NOVAGOLD RESOURCES INC
Form SUPPL
March 20, 2008

Filed pursuant to General Instruction II. L. of Form F-10
File No. 333-141410

Prospectus Supplement
To prospectus, dated April 16, 2007

US$95,000,000
5.50% Senior Convertible Notes due May 1, 2015

Interest payable May 1 and November 1

Issue price: 100%

The notes will bear interest at a rate of 5.50% per year. Interest will be payable semiannually in arrears on May 1 and November 1 of each year, beginning November 1, 2008. The notes will mature on May 1, 2015.

Holders may convert their notes based on a conversion rate of 94.2418 common shares per US$1,000 principal amount of notes, equivalent to a conversion price of approximately US$10.61 per share, subject to adjustment, at their option at any time prior to maturity. Subject to the satisfaction of certain conditions, we may, in lieu of delivering common shares upon conversion of all or a portion of the notes, elect to pay cash or a combination of cash and common shares. In addition, following certain corporate transactions described in this prospectus supplement, we will increase the conversion rate for holders who elect to convert notes in connection with such corporate transactions in certain circumstances.

We may not redeem any of the notes at our option prior to maturity, except upon the occurrence of certain changes to the laws governing Canadian withholding taxes.

Holders may require us to repurchase for cash all or a portion of their notes on May 1, 2013 at a price equal to 100% of the principal amount of the notes to be repurchased plus any accrued and unpaid interest up to, but excluding, the date of repurchase. In addition, if we experience specified types of fundamental changes, we will be required to offer to repurchase for cash all of the outstanding notes at a price equal to 100% of the principal amount of the notes to be repurchased plus any accrued and unpaid interest up to, but excluding, the date of repurchase.

For a more detailed description of the notes, see the Description of notes section of this prospectus supplement.

The notes will not be listed on any securities exchange. Our common shares are listed for trading on the American Stock Exchange (AMEX) and on the Toronto Stock Exchange (the TSX) under the symbol NG. On March 19, 2008, the closing price of the common shares on AMEX and the TSX was US$7.86 and Cdn$7.87, respectively.

		Public offering price		**Underwriter s fee**		**Net proceeds to the Company**
Per note	US$	1,000	US$	30	US$	970
Total	US$	95,000,000	US$	2,850,000	US$	92,150,000

We have granted to the underwriter an option exercisable not later than 30 days after the closing date of this offering to purchase from us an additional US$14,000,000 principal amount of notes to cover over-allotments, if any.

Investing in the notes involves a high degree of risk. See Risk factors beginning on page S-11.

Our earnings coverage ratio as at the fiscal year ended November 30, 2007 was less than one to one. See Earnings coverage for more information.

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 supplement in accordance with Canadian disclosure requirements. Prospective investors should be aware that such requirements are different from those of the United States. The financial statements incorporated herein have been prepared in accordance with Canadian generally accepted accounting principles, and may be 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.

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 of the experts named in the prospectus supplement are residents of Canada, 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 commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form through the facilities of The Depository Trust Company on or about March 26, 2008.

JPMorgan

March 20, 2008

Table of contents

General matters

This document is in two parts. The first part is the prospectus supplement, which describes the terms of the offering and adds to and updates information contained in the accompanying base shelf prospectus and the documents incorporated by reference. The second part is the accompanying base shelf prospectus, which gives more general information, some of which may not apply to the offering. This prospectus supplement is deemed to be incorporated by reference into the accompanying base shelf prospectus solely for the purpose of this offering.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying base shelf prospectus. We and the underwriter have not authorized anyone to provide you with different information. We and the underwriter are not making an offer of the notes in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus supplement, the accompanying base shelf prospectus or the documents incorporated by reference herein and therein is accurate as of any date other than the date on the front of such documents.

Unless the context otherwise requires, references in this prospectus supplement to NovaGold, the Company or the terms we, us and our includes NovaGold Resources Inc. and each of its material subsidiaries.

References in this prospectus supplement to the base shelf prospectus refer to the short form base shelf prospectus of the Company dated April 16, 2007.

Currency and financial statement presentation

Unless stated otherwise or the context otherwise requires, all references to dollar amounts in this 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 supplement have been prepared in accordance with generally accepted accounting principles in Canada (Canadian GAAP), and the financial statements for the fiscal year ended November 30, 2007 are reconciled to generally accepted accounting principles in the United States (U.S. GAAP) as described in note 16 to the Company s audited consolidated annual financial statements for fiscal 2007.

Cautionary note to United States investors

This prospectus supplement and the accompanying base shelf prospectus have been 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 or incorporated by reference in this prospectus supplement and the accompanying base shelf prospectus have been prepared in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101) and the Canadian Institute of Mining and Metallurgy Classification System. 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) states whether the historical estimate uses categories other than those prescribed by NI 43-101, and (d) includes any more recent estimates or data available. Such historical estimates are presented concerning the Company s Saddle and Shotgun mineralization.

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 in or incorporated by reference into this prospectus supplement and the accompanying base shelf prospectus 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 or that any of the resources described in this prospectus supplement will ever be reclassified as reserves. 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 with 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, 2007, which is incorporated by reference, for a description of certain of the mining terms used in this prospectus supplement and the accompanying base shelf prospectus and the documents incorporated by reference herein and therein.

Cautionary statement regarding forward-looking statements

This prospectus supplement, the accompanying base shelf prospectus and the documents incorporated by reference herein and therein contain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and Canadian securities laws concerning the Company s plans at the Donlin Creek, Nome Operations, Galore Creek and Ambler projects, production, capital, operating and cash flow estimates and other matters. 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 reserve and 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, using words or phrases such as expects, anticipates, plans, estimates, intends, strategy, goals, objectives or stating that certain a or results may, could, would, might or will be taken, occur or be achieved, or the negative of any of these terms similar expressions) are not statements of historical fact and may be forward-looking statements. 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 expressed or implied by the forward-looking statements, including, without limitation:

Risks relating to the notes and the offering

- the notes are unsecured and are effectively subordinated to all of our existing and future secured indebtedness;
- the notes are effectively subordinated to all liabilities of our subsidiaries;
- we expect to incur substantially more debt or take other actions which may affect our ability to satisfy our obligations under the notes;
- we may not have the ability to repurchase the notes in cash upon a redemption for changes in Canadian withholding tax law, at the option of the holder or upon the occurrence of a fundamