .

Clynton R. Nauman, a director of the Company, resides outside of Canada. Although Mr. Nauman has appointed Blake, Cassels & Graydon LLP as his agent for service of process in each province of Canada in which the Securities are to be distributed, it may not be possible for investors to enforce against Mr. Nauman judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

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You should rely only on the information contained in or incorporated by reference into this Prospectus. The Company has not authorized anyone to provide you with different information. The Company is not making an offer of these Securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this Prospectus and any Prospectus Supplement is accurate as of any date other than the date on the front of those documents.

Unless stated otherwise or as the context otherwise requires, all references to dollar amounts in this Prospectus and any Prospectus Supplement are references to Canadian dollars. References to $ or Cdn$ are to Canadian dollars and references to US$ are to U.S. dollars. See *Exchange Rate Information* . The Company s financial statements that are incorporated by reference into this Prospectus and any Prospectus Supplement have been prepared in accordance with generally accepted accounting principles in Canada (Canadian GAAP), and are reconciled to generally accepted accounting principles in the United States (U.S. GAAP) as described therein. The Company is transitioning to International Financial Reporting Standards (IFRS) for the year ending November 30, 2012. Any Prospectus Supplement filed following the first quarter of the year ending November 30, 2012 will incorporate by reference the Company s financial statements prepared in accordance with IFRS including comparatives. No reconciliation to U.S. GAAP is anticipated for financial statements filed in accordance with IFRS.

Unless the context otherwise requires, references in this Prospectus and any Prospectus Supplement to NovaGold or the Company includes NovaGold Resources Inc. and each of its subsidiaries.

CAUTIONARY NOTE TO UNITED STATES INVESTORS

This Prospectus has been, and any Prospectus Supplement will be, prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of United States securities laws. Unless otherwise indicated, all reserve and resource estimates included in this Prospectus and any Prospectus Supplement have been, and will be, prepared in accordance with Canadian National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) and the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Reserves (CIM Definition Standards). NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. NI 43-101 permits the disclosure of an historical estimate made prior to the adoption of NI 43-101 that does not comply with NI 43-101 to be disclosed using the historical terminology if the disclosure: (a) identifies the source and date of the historical estimate; (b) comments on the relevance and reliability of the historical estimate; (c) to the extent known, provides the key assumptions, parameters and methods used to prepare the historical estimate; (d) states whether the historical estimate uses categories other than those prescribed by NI 43-101; and (e) includes any more recent estimates or data available.

Canadian standards, including NI 43-101, differ significantly from the requirements of the United States Securities and Exchange Commission (SEC), and reserve and resource information contained or incorporated by reference into this Prospectus and any Prospectus Supplement may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term resource does not equate to the term reserves . Under U.S. standards, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. The SEC s disclosure standards normally do not permit the inclusion of information concerning measured mineral resources , indicated mineral resources or inferred mineral resources or other descriptions of the amount of mineralization in mineral deposits that do not constitute reserves by U.S. standards in documents filed with the SEC. U.S. investors should also understand that inferred mineral resources have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimated inferred mineral resources may not form the basis of feasibility or pre-feasibility studies except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of contained ounces in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute reserves by SEC standards as in-place tonnage and grade without reference to unit measures. The requirements of NI 43-101 for identification of reserves are also not the same as those of the SEC, and reserves reported by NovaGold in compliance with NI 43-101 may not qualify as reserves under SEC standards. Accordingly, information concerning mineral deposits set forth herein may not be comparable to information made public by companies that report in accordance with United States standards.

See *Preliminary Notes - Glossary and Defined Terms* in the Company s Annual Information Form for the fiscal year ended November 30, 2010, which is incorporated by reference herein, for a description of certain of the mining terms used in this Prospectus and any Prospectus Supplement and the documents incorporated by reference herein and therein.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus and the documents incorporated by reference into this Prospectus contain statements of forward-looking information. These forward-looking statements may include statements regarding perceived merit of properties, exploration results and budgets, mineral reserves and resource estimates, work programs, capital expenditures, operating costs, cash flow estimates, production estimates and similar statements relating to the economic viability of a project, timelines, strategic plans, including the Company s plans and expectations relating to its Galore Creek and Ambler projects, completion of transactions, market prices for precious and base 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 , intend objectives , potential , possible or variations thereof or stating that certain actions, events, conditions or results ma could , would , should , might or will be taken, occur or be achieved, or the negative of any of these terms and s 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 any of the Company's mineral exploration and development properties;
- 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 the Company's 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;
- assumptions made in the interpretation of drill results, the geology, grade and continuity of the Company's mineral deposits;
- our expectations regarding demand for equipment, skilled labour and services needed for exploration and development of mineral properties; and
- our activities will not be adversely disrupted or impeded by development, operating or regulatory risks.

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 Company s mineral exploration and development properties;
- uncertainty of estimates of capital costs, operating costs, production and economic returns;
- uncertainties relating to the assumptions underlying the Company s resource and reserve estimates, such as metal pricing, metallurgy, mineability, marketability and operating and capital costs;
- risks related to the Company s ability to commence production and generate material revenues or obtain adequate financing for its planned exploration and development activities;
- risks related to the Company s ability to finance the development of its mineral properties through external financing, strategic alliances, the sale of property interests or otherwise;
- risks related to the third parties on which the Company depends for its exploration and development activities;
- dependence on cooperation of joint venture partners in exploration and development of properties;
- credit, liquidity, interest rate and currency risks;
- risks related to market events and general economic conditions;
- uncertainty related to inferred mineral resources;
- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of the Company s mineral deposits;
- risks related to lack of infrastructure;
- 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;
- the risk that permits and governmental approvals necessary to develop and operate mines on the Company s properties will not be available on a timely basis or at all;
- commodity price fluctuations;
- risks related to governmental regulation and permits, including environmental regulation;
- risks related to the need for reclamation activities on the Company s properties and uncertainty of cost estimates related thereto;
- uncertainty related to title to the Company s mineral properties;
- uncertainty related to unsettled aboriginal rights and title in British Columbia;
- the Company s history of losses and expectation of future losses;
- uncertainty as to the outcome of potential litigation;
- uncertainty inherent in litigation including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal;
- risks related to default under the Company s unsecured convertible notes;
- risks related to the Company s majority shareholder;
- risks related to increases in demand for equipment, skilled labor and services needed for exploration and development of mineral properties, and related cost increases;
- increased competition in the mining industry;
- the Company s need to attract and retain qualified management and technical personnel;
- risks related to the Company s current practice of not using hedging arrangements;
- uncertainty as to the Company s ability to acquire additional commercially mineable mineral rights;
- risks related to the integration of potential new acquisitions into the Company s existing operations;
- risks related to unknown liabilities in connection with acquisitions;
- risks related to conflicts of interests of some of the directors of the Company;
- risks related to global climate change;

- risks related to adverse publicity from non-governmental organizations;
- uncertainty as to the Company s ability to maintain the adequacy of internal control over financial reporting as per the requirements of the Sarbanes-Oxley Act;
- increased regulatory compliance costs relating to the Dodd-Frank Act ; and
- increased regulatory compliance costs related to the Company s loss of its foreign private issuer status in the event of a disposition of the Galore Creek project.

This list is not exhaustive of the factors that may affect any of the Company s forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company 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 Prospectus under the heading Risk Factors and elsewhere.

The Company s forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does 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.

EXCHANGE RATE INFORMATION

The following table sets forth (i) the rate of exchange for the Canadian dollar, expressed in U.S. dollars, in effect at the end of the periods indicated; (ii) the average exchange rates for the Canadian dollar, on the last day of each month during such periods; and (iii) the high and low exchange rates for the Canadian dollar, expressed in U.S. dollars, during such periods, each based on the noon rate of exchange as reported by the Bank of Canada for conversion of Canadian dollars into U.S. dollars:

	Fiscal Year Ended November 30			Nine Month Period Ended Aug 31	
	2010	2009	2008	2011	2010
Rate at the end of period	0.9743	0.9457	0.8083	1.0221	0.9399
Average rate during period	0.9673	0.8643	0.9559	1.0221	0.9638
Highest rate during period	1.0039	0.9716	1.0289	1.0583	1.0039
Lowest rate during period	0.9278	0.7692	0.7726	0.9825	0.9278

On January 5, 2012 , the exchange rate for the Canadian dollar, as expressed in U.S. dollars based on the Bank of Canada noon rate, was $1.0197 per US$1.00.

THE COMPANY

The following description of the Company is derived from selected information about the Company contained in the documents incorporated by reference into this Prospectus. This description does not contain all of the information

about the Company and its properties and business that you should consider before investing in any Securities. You should carefully read the entire Prospectus and the applicable Prospectus Supplement, including the section titled Risk Factors that immediately follows this description of the Company, as well as the documents incorporated by reference into this Prospectus and the applicable Prospectus Supplement, before making an investment decision. This Prospectus contains forward-looking statements concerning the Company s plans at its properties, timelines, capital costs, operating costs, cash flow estimates, production estimates and similar statements relating to the economic viability of a project and other matters. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause the Company s results to differ from those expressed or implied by the forward-looking statements. See Cautionary Statement Regarding Forward-Looking Statements .

Summary Description of NovaGold s Business

NovaGold is engaged in the exploration and development of mineral properties. NovaGold is focused on advancing its flagship property, Donlin Gold. NovaGold has one of the largest mineral reserve/resource bases among junior and mid-tier gold exploration companies. The Company is also committed to maximizing the value of its non-core assets, including its interest in the Galore Creek copper-gold-silver project, which it currently intends to sell, in whole or in part. NovaGold has an established track record of expanding deposits through exploration and of forging collaborative partnerships, both with local communities and with major mining companies. The Donlin Gold project in Alaska, one of the world s largest known undeveloped gold deposits, is held by a limited liability company owned equally by wholly-owned subsidiaries of NovaGold and Barrick Gold Corporation (Barrick). The Galore Creek project in British Columbia, a large copper-gold-silver deposit, is held by a partnership owned equally by wholly-owned subsidiaries of NovaGold and Teck Resources Limited (Teck). NovaGold holds a 100% interest in the Ambler project, which contains the high-grade Arctic copper-zinc-lead-gold-silver deposit in northern Alaska, subject to a back-in right held by NANA Regional Corporation Inc. (“NANA”). NovaGold also has other earlier-stage exploration properties. The Company’s portfolio of properties includes:

- Donlin Gold, one of the world s largest known undeveloped gold deposits, is held by Donlin Gold LLC, a limited liability company that is owned 50% by NovaGold Resources Alaska, Inc. and 50% by Barrick Gold U.S. Inc. On December 5, 2011, NovaGold announced the completion of a Feasibility Study for Donlin Gold (the Donlin Gold FS). The Donlin Gold FS was compiled by AMEC Americas Ltd. (AMEC) and revises the feasibility study completed in April 2009 (2009 Feasibility Study) with updated mineral reserves and resources, capital costs and operating cost estimates. The Donlin Gold FS also utilizes natural gas as the primary power source for the project rather than the original diesel option. Donlin Gold is located in southwestern Alaska on private Alaskan native-owned lands and Alaska state mining claims totalling 81,361 acres (32,926 hectares). The property has estimated proven and probable mineral reserves of 505 million tonnes grading 2.09 grams per tonne gold for 33.8 million ounces of gold. This represents an approximate 16% increase from the mineral reserve estimate outlined in the 2009 Feasibility Study and is broadly comparable to the March 2010 mineral reserve and resource update released by NovaGold. The property hosts estimated measured and indicated mineral resources (inclusive of mineral reserves) of 541 million tonnes grading 2.24 grams per tonne gold for 39 million ounces of gold and inferred mineral resources of 92 million tonnes grading 2.02 grams per tonne gold for 6.0 million ounces of gold. The total capital cost estimate for Donlin Gold is US$6.7 billion, including costs related to the natural gas pipeline and a contingency of US$984 million. The project s estimated after-tax net present value (NPV5%) is US$547 million using the base case gold price of US$1,200 per ounce, US$4.58 billion using a gold price of US$1,700 per ounce and US$6.72 billion using a gold price of US$2,000 per ounce. The corresponding Internal Rate of Returns (IRR) after-tax were estimated at 6.0%, 12.3% and 15.1%, respectively. Donlin Gold, if put into production in accordance with the Donlin Gold FS, would average 1.46 million ounces of gold production in each year of its first five years of operation at an average cash cost of US$409/oz and an average of 1.13 million ounces of gold per year over its projected 27 year mine life with an average cash cost of US$585 per ounce. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The project is expected to be a conventional truck and shovel open-pit operation. The mine life is estimated to be 27 years based on a nominal processing rate of 53,500 tonnes per day. NovaGold believes that significant exploration potential remains in the Donlin Gold district, with prospects to increase mine life and/or justify future production expansions. NovaGold anticipates that Donlin Gold will commence formal project permitting in the first half of 2012.

- Galore Creek, a large copper-gold-silver project located in northwestern British Columbia, is held by a partnership (the “Galore Creek Partnership”) in which NovaGold Canada Inc. and Teck Metals Ltd. each own a 50% interest and is managed by Galore Creek Mining Corporation (“GCMC”). The 293,837 acre (118,912 hectare) property holds a large, porphyry-related copper-gold-silver deposit. The Pre-feasibility Study (“PFS”) completed in July 2011 for the Galore Creek project estimates that the project has proven and probable mineral reserves of 528 million tonnes grading 0.59% copper, 0.32 grams per tonne gold and 6.02 grams per tonne silver for estimated contained metal of 6.8 billion pounds of copper, 5.45 million ounces of gold and 102.1 million ounces of silver. In addition, the property has estimated measured and indicated mineral resources (exclusive of mineral reserves) of 286.7 million tonnes grading 0.33% copper, 0.27 grams per tonne gold and 3.64 grams per tonne silver, for estimated contained metal of 2.07 billion pounds of copper, 2.53 million ounces of gold and 33.54 million ounces of silver and estimated inferred mineral resources (exclusive of mineral reserves) of 346.6 million tonnes grading 0.42% copper, 0.24 grams per tonne gold and 4.28 grams per tonne silver, for estimated contained metal of 3.23 billion pounds of copper, 2.70 millions ounces of gold and 47.73 million ounces of silver. The PFS total capital cost estimate for the Galore Creek project is $5.2 billion dollars. The project’s estimated net present value (NPV7%), using the PFS base case metal price assumptions set forth below, was assessed at $837 million and $137 million on a pre-tax and post-tax basis, respectively. The corresponding post-tax IRR of the project was estimated at 7.4%. Using the July 27, 2011 current price case set forth below, the pre-tax and post-tax NPV7% of the project were estimated at $4.7 billion and $2.7 billion, respectively, with a post-tax IRR estimated at 14%. Base case metal prices used in the PFS were US$2.65/lb copper, US$1,100/oz gold and US$18.50/oz silver with a foreign exchange rate of US$0.91 = Cdn$1.00. The current metal prices used were closing prices on July 27, 2011 of US$4.44/lb

copper, US$1,613/oz gold and US$40.34/oz silver with a foreign exchange rate of US$1.05 = Cdn$1.00. Mineral resources that are not mineral reserves do not have demonstrated economic viability. NovaGold announced on November 16, 2011, that it is exploring opportunities to sell all or a part of its interest in the Galore Creek Partnership.

- Ambler, which hosts the high-grade copper-zinc-lead-gold-silver Arctic deposit, is, subject to a back-in right held by NANA, 100% owned by a wholly-owned subsidiary of NovaGold. Ambler is an exploration- stage property located in Alaska comprising 90,315 acres (36,549 hectares) of Federal patented mining claims and State of Alaska mining claims, within which volcanogenic massive sulfide (VMS) mineralization can be found. A mineral resource estimate for the Arctic deposit shows an indicated mineral resource of 16.8 million tonnes grading 4.1% copper, 6.0% zinc, 0.83 grams/tonne gold and 59.62 grams/tonne silver for estimated contained metal of 1.5 billion pounds of copper, 2.2 billion pounds of zinc, 350.3 million pounds of lead, 447,000 ounces of gold and 32.3 million ounces of silver. In addition, the estimate shows an inferred mineral resource of 12.1 million tonnes grading 3.5% copper, 4.9% zinc, 0.67 grams/tonne gold, and 48.04 grams/tonne silver containing 939.9 million pounds of copper, 1.3 billion pounds of zinc, 211.6 million pounds of lead, 260,000 ounces of gold and 18.7 million ounces of silver. On April 14, 2011, NovaGold announced the results of a preliminary economic assessment (PEA) for the Arctic deposit. The project s Net Present Value ($NPV_{8\%}$) using the PEA base case metal price assumptions set forth below was estimated at US$718 million and US$505 million on a pre-tax and post-tax basis, respectively. The corresponding IRR were estimated at 30% and 25%. Using the metal prices set forth below, the pre-tax and post-tax $NPV_{8\%}$ were estimated at US$2.2 billion and US$1.6 billion, respectively, with corresponding IRRs estimated at 59% and 50%. Base case metal price assumptions used were US$2.50/lb copper, US$1.05/lb zinc, US$1.00/lb lead, US$1,100/oz for gold and US$20/oz silver. The metal price assumptions used were US$4.31/lb copper, US$1.20/lb zinc, US$1.20/lb lead, US$1,425/oz gold and US$36/oz silver. Mineral resources that are not mineral reserves do not have demonstrated economic viability. On November 16, 2011, NovaGold announced that it intends to distribute the shares of NovaCopper Inc. to its shareholders. See *Recent Developments Spin-out of NovaCopper Inc.* . NovaCopper Inc. owns the Ambler Project through its wholly-owned subsidiary, NovaCopper US Inc.

NovaGold also holds earlier-stage exploration projects that have not advanced to the resource definition stage and the Rock Creek project which is in the closure stage.

NovaGold Resources Inc.
Proven and Probable Mineral Reserves, Measured, Indicated and Inferred Mineral Resources for Gold (Au), Silver (Ag), Copper (Cu), Zinc (Zn) and Lead (Pb)
As at December 5, 2011

Reserves

Property % Ownership	Resource Category	Tonnes Millions	In Situ Grade			
			Au g/t	Ag g/t	Cu %	Zn %
Donlin Gold (1) approximately 0.57 g/t Au Cutoff	Proven	7.7	2.32			
50% Ownership - 50% Owned by Barrick Gold U.S. Inc.	Probable	497.1	2.08			
	Total P&P	**504.8**	**2.09**			
Galore Creek (2) C$10.08 NSR Cutoff	Proven	69.0	0.52	4.94	0.61	
50% Ownership - 50% Owned by Teck Resources Inc.	Probable	459.1	0.29	6.18	0.58	
	Total P&P	**528.1**	**0.32**	**6.02**	**0.59**	

Resources (Inclusive of Reserves)

Property % Ownership	Resource Category	Tonnes Millions	In Situ Grade			
			Au g/t	Ag g/t	Cu %	Zn %
Donlin Gold (3) approximately 0.46 g/t Au Cutoff	Measured	7.7	2.52			
50% Ownership - 50% Owned by Barrick Gold U.S. Inc.	Indicated	533.6	2.24			
	Total M&I	**541.3**	**2.24**			
	Inferred	92.2	2.02			
Galore Creek (4) C$10.08 NSR Cutoff	Measured	108.4	0.48	4.04	0.48	
50% Ownership - 50% Owned by Teck Resources Limited	Indicated	706.3	0.29	5.32	0.50	
	Total M&I	**814.7**	**0.31**	**5.21**	**0.50**	
	Inferred	346.6	0.25	4.23	0.42	
Copper Canyon (5)(6) 0.6% CuEq Cutoff	Inferred	53.7	0.73	10.60	0.50	

70% Ownership - 30% Owned by Teck Resources Limited						
	Total Inferred	**400.3**	**0.31**	**5.13**	**0.43**	
Ambler (7) $75 NSR / Tonne Cutoff	Measured					
100% Ownership	Indicated	16.8	0.83	59.62	4.14	6.02
	Total M&I	**16.8**	**0.83**	**59.62**	**4.14**	**6.02**
	Inferred	12.1	0.67	48.04	3.53	4.94
Total Proven & Probable Reserves Contained Metal						
Total Measured & Indicated Contained Metal (inclusive of Reserves)						
Total Inferred Contained Metal						

Notes:

a. These resource estimates have been prepared in accordance with NI43-101 and the CIM Definition Standard, unless otherwise noted.
b. See numbered footnotes below on resource information.
c. AuEq - gold equivalent is calculated using gold and silver in the ratio of gold + silver ÷ (US$1023 Au ÷ US$17 Ag) 2008 - 2010 average metal prices.
d. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content
e. Tonnage and grade measurements are in metric units. Contained gold and silver ounces are reported as troy ounces, contained copper, zinc, and lead pounds as imperial pounds

Resource Footnotes:

(1) Mineral Reserves are contained within Measured and Indicated pit designs, and supported by a mine plan, featuring variable throughput rates, stockpiling and cut-off optimization. The pit designs and mine plan were optimized on diluted grades using the following economic and technical parameters: Metal price for gold of US$975/oz; reference mining cost of US$1.67/t incremented US$0.0031/ t/m with depth from the 220 m elevation (equates to an average mining cost of US$2.14/t), variable processing cost based on the formula 2.1874 x (S%) + 10.65 for each US$/t processed; general and administrative cost of US$2.27/t processed; stockpile rehandle costs of US$0.19/t processed assuming that 45% of mill feed is rehandled; variable recoveries by rocktype, ranging from 86.66% in shale to 94.17% in intrusive rocks in the Akivik domain; refining and freight charges of US$1.78/oz gold; royalty considerations of 4.5%; and variable pit slope angles, ranging from 23º to 43º. Mineral Reserves are reported using an optimized net sales return value based on the following equation: Net Sales Return = Au grade * Recovery * (US$975/oz – (1.78 + ((US$975/oz – 1.78) * 0.045))) (10.65 + 2.1874 * (S%) + 2.27 + 0.19) and reported in US$/tonne. The life of mine strip ratio is 5.48. The assumed life-of-mine throughput rate is 53.5 kt/d.

(2) Mineral Reserves are contained within Measured and Indicated pit designs using metal prices for copper, gold and silver of US$2.50/lb, US$1,050/oz, and US$16.85/oz, respectively. Appropriate mining costs, processing costs, metal recoveries and inter ramp pit slope angles varing from 42º to 55º were used to generate the pit phase designs. Mineral Reserves have been calculated using a 'cashflow grade' ($NSR/SAG mill hr) cut-off which was varied from year to year to optimize NPV. The net smelter return (NSR) was calculated as follows: NSR = Recoverable Revenue – TCRC (on a per tonne basis), where: NSR = Net Smelter Return; TCRC = Transportation and Refining Costs; Recoverable Revenue = Revenue in Canadian dollars for recoverable copper, recoverable gold, and recoverable silver using metal prices of US$2.50/lb, US$1,050/oz, and US$16.85/oz for copper, gold, and silver, respectively, at an exchange rate of CDN$1.1 to US$1.0; Cu Recovery = Recovery for copper based on mineral zone and total copper grade; for Mineral Reserves this NSR calculation includes mining dilution. SAG throughputs were modeled by correlation with alteration types. Cashflow grades were calculated as the product of NSR value in $/t and throughput in t/hr. The life of mine strip ratio is 2.16.

(3) Mineral Resources are inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Inferred Resources are in addition to Measured and Indicated Resources. Inferred Resources have a great amount of uncertainty as to their existence and whether they can be mined legally or economically. It cannot be assumed that all or any part of the Inferred Resources will ever be upgraded to a higher category. Mineral Resources are contained within a conceptual Measured, Indicated and Inferred optimized pit shell using the following assumptions: gold price of US$1,200/oz; variable process cost based on 2.1874 * (sulphur grade) + 10.65; administration cost of US$2.29/t; refining, freight & marketing (selling costs) of US$1.85/oz recovered; stockpile rehandle costs of US$0.20/t processed assuming that 45% of mill feed is rehandled; variable royalty rate, based on royalty of 4.5% – (Au price – selling cost). Mineral Resources have been estimated using a constant Net Sales Return cut-off of US$0.001/t milled which is approximate 0.46 g/t Au Cut off. The Net Sales Return was calculated using the formula: Net Sales Return = Au grade * Recovery * (US$1200/oz – (1.85 + ((US$1200/oz – 1.85) * 0.045))) (10.65 + 2.1874 * (S%) + 2.29 + 0.20) and reported in US$/tonne. See "Cautionary Note Concerning Reserve &

Resource Estimates" .

(4) Mineral Resources are inclusive of Mineral Reserves. Mineral resources are contained within a conceptual Measured, Indicated and Inferred optimized pit shell using the same economic and technical parameters as used for Mineral Reserves. Tonnages are assigned based on proportion of the block below topography. The overburden/bedrock boundary has been assigned on a whole block basis. Mineral resources have been estimated using a constant NSR cut-off of C$10.08/t milled. The Net Smelter Return (NSR) was calculated as follows: NSR = Recoverable Revenue – TCRC (on a per tonne basis), where: NSR = Diluted Net Smelter Return; TCRC = Transportation and Refining Costs; Recoverable Revenue = Revenue in Canadian dollars for recoverable copper, recoverable gold, and recoverable silver using silver using the economic and technical parameters mentioned above. The mineral resource includes material within the conceptual M&I pit that is not scheduled for processing in the mine plan but is above cutoff. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Inferred Resources are in addition to Measured and Indicated Resources. Inferred Resources have a great amount of uncertainty as to their existence and whether they can be mined legally or economically. It cannot be assumed that all or any part of the Inferred Resources will ever be upgraded to a higher category. See "Cautionary Note Concerning Reserve & Resource Estimates" .

(5) The copper -equivalent grade was calculated as follows: CuEq = Recoverable Revenue ÷ 2204.62 * 100 ÷ 1.55. Where: CuEq = Copper equivalent grade; Recoverable Revenue = Revenue in US dollars for recoverable copper, recoverable gold and recoverable silver using metal prices of US$1.55/lb, US$650/oz, and US$11/oz for copper, gold, and silver, respectively; Cu Recovery = 100%. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Inferred Resources are in addition to Measured and Indicated Resources. Inferred Resources have a great amount of uncertainty as to their existence and whether they can be mined legally or economically. It cannot be assumed that all or any part of the Inferred Resources will ever be upgraded to a higher category. See "Cautionary Note Concerning Reserve & Resource Estimates" .

(6) NovaGold Canada Inc. has agreed to transfer its 60% joint venture interest in the Copper Canyon property to the Galore Creek Partnership, which is equally owned by NovaGold Canada Inc.and a subsidiary of Teck Resources Limited. The remaining 40% joint venture interest in the Copper Canyon property is owned by another wholly owned subsidiary of NovaGold.

(7) Resources stated as contained within a potentially economically minable underground shapes above a US$75.00/t NSR cut-off. NSR calculation is based on assumed metal prices of US$2.50/lb for copper, US$1,000/oz for gold, US$16.00/oz for silver, US$1.00/lb for zinc and US$1.00/lb for lead. A mining cost of US$45.00/t and combined processing and G&A costs of US$31.00 were assumed to form the basis for the resource NSR cut-off determination. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Inferred Resources are in addition to Measured and Indicated Resources. Inferred Resources have a great amount of uncertainty as to their existence and whether they can be mined legally or economically. It cannot be assumed that all or any part of the Inferred Resources will ever be upgraded to a higher category. See "Cautionary Note Concerning Reserve & Resource Estimates" .

Cautionary Note Concerning Reserve & Resource Estimates

This summary table uses the term “resources”, “measured resources”, “indicated resources” and “inferred resources” . United States investors are advised that, while such terms are recognized and required by Canadian securities laws, the United States Securities and Exchange Commission (the “SEC”) does not recognize them. Under United States standards, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Mineral resources that are not mineral reserves do not have demonstrated economic viability. United States investors are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into reserves. Further, inferred resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or

economically. It cannot be assumed that all or any part of the inferred resources will ever be upgraded to a higher category. Therefore, United States investors are also cautioned not to assume that all or any part of the inferred resources exist, or that they can be mined legally or economically. Disclosure of "contained ounces" is permitted disclosure under Canadian regulations, however, the SEC normally only permits issuers to report "resources" as in place tonnage and grade without reference to unit measures. Accordingly, information concerning descriptions of mineralization and resources contained in this release may not be comparable to information made public by United States companies subject to the reporting and disclosure requirements of the SEC.

NI 43-101 is a rule developed by the Canadian Securities Administrators, which established standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all resource estimates contained in this circular have been prepared in accordance with NI 43-101 and the CIM Definition Standards.

Technical Reports and Qualified Persons

The documents referenced below provide supporting technical information for each of NovaGold's projects.

Project	**Qualified Person(s)**	**Most Recent Disclosure & Filing Date**
Donlin Gold	Kirk Hanson P.E., AMEC Gordon Seibel R.M. SME, AMEC Tony Lipiec, P. Eng., AMEC	December 5, 2011 Press Release
Galore Creek	Robert Gill, P.Eng., AMEC Jay Melnyk, P.Eng., AMEC Greg Kulla, P.Geo., AMEC Greg Wortman, P.Eng., AMEC Dana Rogers, P.E., Lemley International	Galore Creek Copper–Gold Project, British Columbia, NI 43-101 Technical Report on Pre-Feasib filed on September 12, 2011
Copper Canyon	Erin Workman, P.Geo., NovaGold Resources Inc.	Not publicly released - updated March 2008
Ambler	Russ White, P.Geo., SRK Consulting Neal Rigby, C.Eng., MIMMM, Ph.D., SRK Consulting	NI 43-101 Preliminary Economic Assessment, Ambler Proje

Corporate Information

NovaGold Resources Inc. was incorporated by memorandum of association on December 5, 1984, under the *Companies Act* (Nova Scotia) as 1562756 Nova Scotia Limited. On January 14, 1985, the Company changed its name to NovaCan Mining Resources (1985) Limited and on March 20, 1987, the Company changed its name to NovaGold Resources Inc. The Company is in good standing under the laws of the Province of Nova Scotia. The registered office of the Company is located at 5151 George Street, Suite 1600, Halifax, Nova Scotia, Canada, B3J 2N9. The Company s principal office is located at Suite 2300, 200 Granville Street, Vancouver, BC, Canada, V6C 1S4.

The Company has the following material, direct and indirect, wholly-owned subsidiaries: NovaGold Resources (Bermuda) Limited, NovaGold (Bermuda) Alaska Limited, NovaGold Resources Alaska, Inc. and NovaGold Canada Inc.

The following chart depicts the corporate structure of the Company together with the jurisdiction of incorporation of the Company s subsidiaries and related holding companies. All ownership is 100%. Certain immaterial subsidiaries have not been included.

Recent Developments

Changes to Senior Management

On November 16, 2011, the Company announced that Mr. Gregory A. Lang had accepted the position of President and Chief Executive Officer of the Company effective January 9, 2012. Mr. Lang was previously the President of Barrick Gold North America, a wholly-owned subsidiary of Barrick. As the President of Barrick Gold North America, Mr. Lang had executive responsibility for Barrick s nine operations in the United States, Canada and the Dominican Republic, including the Donlin Gold project, equally owned by wholly-owned subsidiaries of NovaGold and Barrick. *See Management Executive Officers, Senior Management and Directors* for further information regarding Mr. Lang s background.

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Effective January 9, 2012, Mr. Rick Van Nieuwenhuyse will be stepping down from his current position as President and Chief Executive Officer of the Company and will assume the position of President and Chief Executive Officer of NovaCopper Inc., a subsidiary. Mr. Van Nieuwenhuyse will continue to serve as a member of the Board of Directors of NovaGold and will serve as senior advisor to Mr. Lang for a period of one year.

Donlin Gold Project

Donlin Gold Feasibility Study. On December 5, 2011, NovaGold announced the completion of the Donlin Gold FS for Donlin Gold. The Donlin Gold FS revises the 2009 Feasibility Study with updated mineral reserves and resources, capital costs and operating cost estimates. The Donlin Gold FS also utilizes natural gas as the primary power source for the project rather than the original diesel option.

Donlin Gold is located in southwestern Alaska on private Alaskan native-owned lands and Alaska state mining claims totalling 81,361 acres (32,926 hectares). The property has estimated proven and probable mineral reserves of 505 million tonnes grading 2.09 grams per tonne gold for 33.8 million ounces of gold. This represents an approximate 16% increase from the mineral reserve estimate outlined in the 2009 Feasibility Study and is broadly comparable to the March 2010 mineral reserve and resource update released by NovaGold. The property hosts estimated measured and indicated mineral resources (inclusive of mineral reserves) of 541 million tonnes grading 2.24 grams per tonne gold for 39 million ounces of gold and inferred mineral resources of 92 million tonnes grading 2.02 grams per tonne gold for 6.0 million ounces of gold.

The total capital cost estimate for Donlin Gold is US$6.7 billion including costs related to the natural gas pipeline and a contingency of US$984 million. The project s estimated after-tax net present value (NPV 5%) is US$547 million using the base case gold price of US$1,200 per ounce, $4.58 billion using a gold price of US$1,700 per ounce and US$6.72 billion using a gold price of US$2,000 per ounce. The corresponding IRR after-tax were estimated at 6.0%, 12.3% and 15.1%, respectively. Donlin Gold, if put into production in accordance with the Donlin Gold FS, would average 1.46 million ounces of gold production in each of its first five years of operation at an average cash cost of US$409/oz and would average 1.13 million ounces of gold per year over its projected 27 year mine life with an average cash cost of US$585 per ounce.

The project is expected to be a conventional truck and shovel open-pit operation. The mine life is estimated to be 27 years based on a nominal processing rate of 53,500 tonnes per day.

NovaGold believes that significant exploration potential remains in the Donlin Gold district, with prospects to increase mine life and/or justify future production expansions.

Galore Creek Project

November 2011 Update. On November 16, 2011, NovaGold announced its interest in exploring opportunities to sell all or part of its 50% interest in the Galore Creek project.

Galore Creek Pre-feasibility Study. On July 27, 2011, NovaGold announced the results of the PFS for the Galore Creek project. Galore Creek, a large copper-gold-silver project located in northwestern British Columbia, is held by a partnership in which NovaGold Canada Inc. and Teck Metals Ltd. each own a 50% interest and is managed by GCMC. The Galore Creek property comprises 293,837 acres (118,912 hectares) and hosts a large, porphyry-related copper-gold-silver deposit. The PFS estimates the Galore Creek property has proven and probable mineral reserves of 528 million tonnes grading 0.59% copper, 0.32 grams/tonne gold and 6.02 grams/tonne silver for estimated contained metal of 6.8 billion pounds of copper, 5.45 million ounces of gold and 102.1 million ounces of silver. In addition, the property has estimated measured and indicated mineral resources (exclusive of mineral reserves) of 286.7 million tonnes grading 0.33% copper, 0.27 grams/tonne gold and 3.64 grams/tonne silver for estimated contained metal of 2.07 billion pounds of copper, 2.53 million ounces of gold and 33.54 million ounces of silver, and estimated inferred

mineral resources (exclusive of mineral reserves) of 346.6 million tonnes grading 0.42% copper, 0.24 grams/tonne gold and 4.28 grams/tonne silver for estimated contained metal of 3.23 billion pounds of copper, 2.70 millions ounces of gold and 47.73 million ounces of silver. The PFS total capital cost estimate for the Galore Creek project was $5.2 billion dollars. Capital costs are estimated with an accuracy range of +25% / -20% (including contingency). The project's estimated net present value (NPV7%), using the PFS base case metal price assumptions set forth below, was assessed at $837 million and $137 million on a pre-tax and post-tax basis, respectively. The corresponding post-tax IRR of the project was estimated at 7.4%. Using the July 27, 2011 current price case set forth below, the pre-tax and post-tax NPV7% of the project were estimated at $4.7 billion and $2.7 billion, respectively, with a post-tax IRR estimated at 14%. Base case metal prices used in the PFS were US$2.65/lb copper, US$1,100/oz gold and US$18.50/oz silver with a foreign exchange rate of US$0.91 = Cdn$1.00. The current metal prices used were closing prices on July 27, 2011 of US$4.44/lb copper, US$1,613/oz gold and US$40.34/oz silver with foreign exchange rate of US$1.05 = Cdn$1.00. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Mining of the Galore Creek deposit is planned as a conventional truck-shovel open-pit mining operation with a nominal 95,000 tonne-per-day throughput. Life of mine throughput average is approximately 84,000 tonnes per day due to the milling circuit constraining throughput as harder rock is encountered deeper in the open pits. The current 528 million tonne mineral reserve estimate is expected to support a mine life of approximately 18 years. NovaGold believes there is potential to extend the mine life with additional infill drilling and exploration. Using a conventional grinding and flotation circuit, the project would produce a high-quality copper concentrate with significant gold and silver credits.

June 2011 Update. On June 23, 2011, NovaGold announced the approval by the Galore Creek Partnership of a $30.5 million budget to carry out further work at the Galore Creek project during the remainder of 2011. Planned work includes infill drilling to convert inferred mineral resources to measured and indicated categories, geotechnical drilling on the tunnel alignment and geotechnical drilling to confirm open pit slopes in areas targeted for conversion of inferred mineral resources. In June 2011, Teck completed its funding requirements of $373.3 million to earn its 50% interest in the Galore Creek project. From the date of completion of Teck s earn-in, NovaGold and Teck are equally funding further Galore Creek expenditures.

Ambler Project

Spin-out of NovaCopper Inc. On November 16, 2011, NovaGold announced its intention to spin-out its wholly-owned subsidiary, NovaCopper Inc., (NovaCopper) by way of a Plan of Arrangement (the Plan). Pursuant to the terms of the proposed Plan, common shares of NovaCopper will be distributed to the shareholders of NovaGold as a return of capital through a statutory Plan of Arrangement under the *Companies Act* (Nova Scotia). The Plan will be voted on at a Special Meeting of Shareholders of NovaGold to be held in early 2012 and will be subject to numerous conditions including shareholder and court approval, approval by, and listing of, the common shares of NovaCopper on the TSX and NYSE-AMEX and completion of all required regulatory filings. The record date for shareholders entitled to receive shares of NovaCopper under the Plan will be the effective date of the Plan which is expected to be in March, 2012.

NovaCopper owns the Ambler project and will have the right to develop any mining project in the recently consolidated, approximately 146,500 hectare property located in the Ambler district of northwestern Alaska, subject to the rights of NANA Corporation under the NANA Agreement (as defined and more particularly described hereunder).

Agreement with NANA Regional Corporation. On October 19, 2011, NovaCopper US Inc. (NovaCopper US), a wholly-owned subsidiary of NovaCopper, entered into an Exploration Agreement and Option to Lease (the NANA Agreement) with NANA for the cooperative development of their respective resource interests in the Ambler mining district of Northwest Alaska. The NANA Agreement consolidates NovaCopper s and NANA s land holdings into an approximately 146,500 hectare land package and provides a framework for the exploration and development of this high-grade and prospective poly-metallic belt.

The NANA Agreement provides NovaCopper US with the nonexclusive right to enter on, and the exclusive right to explore, the Bornite Lands and the ANCSA Lands (each as defined in the NANA Agreement) and in connection therewith, to construct and utilize temporary access roads, camps, airstrips and other incidental works. In consideration for this right, NovaCopper US paid to NANA US$4 million in cash. NovaCopper US will also be required to make payments to NANA for scholarship purposes in accordance with the terms of the NANA Agreement. NovaCopper US has further agreed to use reasonable commercial efforts to train and employ NANA shareholders to perform work for NovaCopper US in connection with its operations on the Bornite Lands, ANCSA Lands and Ambler Lands (as defined in the NANA Agreement) (collectively, the Lands).

The NANA Agreement has a term of 20 years, with an option in favour of NovaCopper US to extend the term for an additional 10 years. The NANA Agreement may be terminated by mutual agreement of the parties or by NANA if NovaCopper US does not meet certain expenditure requirements on the Bornite Lands and ANCSA Lands.

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In the event either of NovaCopper US or its parent company, NovaCopper, conduct an initial public offering of their common shares, or if NovaCopper US or NovaCopper offer shares on a private placement basis prior to an initial public offering by NovaCopper or NovaCopper, then in each case NANA may participate on the same terms and conditions as other United States purchasers in the offering by purchasing up to 15% of the common shares offered in the initial public offering or private placement, or such number of common shares having an aggregate value of US$4 million, whichever is greater. In addition, if NovaCopper US or NovaCopper becomes a public company, NANA may, at its option, nominate one member for election to the board of directors of the public company during the five-year period following the date NovaCopper US or NovaCopper becomes a public company.

If, following receipt of a feasibility study and the release for public comment of a draft environmental impact statement relating thereto, NovaCopper US decides to proceed with construction of a mine on the Lands, NovaCopper US will notify NANA in writing and NANA will have 120 days to elect to either (a) exercise a non-transferrable back-in-right to acquire between 16% and 25% (as specified by NANA) of that specific project; or (b) not exercise its back-in-rights, and instead receive a net proceeds royalty equal to 15% of the net proceeds realized by NovaCopper US from such project. The cost to exercise such back-in-right is equal to the percentage interest in the project multiplied by the difference between (i) all costs incurred by NovaCopper US or its affiliates on the project, including historical costs incurred prior to the date of the NANA Agreement together with interest on the historical costs and (ii) US$40 million (subject to exceptions). This amount will be payable by NANA to NovaCopper US in cash at the time the parties enter into a joint venture agreement and in no event will the amount be less than zero.

In the event that NANA elects to exercise its back-in-right, the parties will as soon as reasonably practicable form a joint venture, with NANA s interest being between 16% to 25% and NovaCopper US owning the balance of the interest in the joint venture. Upon formation of the joint venture, the joint venture will assume all of the obligations of NovaCopper US and be entitled to all the benefits of NovaCopper US under the NANA Agreement in connection with the mine to be developed and the related Lands. A party s failure to pay its proportionate share of costs in connection with the joint venture will result in dilution of its interest. Each party will have a right of first refusal over any proposed transfer of the other party s interest in the joint venture other than to an affiliate or for the purposes of granting security. A transfer by either party of a net smelter royalty return on the Lands or any net proceeds royalty interest in a project other than for financing purposes will also be subject to a first right of refusal.

In respect of a possible development on the Bornite Lands or ANCSA Lands, NovaCopper US and NANA will execute a mining lease to allow NovaCopper US or the joint venture to construct and operate a mine on the Bornite Lands or ANCSA Lands. These leases will provide NANA a 2% net smelter royalty as to production from the Bornite Lands and a 2.5% net smelter royalty as to production from the ANCSA Lands. If NovaCopper US decides to proceed with construction of a mine on the Ambler Lands, NANA will enter into a surface use agreement with NovaCopper US which will afford NovaCopper US access to the Ambler Lands along routes approved by NANA. In consideration for the grant of such surface use rights, NovaCopper US will grant NANA a 1% net smelter royalty on production and an annual payment of US$755 per acre (as adjusted for inflation each year beginning with the second anniversary of the effective date of the NANA Agreement and for each of the first 400 acres (and $100 for each additional acres) of the lands owned by NANA and used for access which are disturbed and not reclaimed.

NovaCopper US and NANA have formed an oversight committee, which consists of four representatives from each of NovaCopper US and NANA (the Oversight Committee). The Oversight Committee is responsible for certain planning and oversight matters carried out by NovaCopper US under the NANA Agreement. The planning and oversight matters that are the subject of the NANA Agreement will be determined by majority vote. The representatives of each of NovaCopper US and NANA attending a meeting will have one vote in the aggregate and in the event of a tie, the NovaCopper US representatives jointly shall have a casting vote on all matters other than Sustainability Matters, as that term is defined in the NANA Agreement. There shall be no casting vote on Sustainability Matters and NovaCopper US may not proceed with such matters unless approved by majority vote of the oversight committee or with the consent of NANA, such consent not to be unreasonably withheld or delayed.

Ambler PEA. On April 14, 2011, NovaGold announced the results of a PEA for its Ambler project in Alaska. The Ambler property comprises 90,315 acres (36,549 hectares) of State of Alaska mining claims and Federal patented mining claims and hosts a number of deposits, including the high-grade copper-zinc-lead-gold-silver Arctic deposit, which was the focus of the PEA. The project s $NPV_{8\%}$ using the PEA base case metal price assumptions set forth below was estimated at US$718 million and US$505 million on a pre-tax and post-tax basis, respectively. The corresponding IRRs were estimated at 30% pre-tax and 25% post-tax. Using recent metal prices set forth below, the pre-tax and post-tax $NPV_{8\%}$ were estimated at US$2.2billion and US$1.6 billion, respectively, with corresponding IRRs estimated at 59% and 50%. Base case metal price assumptions used were US$2.50/lb copper, US$1.05/lb zinc, US$1.00/lb lead, US$1,100/oz for gold and US$20/oz silver. The recent metal price assumptions used were US$4.31/lb copper, US$1.20/lb zinc, US$1.20/lb lead, US$1,425/oz gold and US$36/oz silver. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Based on the PEA, mining of the Arctic deposit is envisioned as an underground operation processing up to 4,000 tonnes of material per day. The current estimated mineral resource base of 16.8 million tonnes of indicated mineral resources and 12.1 million tonnes of inferred mineral resources support a 25-year mine life. The mine is anticipated to produce three concentrates: a copper concentrate with gold byproduct, a lead concentrate with silver and gold byproducts and a zinc concentrate with silver byproduct, with copper cash costs, net of byproducts at base case metal prices, estimated at US$0.89/lb copper. Average annual payable metal production is forecast at 67 million pounds of copper, 80 million pounds of zinc, 12 million pounds of lead, 11,000 ounces of gold and 866,000 ounces of silver. Life-of-mine (LOM) payable metal production is estimated at 1.7 billion pounds of copper, 2.0 billion pounds of zinc, 291 million pounds of lead, 266,000 ounces of gold and 22 million ounces of silver. The production schedule is based on processing average-grade material through the life of the operation, with potential upside to be obtained by mining higher-grade ore during the early years of the project.

Copper Canyon Acquisition

On May 20, 2011, NovaGold completed the acquisition of Copper Canyon Resources Ltd. (“Copper Canyon”) a junior exploration company whose principal asset was its 40% joint venture interest in the Copper Canyon copper-gold-silver property that is adjacent to the Galore Creek project. A wholly-owned subsidiary of NovaGold holds the remaining 60% joint venture interest in the Copper Canyon property which it has agreed to transfer to the Galore Creek Partnership. Under the acquisition arrangement, NovaGold acquired all of the issued and outstanding common shares of Copper Canyon which it did not already hold. As a result, Copper Canyon is now a wholly-owned subsidiary of NovaGold. NovaGold issued a total of 4,171,303 common shares under the arrangement, representing approximately 1.7% of the number of NovaGold common shares then outstanding and paid cash of $2,557,000. Under the arrangement, Copper Canyon transferred to a new company, Omineca Mining and Metals Ltd. (“Omineca”), substantially all of its assets other than certain cash and its 40% interest in the Copper Canyon property. NovaGold holds and exercises control over an aggregate of 1,725,858 common shares of Omineca, representing approximately 10.8% of Omineca’s outstanding common shares. The Omineca shares are being held by NovaGold as a portfolio investment.

Rock Creek

The Company has initiated closure activities at the Rock Creek project with anticipated costs of approximately US$25 - $30 million. These costs are expected to be incurred over two years starting in late 2011, with the majority of the costs incurred during 2012.

Properties

The following description summarizes selected information about the Company s Donlin Gold, Galore Creek and Ambler projects. Please refer to the Company s Annual Information Form for the fiscal year ended November 30, 2010, and the various NI 43-101 compliant reports referenced below for a further description of these properties, including their location, accessibility, climate, local resources, infrastructure, physiography, geological setting, mineralization, past drilling programs and history.

Donlin Gold Project, Alaska

Donlin Gold is an advanced-stage gold project held by Donlin Gold LLC, a limited liability company that is owned 50% by the Company s wholly-owned subsidiary, NovaGold Resources Alaska, Inc. and 50% by Barrick s wholly-owned subsidiary, Barrick

Project Location

Donlin Gold is situated approximately 450 kilometers west of Anchorage and 250 kilometers northeast of Bethel up the Kuskokwim River. The Donlin Gold deposits lie in the central Kuskokwim basin of southwestern Alaska.

Mineral Reserve and Resource Estimates

The Donlin Gold FS estimates Proven and Probable Mineral Reserves for the Donlin Gold project shown in the table below.

Donlin Gold Mineral Reserve Estimate

Reserve Category	Tonnes (kt)	Gold (g/t)	Contained Gold (kozs)
Proven	7,683	2.32	573
Probable	497,128	2.08	33,276
Total Proven & Probable	**504,811**	**2.09**	**33,849**

Notes:

(1) Mineral Reserves are contained within Measured and Indicated pit designs, and supported by a mine plan, featuring variable throughput rates, stockpiling and cut-off optimization. The pit designs and mine plan were optimized on diluted grades using the following economic and technical parameters: Metal price for gold of US$975/oz; reference mining cost of US$1.67/t incremented US$0.0031/t/m with depth from the 220 m elevation (equates to an average mining cost of US$2.14/t), variable processing cost based on the formula 2.1874 x (S%) + 10.65 for each US$/t processed; general and administrative cost of US$2.27/t processed; stockpile rehandle costs of US$0.19/t processed assuming that 45% of mill feed is rehandled; variable recoveries by rocktype, ranging from 86.66% in shale to 94.17% in intrusive rocks in the Akivik domain; refining and freight charges of US$1.78/oz gold; royalty considerations of 4.5%; and variable pit slope angles, ranging from 23º to 43º. See “Cautionary Note to United States Investors”.

(2) Mineral Reserves are reported using an optimized net sales return value based on the following equation: net sales return = Au grade * Recovery * (US$975 – (1.78 + ($US975 – 1.78) * 0.045)) 10.65 + 2.1874 * (S%) + 2.27 + 0.19) and reported in US$/tonne.

(3) The life of mine strip ratio is 5.48. The assumed life-of-mine throughput rate is 53.5 kt/d.

(4) Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content

(5) Mineral reserves are reported on a 100% basis. NovaGold and Barrick each own 50% of the Donlin Gold project. Tonnage and grade measurements are in metric units. Contained gold ounces are reported as troy ounces. See *Cautionary Note to United States Investors* .

Mineral Reserves have been estimated using a long-term gold price assumption of US$975/oz. Mineral resources are based on a Whittle pit optimized for all Measured, Indicated, and Inferred blocks assuming a gold selling price of US$1,200/oz and are inclusive of reserves.

Donlin Gold Measured and Indicated Resource (Inclusive of Reserves) and Inferred Mineral Resource Estimate

Resource Category	Tonnes (kt)	Gold (g/t)	Contained Gold (kozs)
Measured	7,731	2.52	626

Indicated	533,607	2.24	38,380
Total Measured + Indicated	**541,337**	**2.24**	**39,007**
Inferred	**92,216**	**2.02**	**5,993**

Notes:

(1) Mineral Resources are inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. See “Cautionary Note to United States Investors”.

(2) Mineral Resources are contained within a conceptual Measured, Indicated and Inferred optimized pit shell using the following assumptions: gold price of US$1,200/oz; variable process cost based on 2.1874 * (sulphur grade) + 10.65; administration cost of US$2.29/t; refining, freight & marketing (selling costs) of US$1.85/oz recovered; stockpile rehandle costs of US$0.20/t processed assuming that 45% of mill feed is rehandled; variable royalty rate, based on royalty of 4.5% –* (Au price – selling cost).

(3) Mineral Resources have been estimated using a constant net sales return cut-off of US$0.001/t milled. The net sales return cut-off was calculated using the formula: NSR = Au grade * Recovery * (US$1,200 – (1.85 + (US$1,200 – 1.85) * 0.045)) - (10.65 + 2.1874 * (S%) + 2.29 + 0.20) and reported in US$/tonne.

(4) Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.

(5) Tonnage and grade measurements are in metric units. Contained gold ounces are reported as troy ounces. See *Cautionary Note to United States Investors* .

Donlin Gold Exploration Potential

The Donlin Gold project retains significant exploration potential. The mineral reserves are based on measured and indicated mineral resources. The inferred mineral resource containing an estimated 6.0 million ounces of gold within the resource pit shell is treated as waste but is available for conversion to a higher confidence category during mining and represents upside potential to the project economics.

There is also moderate-to-high potential for the known gold zones to extend outside the pit shell. Many of these targets are close to the pit floor in areas that could be mined without significantly increasing the strip ratio or enlarging the pit footprint. Good potential exists for discovery of significant deposits outside the current mine footprint. Several drilled prospects and other exploration targets along the 6-km trend north of the resource area remain under-explored. The future impact on the Donlin project of these exploration targets depends on the location, geological complexity and capital cost. One of the larger exploration targets, named Dome, may support a stand-alone operation.

Donlin Gold Mining and Production

The Project is expected to be a conventional truck-and-shovel open-pit operation. The mine life is estimated to be 27 years based on a nominal processing rate of 53,500 tonnes per day.

Donlin Gold Mine Production Estimates

Parameter	**Units**	**Mine**
Total ore milled	mt	504.8
Strip Ratio	waste:ore	5.5:1.0
Average gold grade	g/t	2.1
Estimated LOM gold recovery	%	89.8
Total recovered gold	Mozs	30.4
Average annual gold production	Mozs	1.1

Donlin Gold Plant and Infrastructure

The infrastructure for the Project includes four main development sites in remote locations: the Jungjuk port site, the mine and plant site area, the permanent camp, and the airstrip. The plant site and fuel tank farm will be on a ridge above the proposed tailings storage facility. The layout of the plant site was designed to take maximum advantage of the natural topography. The layout also provides for efficient movement of equipment and material products around the site.

Donlin Gold Natural Gas Pipeline

Natural gas will be delivered to site by a 500-kilometer long 12-inch diameter pipeline. It will serve as the energy source for on-site power generation. This natural gas pipeline is a lower-cost alternative to the previously considered barging of diesel fuel. Operating costs include importing liquefied natural gas (LNG) by ship to Anchorage and total delivery costs to site which includes ship based regasification of the LNG and delivery from Anchorage to the Donlin Gold project via the pipeline. There may be an opportunity in the future to source natural gas from within Alaska.

Donlin Gold Metallurgy and Processing

The ore from the Donlin Gold deposit will be crushed and then milled using semi-autogenous grinding (SAG) and two-stage ball mills. The gold-bearing sulphides will be recovered by flotation to produce a concentrate representing 15.2% of the mass with an average gold grade of 12.7 g/t. The concentrate is refractory and will be treated in an autoclave prior to cyanidation. Overall gold recovery from flotation, pressure oxidation and Carbon-in-Leach is estimated at 89.8% . Excess acid from the autoclave circuit will be neutralized with flotation tailings and slaked lime. Tailings from the process will be impounded in the tailings storage facility, which will have zero-discharge during operations with water reclaimed for re-use in the process plant.

Donlin Gold Financial Analysis

The total capital cost estimate for Donlin Gold is US$6.7 billion including costs related to the natural gas pipeline and a contingency of US$984 million. The project s estimated after-tax net present value (NPV5%) is US$547 million using the base case gold price of US$1,200 per ounce, $4.58 billion using a gold price of US$1,700 per ounce and US$6.72 billion using a gold price of US$2,000 per ounce. The corresponding IRR after-tax were estimated at 6.0%, 12.3% and 15.1% respectively. Donlin Gold, if put into production in accordance with the Donlin Gold FS, would average 1.36 million ounces of gold production in each of its first five years of operations at an average cash cost of US$409/oz and would average 1.13 million ounces of gold per year over its projected 27 year mine life with an average cash cost of US$585 per ounce.

Donlin Gold Operating Cost Estimates

The mine operating cost estimates incorporate costs for operating and maintenance labour, staff, and supplies for each year. Operating costs were prepared based on conditions prevailing in second quarter 2011. Pre-production costs have been capitalized and included in the capital cost estimate. A portion of mine operating costs related to waste stripping will be deferred and, therefore, are excluded from the calculation of cash costs in accordance with industry standards.

Operating Cost Estimates

	US$/Tonne Milled	**US$/Tonne Mined**
Mining Cost	16.24	2.52
Process Cost	15.47	2.40
G&A, Community, Refining & Land	6.42	0.99
Total Operating Cost	38.13	5.91

Donlin Gold - Capital Cost Estimate

The total estimated cost to design and build the Donlin Gold project is estimated at US$6.7 billion, including an Owner-provided mining fleet and Owner-performed pre-development. The Donlin Gold FS capital cost estimate was developed in accordance with Association for the Advancement of Cost Engineering (AACE) Class 3 requirements, consisting of semi-detailed unit costs and assembly line items. The level of accuracy for the estimate is -15% / +30% of estimated final costs, per AACE Class 3 definition.

The contingency provided in the capital cost estimate is significant at US$984 million representing 25% of direct costs. The contingency was selected to provide an 85% probability of the capital cost being at or below the provided estimate. This is an increase in confidence limit from the 2009 Feasibility Study which utilized a 50% probability factor. The anticipated timeline for mine construction is four years with the capital investment peaking in the third year of the construction schedule. This estimate includes all costs, including Owner s costs and permitting, from January 1, 2012.

Capital Cost Estimates

	US$ million
Mining	345
Site preparation/roads	236
Process facilities	1,326
Tailings	120
Utilities (including natural gas pipeline)	1,302
Ancillary buildings	304
Off-site facilities	243
Total Direct Costs	**3,876**
Owners cost	414
Indirects	1,405
Contingency	984
Total Indirect & Contingency	**2,803**
Total Project Cost	**6,679**

(1) Exchange rate of C$1.10:US$1.00.

Donlin Gold Sustaining Capital

Sustaining capital requirements total US$1.5 billion over the life of mine. Significant areas include US$649 million to replace and supplement mobile mining and support equipment and US$631 million for periodic tailings storage facility capacity expansions.

Donlin Gold Mineral Tenure and Land Use

The Donlin Gold deposit is located on Calista Corporation (Calista) mineral lands and the project operates under a mining lease with Calista. Calista is one of 13 regional Alaska Native corporations established as part of the Alaska Native Claims Settlement Act (ANCSA) of 1971 and under ANCSA has title to the subsurface estate in the region. The mining lease agreement provides Calista with payments, royalties and economic development rights.

ANCSA established the Kuskokwim Corporation (TKC) which is the owner of the surface rights estate for most of the project lands. Donlin Gold operates under a surface use agreement with TKC. Donlin Gold is negotiating a restructuring of the TKC agreement to, among other things, extend the term, which currently expires in June 2015. The surface use agreement provides TKC with payments for lands used and protection of subsistence activities.

Other lands required for offsite infrastructure, such as required for the Jungjuk port site, road to the port site and gas pipeline are categorized as Native, State of Alaska conveyed, or Bureau of Land Management (BLM) lands. Rights-of-way will be required from the State and BLM for the road and pipeline alignments where they cross state and federal lands, respectively.

Donlin Gold Environmental Assessment, Permitting and Closure/Reclamation

Since the beginning of NovaGold s work at Donlin Gold, baseline environmental studies have occurred. At the same time, a comprehensive program of coordinating with the Federal and State permitting agencies as well as meeting with village representatives has been conducted. This work has allowed Donlin Gold to anticipate and plan for many of the potential issues that could arise in the permitting process. Overall, the proposed project has been designed to address these issues and minimize environmental impacts from construction through closure. In October 2011, a Memorandum of Understanding (MOU) was signed with the U.S Army Corps of Engineers, which will be the lead agency for compliance with the National Environmental Policy Act (NEPA). This MOU provides the framework for preparation of the environmental impact statement (EIS). NovaGold believes that the EIS and permitting processes for the Donlin Gold Project can be completed over a three-to-four-year period.

Both Barrick and NovaGold have considerable experience in permitting projects within Alaska and throughout the United States, and, it is proposed, Donlin Gold will draw on their experience in order to efficiently manage the permitting process. The permitting of the proposed mine, natural gas pipeline, and port facilities will be fully integrated. Donlin Gold will continue to focus on community and stakeholder relations as it advances through the permitting process toward a construction decision on the project.

Reclamation plans for the project include land reclamation, construction of the water treatment plant, long-term monitoring; and an associated facility and access maintenance. All associated reclamation costs are included in the financial analysis.

Donlin Gold Feasibility Project Management and Contributions

The Donlin Gold FS was compiled by AMEC. The independent Technical Report and resource/reserve estimates, have been prepared in accordance with the Standards of Disclosure for Mineral Projects as defined by National Instrument 43-101 of the Canadian Securities Administrators. Kirk Hanson, P.E., Technical Director, Open Pit Mining, North America, (AMEC, Reno), Gordon Seibel, R.M. SME., Principal Geologist, (AMEC, Reno), Tony Lipiec, P.Eng. Manager Process Engineering (AMEC, Vancouver) are the Qualified Persons responsible for preparation of the independent technical report, and have verified that the data from their technical report is fairly and accurately disclosed herein.

Donlin Gold – Other Technical Information

Certain scientific and technical information regarding Donlin Gold incorporated by reference in this Prospectus is based on the technical report titled Donlin Creek Gold Project, Alaska, USA NI 43-101 Technical Report dated April 1, 2009 (the 2009 Donlin Technical Report) prepared by Kirk Hanson P.E., Gordon Seibel M.AusIMM., Simon Allard, P.Eng., Gregory Wortman, P.Eng and Alexandra Kozak P.Eng., all of whom are Qualified Persons as defined in NI 43-101. The 2009 Donlin Technical Report has been filed with the securities regulatory authorities in each province of Canada and with the SEC. Portions of the following information are based on assumptions, qualifications and procedures that are not fully described herein. References should be made to the full text of the 2009 Donlin Technical Report which is available for review on SEDAR located at www.sedar.com and on EDGAR at www.sec.gov.

Galore Creek Project, British Columbia

Galore Creek Technical Reports

Except for the information under the headings “Galore Creek – Current Activities” or as otherwise stated, the scientific and technical information in this Prospectus regarding the Galore Creek project is based on the technical report titled “Galore Creek Copper-Gold Project NI 43-101 Technical Report on Pre-Feasibility Study, British Columbia – Canada” dated September 12, 2011 (the “PFS”) prepared by Robert Gill, P.Eng., Jay Melnyk , P.Eng., Greg Wortman, P.Eng., Greg Kulla, P.Geo., and Dana Rogers, P. E ., all of whom are Qualified Persons as defined in NI 43-101. The PFS has been filed with the securities regulatory authorities in each province of Canada. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the PFS which is available for review on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Galore Creek Overview

On August 1, 2007, the Company formed the Galore Creek Partnership with Teck giving each of NovaGold and Teck a 50% interest in the Galore Creek project. Teck was the sole funding partner until June 22, 2011 when it completed its $373.3 million earn-in obligation. The activities of the Galore Creek Partnership are being conducted by GCMC, an independent entity controlled equally by NovaGold and Teck.

On February 11, 2009, NovaGold and Teck agreed to amend certain provisions of the Partnership Agreement relating to the Galore Creek project. The agreement confirms that NovaGold and Teck each continue to hold a 50% interest in the Galore Creek Partnership. Under the amended agreement, Teck agreed to fund 100% of Galore Creek costs until the total amount contributed by Teck after November 1, 2008, together with approximately $15.8 million previously

contributed by Teck on optimization studies, equaled $60.0 million. Teck would have a casting vote on the Galore Creek Partnership s Management Committee with respect to the timing and nature of expenses to be solely funded by it. Following Teck s $60.0 million contribution, all further costs at Galore Creek will be funded by Teck and NovaGold in accordance with their respective Galore Creek Partnership interests and there will no longer be any casting vote for either party. The new funding arrangements replace the funding arrangements agreed by Teck and NovaGold in November 2007. In June 2011, Teck completed its funding requirements of $373.3 million to earn its 50% interest in the Galore Creek project.

The PFS estimates that the Galore Creek property has proven and probable mineral reserves of 528 million tonnes grading 0.59% copper, 0.32 grams/tonne gold and 6.02 grams/tonne silver for estimated contained metal of 6.8 billion pounds of copper, 5.45 million ounces of gold and 102.1 million ounces of silver. In addition, the property has estimated measured and indicated mineral resources (exclusive of mineral reserves) of 286.7 million tonnes grading 0.33% copper, 0.27 grams/tonne gold and 3.64 grams/tonne silver for estimated contained metal of 2.07 billion pounds of copper, 2.53 million ounces of gold and 33.54 million ounces of silver, and estimated inferred mineral resources (exclusive of mineral reserves) of 346.6 million tonnes grading 0.42% copper, 0.24 grams/tonne gold and 4.28 grams/tonne silver for estimated contained metal of 3.23 billion pounds of copper, 2.70 millions ounces of gold and 47.73 million ounces of silver. The PFS estimates production of 5.95 billion pounds of copper, 3.85 million ounces of gold and 56.1 million ounces of silver over an approximate 18 year mine life with cash costs net of credits averaging $0.79 per pound copper at base case prices. The total capital cost estimate for the Galore Creek project came in at $5.2 billion dollars. Capital costs are estimated with an accuracy range of +25% / -20% (including contingency). Closure costs of $88.7 million have been included in the life of mine capital costs. The project's estimated net present value (NPV7%), using the PFS base case metal price assumptions set forth below, was assessed at $837 million and $137 million on a pre-tax and post-tax basis, respectively. The corresponding post-tax IRR of the project was estimated at 7.4%. Using the July 27, 2011 current price case set forth below, the pre-tax and post-tax NPV7% of the project were estimated at $4.7 billion and $2.7 billion, respectively, with a post-tax IRR estimated at 14%. Robert Gill, P.Eng. a Qualified Person as defined in NI 43-101 is responsible for and has approved the information in this Prospectus regarding the current price case. Base case metal prices used in the PFS were US$2.65/lb copper, US$1,100/oz gold and US$18.50/oz silver with a foreign exchange rate of US$0.91 = Cdn$1.00. The current metal prices used were closing prices on July 27, 2011 of US$4.44/lb copper, US$1,613/oz gold and US$40.34/oz silver with a foreign exchange rate of US$1.05 = Cdn$1.00. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Mining of the Galore Creek deposit is planned as a conventional truck-shovel open-pit mining operation with a nominal 95,000 tonne-per-day throughput. Life of mine throughput average is estimated to be approximately 84,000 tonnes per day due to the milling circuit constraining throughput as harder rocks are encountered deeper in the open pits. The current 528 million tonne mineral reserve estimate is expected to support a mine life of approximately 18 years. NovaGold believes there is potential to extend the mine life with additional infill drilling and exploration. Using a conventional grinding and flotation circuit, the mine would produce a high-quality copper concentrate with significant gold and silver credits.

On November 16, 2011, subsequent to the date of the PFS, NovaGold announced that it is exploring opportunities to sell all or a part of its interest in the Galore Creek Partnership.

Galore Creek Property Description and Location

The Galore Creek property is a large copper-gold-silver project located in northwestern British Columbia. The main Galore Creek property, which consists of the Southwest, Central, Junction and West Fork deposits, contains most of the project s known resources. The project consists of 264 mineral claims, totalling 118,911.88 ha, held in the name of GCMC. Under an option agreement (the Galore Creek Option Agreement) originally with subsidiaries of Rio Tinto plc and Anglo American plc, the then shareholders of Stikine Copper Limited, the owner of the core mineral claims at the Galore Creek project, NovaGold could acquire 100% of such company. On June 1, 2007, the Company completed the exercise of its option pursuant to the Galore Creek Option Agreement to purchase 100% of Stikine Copper Limited by paying the final US$12.5 million of a US$20.3 million purchase. NovaGold s financial earn-in requirements under the Galore Creek Option Agreement were satisfied and all of Stikine Copper s assets were purchased by NovaGold and have been transferred to the Galore Creek Partnership.

On February 13, 2006, the Company announced that it had entered into a comprehensive agreement with the Tahltan Nation for their participation in, and support of, the development of the Galore Creek project. Financial contributions will be made by GCMC to the Tahltan Heritage Trust Fund which will be used to mitigate any adverse social and

cultural impacts of mine development. During mine operations, Trust Fund payments are guaranteed to be no less than $1.0 million annually. Upon reaching certain agreed financial targets, and subject to positive mine operating cash flow, the trust will receive the greater of $1.0 million or a 0.5 to 1.0% NSR royalty each year. The agreement will remain in effect throughout the life of the Galore Creek project and will be binding on any future operator of the mine.

See also *The Company Recent Developments Copper Canyon Acquisition* above.

Galore Creek Mineral Tenure

On May 23, 2007, NovaGold and Teck announced a 50/50 partnership to develop the Galore Creek property. On August 1, 2007 the Galore Creek Partnership was established to develop the Galore Creek mine and created GCMC, a jointly controlled operating company. In October 2007, all Galore Creek claims held by NovaGold Canada Inc. were transferred to GCMC. The project consists of 264 mineral claims, totalling 118,911.88 ha, held in the name of GCMC. Included in this total are the five Grace claims that were acquired by GCMC from Barrick as the successor company to Pioneer Metals Corporation on December 3, 2007. At the adjoining Copper Canyon property, a wholly owned subsidiary of NovaGold, acquired in May 2011 the remaining outstanding interest in Copper Canyon, which holds 12 claims totalling 11,344 hectares (28,032 acres).

See also *The Company Recent Developments Copper Canyon Acquisition* above.

Galore Creek Accessibility and Climate

The Galore Creek project is located approximately 70 km west of the Bob Quinn airstrip on Highway 37 and 150 km northeast of the port of Stewart, and 370 km northwest of the town of Smithers, British Columbia, Canada. The town

of Smithers, is the nearest major supply centre and has an airport with regularly scheduled flights to and from Vancouver, BC. The project is located in the Stikine area, the nearest point on the Stikine River to the project is the mouth of the Anuk River, about 16 km west of the camp. Most personnel, supplies, and equipment are staged from the Bob Quinn airstrip, on the Stewart-Cassiar Highway (Highway 37) and transported via helicopter to the Galore Creek camp. Bob Quinn is serviced by contract flights from Smithers and Terrace, each of which has daily flights from Vancouver. Flight time from Vancouver to Smithers/Terrace is about 90 minutes, then an additional 45 minutes to Bob Quinn. The helicopter flight from Bob Quinn to the Galore Creek camp is about 30 minutes.

Galore Creek is located in the humid continental climate zone of coastal British Columbia and is characterized by cold winters and short, cool, summers. Within the Galore Creek Valley, mean monthly temperatures range from -8.2ºC during the winter to 12.4ºC during the summer, with January and July typically being the coolest and warmest months, respectively. In the Upper West More Valley area, monthly average temperatures range from -8.9ºC in the winter to 7.9ºC in the summer. Precipitation begins to fall as snow in early October and continues until the end of May. A basinal average precipitation for the whole Galore Creek Valley watershed was estimated to be in the order of 3,000 mm. June and July tend to receive the least amount of precipitation on an annual basis (typically 40 to 60 mm of rain per month).

The project lies within a regional structure known as the Stikine Arch. Medium to steep slopes characterize the local terrain in the central and northern parts of the Galore Creek property. The surrounding topography is mountainous. The elevation of the tree line is variable, but alpine vegetation predominates above 1,100 m. The forests below consist of Balsam fir, Sitka spruce and cedar. Alpine tundra is present at higher elevations.

The project is currently isolated from power and other public infrastructure and is currently not accessible by road. Because of glaciers covering the surrounding mountain passes, a large cross-section tunnel is needed to provide long-term vehicular access into the Galore Creek valley and for mobilization of individual component pieces of large mining equipment needed for mining the ore body using open pit methods. The time and cost for driving a tunnel in new and unexplored underground terrain is subject to many unknowns which could change the outcome significantly. The same surface constraints that preclude building a road into the site (i.e. severe topography, snowpack, glaciers and weather) also limit the amount of borehole information, geologic mapping and other site specific data that can be obtained so that subsurface conditions can be better understood before tunnelling begins. Construction of the tunnel will most likely fall on the critical path for development of the mine and thus represents a significant cost and schedule risk for development of the Galore Creek property.

Within the ground holdings of GCMC, there is sufficient area to allow construction of all required project infrastructure. Except for the access corridor which is covered by the special use permit, all other infrastructure, including the processing plant and tailings area in West More and for the Filter Plant Area near Km 8 are located within GCMC s mineral claims. GCMC intends to file for mining leases to secure the surface rights for these areas, which are held by the Crown. GCMC considers it a reasonable expectation that surface rights usages will be granted to the project. Ample water supply is available from surface and subsurface sources.

Galore Creek Geological Setting

The main Galore Creek deposits lie in Stikinia, an accreted terrain composed of tectonically juxtaposed Mesozoic volcano-stratigraphic successions. The eastern boundary of the Coast Plutonic Complex lies about 7 km west of the claim block. A suite of multiphase syenite intrusions cuts a section of flysch-basin sedimentary strata and alkaline volcanic rocks of the middle to upper Triassic Stuhini Group. The intrusive suite, centered in the West Fork area, forms a north-northeast-trending belt 5 km long and 2 km wide and contains stocks, dikes and extensive sills. The presence of numerous sub-volcanic syenite sills indicates that the intrusions formed at a structurally high level. The spatial and temporal association of the chemically similar intrusive and extrusive igneous rocks indicates that the Galore Creek area is probably an eroded volcanic center. The Galore Creek intrusions commonly follow two orientations, one northwest and the other northeast. Post-intrusion and post-ore faulting follows these same orientations. Regionally, the Stuhini section shows broad open folding. The mineralized section is less deformed, so it is unclear whether the deformation occurred prior to, during, or subsequent to mineralization.

Galore Creek Alteration and Mineralization

Mineralization at Galore Creek occurs primarily in altered Triassic alkalic lavas, volcano-sedimentary strata and, to a lesser degree, in alkalic intrusions. Twelve copper-gold-silver mineralized zones have been identified on the property. Alteration mineral assemblages at Galore Creek are somewhat unique due to the near total lack of quartz in the

volcanic and intrusive host rocks. In general, the center of the district shows potassic alteration, including potassium-feldspar, biotite and magnetite, with local concentrations of garnet. Copper-sulfides are most closely associated with secondary biotite and magnetite. A propylitic assemblage, including epidote, chlorite and pyrite occurs outboard of the potassic assemblage.

Most of the mineralized zones contain evenly disseminated copper-sulfide with little apparent control by stockwork or larger scale veining. The sulfide assemblage generally includes chalcopyrite, bornite and pyrite. Uncertainty exists whether the pyrite is auriferous, but strong magnetite commonly occurs within gold-enriched zones. Higher gold values occur at the northern and southern ends of the Central deposit. These higher gold values generally occur along with elevated concentrations of bornite. Locally, as in the West Fork area, massive magnetite-bornite-chalcopyrite mineralization contains bonanza grades (>20% copper with significant precious metal values).

Galore Creek Metallurgy

The sulfide minerals at Galore Creek are predominately gold- and silver-bearing chalcopyrite, bornite and pyrite. A primary grind of 80% passing 150 microns provides sufficient rougher flotation liberation to separate the copper minerals from the pyrite and gangue. At this grind, the majority of the gold is either free or associated with the copper sulfides. The proposed treatment process uses conventional flotation to produce a precious-metal-bearing copper concentrate.

The Galore Creek project has been the subject of several metallurgical studies since the 1960s. Early work by Kennecott Corporation (Kennecott) culminated in 1967 with a continuous pilot plant mill test. The pilot plant processed a 50-ton bulk sample mined from a short adit across the Central Zone of the deposit. The pilot plant confirmed the results of earlier bench-scale testing. The bulk sample assayed 1.28% copper of which 96% was recovered into a 25% copper concentrate. The indicated gold and silver recoveries from the sample were 63.9% and 84.5% respectively. Kennecott followed up in 1992 with additional bench testing using four composites taken from the then newly discovered Southwest Zone as well as two new composites from the Central Zone. The object of this study was to determine the amenability of the composites to the flow sheet developed previously and to determine if gold recovery could be significantly improved. It was found that both gold recoveries and copper concentrate grades for the Central Zone were higher than those indicated for the Southwest Zone. This was attributed to the higher pyrite content in the Southwest Zone and the association of at least part of the gold with pyrite. Overall copper and gold recoveries to a 25% copper concentrate averaged 90% and 58%, respectively.

NovaGold s work in 2003 and 2004 consisted of further bench tests. The program included verification of the flow sheet, determination of grindability, modal analysis of flotation feed and products, gravity concentration, and batch rougher and cleaner flotation tests. The 2003 work was carried out on four 50-kg samples selected from the 2003 higher grade drill intercepts in the Central and Southwest Zones. The 2004 work was carried out on eight 50-kg samples selected from various locations from within the Central, Southwest, Junction, West Fork and Copper Canyon Zones.

The following is a summary of the key observations from the 2003/2004 work:

- Comparative ball mill work indices carried out on 28 samples averaged 13.5 kWh/t.
- Copper and gold were readily recovered using a simple flotation scheme and standard reagents for copper.
- A primary grind of 80% passing 150 microns was sufficient for copper mineral and gold liberation.
- A significant fraction of gold was free and floated readily with the copper minerals.
- Gravity gold concentration appeared to have limited additional benefits as the gold was readily recovered by flotation.
- Rougher concentrate required regrinding to a nominal 80% passing 40 microns for effective cleaning.
- A series of locked cycle flotation tests on the main ore types from within the Central, Southwest, Junction and West Fork Zones produced results in line with previous test work. An average head grade of 0.74% copper and 0.38 g/t gold produced 29% copper concentrate with copper and gold recoveries of 90.9% and 70.9%, respectively.

The 2005 2006 metallurgical test program was managed by Hatch and carried out by G&T Metallurgical Services Ltd (Kamloops, BC). G&T Metallurgical Services determined the Bond Ball Mill Work Index and conducted the flotation

testwork on the composites used in the flotation program, while SGS Lakefield and SGS Minnovex (Toronto, ON) ran additional grindability and flotation simulation tests.

A comprehensive metallurgical program was completed on fresh drill core samples from 2005 drilling to further validate the flowsheet developed in the earlier work and to determine the metallurgy associated with the variable mineralization and head grades in the various zones of the Galore Creek deposit. The test program investigated grindability using CEET and JKSimMet methodologies, mineralogy, and minerals recovery by batch and locked-cycle flotation. Models were developed to project copper, gold and silver recoveries in mining blocks for each pit. Pilot plant campaigns were also completed, primarily to generate concentrate samples for dewatering tests and marketing purposes, and tailings samples for dewatering tests and environmental purposes.

At a grind of 80% passing 150 µm, 50% to 60% of copper sulphides and the majority of gold particles were liberated and recoverable by flotation. The gold particles were fine at nominally 8 to 12 µm and would be unlikely to be recovered by gravity concentration. A primary grind of 80% passing 200 µm was suggested to achieve the same metals recovery. The metallurgical response deteriorated as the grind approached 300 µm.

Mineralization hardness, in terms of Bond Ball Mill Work Index, varied between 13 kWh/t and 21 kWh/t over the various proposed pits. The average hardness in the dominant Central Pit was 16.5 kWh/t, similar to that determined from the 2003 metallurgical testwork.

The proposed flowsheet design consisted of rougher flotation, regrind of rougher concentrate, and three stages of cleaner flotation using a simple reagent scheme that utilized PAX as the primary collector and MIBC as the frother. The use of 3418A, a more selective dithiophosphinate collector, instead of PAX, was suggested to produce slightly higher concentrate grade at similar recovery. A guar gum carboxymethyl cellulose reagent was noted to be required to disperse talc-like materials and minimize their adverse impact on flotation responses. Variable amounts and occurrences of these talc-like materials were observed in the drill cores from across the deposit. The talc-like materials were not identified. The program also verified that chalcopyrite and bornite materials from various mineralization zones have similar metallurgical responses.

Models were developed for each deposit to project copper recovery from head grades at constant concentrate grade and to project gold and silver recoveries from copper recovery for use in mining blocks using a head grade of 0.7% copper for each deposit.

A model was also developed for projecting copper recovery from mineralization containing non-sulphide copper. Copper recovery was expected to be lower and to vary with the proportion of non-sulphide copper content, whereas the gold and silver recoveries were expected to correlate with copper recovery. Using a 0.7% total copper head and assuming 20% of the total copper occurring as a non-sulphide, the model projected recoveries of 71% copper, 55% gold and 51% silver at a 28% Cu concentrate grade. Since gold and silver recoveries largely followed copper recovery, the gold and silver in mineralization with very low copper grades, and largely occurring within pyrite grains, may not be recovered.

A preliminary flotation model indicated that the concentrate grade might improve at the same recovery if flotation columns were used for final cleaning in place of mechanical cells. Further work was recommended on this option.

The final concentrates had relatively low penalty elements. Fluorine, selenium, lead and zinc concentrations were variable and might have the potential to be of concern. It was recommended that further work be conducted to address a number of key issues and increase confidence in the projected metallurgical performance of the mineralization from each pit given the variable mineralization, head grades and observed metallurgy. The work should be conducted on fresh drill core samples, in particular, to better define and quantify the occurrences and spatial distributions of talc-like minerals and pyrite, non-sulphide copper, the penalty elements and the extent of their impact on metallurgy, and to determine how the recovery of lead and zinc into the concentrate may be minimized.

In 2008, G&T conducted testwork to investigate the effect of aging on metallurgical performance. The principal objective of this study was to simulate the effect of transporting ground slurry in a pipeline for seven hours prior to

flotation processing in the rougher bank. The test procedure was to be conducted on two composites identified as CRZ Zone Stick and CRZ Zone Broken from the Galore Creek deposits. These composites were prepared from samples stored at the laboratory since mid- 2006. The testing process involved grinding the samples to 140 µm K80 for the CRZ Stick and 185 µm K80 for the CRZ Broken composites. The mill discharge slurry was allowed to age with occasional stirring for a period of 7 hours. Following this aging period, flotation proceeded to produce four timed rougher concentrates.

The results of these tests were then compared to baseline tests conducted on each sample under near identical conditions. The results indicated under the condition tested no perceived metallurgical disadvantage in copper flotation kinetics or gold recovery.

Locked-cycle testing carried out on six samples from the CRZ and NGL zones validated that metallurgical performance was achieved on all the samples tested. Copper recoveries ranged from 84% to 94% at grades ranging between 27% and 33% copper in the concentrates. Associated gold recoveries to the concentrate ranged from 46% to 78% with gold content in the copper concentrate ranging between 4.2 and 58 g/t.

In order to achieve these results, non-standard conditions were required for 3 met samples from the CRZ zone. The concentrates produced using the standard flowsheet and test conditions contained less than 20% copper.

Modal analyses carried out on these low grade concentrates revealed that they were contaminated with either liberated non-sulphide gangue or pyrite. To reject these diluents the test conditions were modified. These modifications resulted in production of acceptable copper grades and recoveries.

A three-day pilot plant campaign was carried out on two pilot plant feed samples: chalcopyrite and chalcopyrite-bornite material. The main purpose of this work was to generate flotation products (mainly tailings) for environmental testing. Metallurgical performance was also measured during each pilot plant run.

The average metallurgical performance for the chalcopyrite only feed sample was about 90% copper recovery into a copper concentrate grading 30% by weight copper. On average, about 77% of the gold in the feed was recovered into the copper concentrate. The average gold content in the copper concentrate was about 24 g/t.

For the chalcopyrite-bornite feed sample, the average copper recovery was 95% into a copper concentrate assaying about 41% copper. About 85% of the feed gold was recovered to the copper concentrate. The average gold content in the copper concentrate was also about 24 g/t gold.

The samples tested in this program did not explore the effect on metallurgical performance resulting from processing material containing less than 0.4% copper.

Grinding and flotation testwork was conducted by G&T Metallurgical Services in 2010. Full core from six diamond drill holes were used as feed stock to this test program.

Fifty-five discrete samples were generated for material hardness testing and 59 samples for flotation testing. The samples that were generated for flotation testing ranged in copper feed grade from about 0.15% up to greater than 2.0% . The gold feed grades in the flotation composites ranged from near zero to about 1.25 g/t.

Material hardness testing included JKTech Drop Weight and SMC tests, along with Bond ball mill work index testing. The Axb parameter value, a measure of resistance to impact breakage in the SAG mill ranged from about 28 to 236. The lower the Axb value the more resistance to impact breakage in the SAG mill. The samples tested in this program ranged from very hard to very soft but, on average, were moderately soft.

The Bond ball mill work index, a measure of resistance to breakage in the ball mill, ranged from about 13 to 20 kWh/t and averaged 15 kWh/t. This range of values of the Bond ball mill work index indicates that these material samples range from moderate hardness to hard with respect to breakage in a ball mill.

A single open circuit batch cleaner test was carried out on each of the 59 flotation samples. Feed copper recovery, to the final concentrate, ranged from about 25% to 98%. The copper grade in the copper concentrate ranged from about 10% up to 40%.

Locked-cycle tests were carried out on four composite samples. The copper feed grades in these samples ranged from 0.13% to 0.80% copper. Metallurgical performance was variable across the four composites with copper recoveries ranging from about 77% to 92%. The copper grades in the final concentrate ranged from 17% to 37% copper.

Additional open circuit flotation tests, using modified conditions were carried out on two composites. In these tests the rougher circuit pH was increased and PE26, a non-sulphide gangue depressant, were utilized. Under the modified conditions, these samples had acceptable metallurgical performance and were comparable to typical response for Galore Creek materials.

Minor element determinations were carried out on the final copper concentrate produced from one test. The zinc and cadmium levels were elevated in the concentrate produced from this sample. There was not enough concentrate to carry out minor element determinations on the other three locked-cycle test concentrates.

Almost all the samples from drill hole 799 produced lower copper grades in the final concentrate, averaging 16% copper in batch open circuit cleaning tests. The reason for lower concentrate grade, for Composites F799-50, was identified as contamination with liberated pyrite and non-sulphide gangue. It is not known if this is the common cause of lower final copper concentrate grades for the remaining samples in that drill hole.

In 2011 G&T Metallurgical Services completed a set of 11 locked-cycle tests using intervals from the remaining stock of Galore Creek samples. GCMC requested that AMEC include the results of the tests in the recovery estimation for the project.

Upon examination, AMEC concluded that the samples used to generate the new results are unrepresentative of any category of ore type, and are very likely to be biased toward higher recoveries. The new results were not used to estimate metal recoveries.

During the various metallurgical testwork programs, the presence of potential deleterious elements to the process route was noted. The only element that is considered to be above penalty levels in the final concentrates is fluorine.

Using results of flotation tests conducted during three campaigns in 2005 2006, 2008 2009 and 2010, empirical relationships to estimate recoveries for copper, silver, and gold were derived as a function of head grade. Separate models were prepared for material types defined as Standard or Oxidized/Near Surface material consistent with the geological block model.

Galore Creek Sampling and Assaying

Prior to 1964, drill core was halved and then split in 10 ft (3 m) lengths. Samples were despatched to the now closed Coast Eldridge laboratory in Vancouver for copper analysis. Gold analysis was completed on some intervals. In 1964, a small assay laboratory was constructed on site and during the first season of operation, processed 3,747 samples. Half of the split core was crushed on site to ¼ inch (6.3 mm) then a 0.75 lb (340 g) split was separated using a Jones splitter.

During the 1970s, the onsite laboratory at Galore Creek was still in use. Half core samples were crushed to ½ inch (12.7 mm) and split to obtain a 0.75 lb (340 g) sample. This was further crushed in a cone crusher then placed in Kraft paper bags and shipped by air in locked metal boxes to either the Kennco Exploration Laboratory in North Vancouver or Chemex Laboratory, also in North Vancouver, for assay. Kennco Exploration Laboratory was used during 1972 1973, whereas the Chemex laboratory was used in 1974.

During the 1990 Mingold program, half of the split core was crushed on site at the Galore Creek Laboratory to ¼ inch (6.35 mm) and a 300 325 g split was taken and shipped to the former Mineral Environments Laboratories (Min-en Laboratories) in Smithers, BC for further processing and assaying.

All drill core from the 2003 through 2010 programs, except intervals of overburden and till material, were sampled. Sample intervals were determined by the geological relationships observed in the core and limited to a 3 m maximum length and 1 m minimum length. An attempt was made to terminate sample intervals at lithological and mineralization

boundaries. Sampling was generally continuous from the top to the bottom of the drill hole. When the hole was in unmineralized rock, the sample length was generally 3 m, whereas in mineralized units, the sample length was shortened to 2 m. All the drill core samples were split using a rock saw. One half of the core was returned to its original box (5 ft or 1.5 m long wooden box) for long-term storage. The remaining half was sealed in a polyethylene bag for direct shipment to the ALS Chemex laboratory in Vancouver, BC for analysis.

In addition to the core, control samples were inserted into the shipments at the approximate rate of one standard, one blank and one duplicate per 20 core samples:

- Standards: 10 standards were used at Galore Creek. The core cutter inserted a sachet of the appropriate standard, as well as the sample tag, into the sample bag;
- Blanks: were composed of an unmineralized landscape aggregate. The core cutter inserted about 150 grams of blank, as well as the sample tag, into the sample bag;
- Duplicates: the assay laboratory split the sample and ran both splits. The core cutter inserted a sample tag into an empty sample bag.

All assay analysis for the 2003 through 2007 programs was carried out by ALS Chemex Labs of Vancouver, BC. Samples were logged into a tracking system on arrival at ALS Chemex, and weighed. Samples were then crushed, dried, and a 250 g split pulverized to greater than 85% passing 75 microns. Gold assays were determined using fire analysis followed by an AAS finish. The lower detection limit was 0.005 ppm Au; the upper limit was 1,000 ppm Au. An additional 34-element suite was assayed by ICP_AES methodology, following nitric acid aqua regia digestion. The copper analyses were completed by atomic absorption (AA), following a triple acid digest.

Galore Creek Project History, Drilling and Exploration

Drilling History

Approximately 255,601 m has been drilled in 1,078 core holes on the project since 1961. The drilling between 1961 and 1976 was for early-stage, exploration-focused programs and for initial resource estimates. From 1990, drilling was designed primarily to support Mineral Resource estimation, and define deposit limits. In 2006, a minor amount of prospect and exploration drilling occurred. Drilling at the Grace Claims has either been for exploration or condemnation purposes; to date, no mineralization of significance has been outlined in drilling on the claims. Below is a summary of the drill history of the project:

Program by Company and Year	Number of Holes	Drilled Metres
Kennco 1961	5	363
Kennco 1962	40	4,697
Kennco 1963	49	11,261
Stikine 1963	2	470
Kennco 1964	54	11,117
Stikine 1964	1	245
Kennco 1965	8	1,525
Stikine 1965	80	17,174
Stikine 1966	30	7,482
Stikine 1972	50	10,416
Stikine 1973	61	14,689
Silver Standard Mines 1974	4	430
Stikine 1976	25	5,317
Stikine 1990	20	1,925
Trophy Gold 1990	4	829
Kennecott 1991	49	13,820
SpectrumGold 2003	10	2,950
NovaGold 2004		
exploration	70	22,311

geotechnical	17	488
well monitoring	4	50
NovaGold 2005		
exploration	211	60,590
geotechnical	37	1,628
well monitoring	10	242
NovaGold 2006		
exploration	59	34,322
geotechnical	58	2,856
condemnation	2	495
NovaGold 2007		
exploration	36	12,517
geotechnical	25	2,258
Barrick 2007	13	5,207
GCMC 2008		
exploration	9	2,050
geotechnical	14	1,345
GCMC 2010		
exploration	9	2,803
geotechnical	12	1,729
Total	*1,078*	*255,601*

Most of this work has focused on the Central Zone, with lesser amounts of work on eleven other target areas. Some zones have received only reconnaissance drilling. During the 1970s, drilling was principally confined to the Central Zone but nine holes were also drilled on the North Junction Zone. Average core recovery in the Central Zone was between 75 and 85% with the poorest recovery at depths between 60 and 90 meters where abundant open sheet fractures were encountered. At depths below 90 meters core recovery approached 100%. In the North Junction Zone recovery averaged around 60% due to shattered and sheared sections encountered both near surface and at intervals throughout the holes. In 1989-1990, Mingold, an Anglo American subsidiary, drilled holes on the Southwest Zone (eight holes, 1,026 meters), the North Rim showing (six holes, 546 meters), the Saddle Zone (two holes, 226 meters) and two reconnaissance holes. The 1991 drill program was mainly directed at areas peripheral to the Central Zone as well as exploration holes located in the Southwest, Butte, North Rim and Dry Creek Zones. Only six holes were drilled within the Central Zone itself.

The first drill program directed by NovaGold began in September of 2003, and consisted of eight core holes targeting four broad areas of the deposit: the North Gold Zone, South Gold Zone, Central Replacement Zone and Southwest Zone. Drilling was focused on understanding the zonation and gold variability of the deposit. This program was responsible for the discovery of new mineralization, known as the Bountiful Zone, found at depth below the South Gold Lens.

2006 Program

The 2006 drill program focused primarily on further definition of the deep Bountiful mineralization discovered in 2003, further resource definition along the western margin of the Central deposit and completion of condemnation drilling on the Grace claims in the planned tailings disposal site. The program drilled in excess of 36,200 meters in 67 drill holes and encountered significant new mineralization in the Bountiful Zone, in the high-wall of the Central deposit and down dip in the West Fork deposit. Additional geotechnical drilling in support of mine development was also completed.

Wide-spaced drilling in the Bountiful Zone defined a sub-horizontal zone occurring at roughly 300 meters depth and extending nearly 1,000 meters in the north-south direction and 700 meters in the east-west direction. Drilling indicates that typical widths in the Bountiful Zone are greater than 200 meters on average and up to 500 meters in a few exceptional intervals. Drilling at depth in the high-wall of the Central Zone extended mineralization from the North Gold lens approximately 250 meters to the west. Additional drilling in the Dendritic Creek area about 750 meters south of the North Gold lens shows limited mineralization to the west and likely the limited loss of some previously inferred mineralization. Drilling down dip along the north-dipping West Fork deposit continued to expand mineralization to depth and toward the Bountiful and Southwest deposits.

2007 Program

The 2007 drilling program for Galore Creek completed 15,000 meters of follow-up and exploration drilling. Targets concentrated on optimization of the mine schedule by targeting shallow moderate-grade resources that could displace low-grade stockpile material in years seven to nine of operations. Additional exploration focused on scoping potentially high-grade underground scenarios that could heighten the value of the project.

Drilling was carried out at three primary locations: Copper Canyon, the Grace Claims and the Lower Butte Zone. Drilling at the Lower Butte Zone suggests potential for resource additions. At the Copper Canyon deposit, drilling focused on testing up-slope historical soil anomalies, testing higher-grade targets discovered in 2006 and expanding on depth and lateral extensions of the current resource. As a result of the drilling at Copper Canyon, NovaGold has earned a 60% interest in the neighboring project. Significant additional drilling was completed to test the geotechnical characteristics of planned pit slopes, waste and tailings storage and water diversion facilities.

2008 Program

The 2008 diamond drilling program at Galore Creek was carried out between June 25, 2008 and September 17, 2008. The program consisted of nine diamond drill holes totalling 2,050 meters. The main objectives of the program were to obtain important acid base accounting (ABA) data in the Central, Southwest, North Junction and Junction pits, to confirm legacy grades in the Junction pit, and to collect metallurgical data in the Central pit for engineering design. Seven drill holes totalling 1,297 meters targeted gaps in the ABA model, specifically along the pit boundaries of the Central (South Gold Lens), Southwest and North Junction pits and within the core of the Junction pit. Two drill holes totalling 752 meters were drilled for the purpose of collecting metallurgical data in the chalcopyrite-rich Central Replacement Zone and the chalcopyrite-bornite-rich North Gold Lens.

2009 Program

There was no exploration program during 2009.

2010 Program

There were 9 drill holes, totalling 2,803 metres drilled into the Central Zone during 2010 for resource infill and metallurgical testing purposes.

The Galore Creek project is host to seven under-explored copper-gold prospects, five defined Mineral Resource areas, and numerous showings and conceptual target areas.

Galore Creek Mineral Resource Estimates

The measured and indicated mineral resource for the Galore Creek project (exclusive of mineral reserves) is estimated to total 286.7 million tonnes grading 0.33% copper, 0.27 g/t gold and 3.64 g/t silver for a total estimated metal content of 2,070 million pounds of copper, 2.53 million ounces of gold and 33.54 million ounces of silver at an NSR cut-off grade of $10.08/t.

The updated inferred mineral resource (exclusive of mineral reserves) , excluding NovaGold's 100% interest in the Copper Canyon project, is estimated to total 346.6 million tonnes grading 0.42% copper, 0.24 g/t gold and 4.28 g/t silver for a total estimated metal content of 3,230 million pounds of copper, 2.7 million ounces of gold and 47.7 million ounces of silver at an NSR cut-off grade of $10.08/t.

Galore Creek Mineral Resource Table, Effective Date July 11, 2011, G. Kulla, P.Geo.

Tonnage	Cu	Au	Ag	Contained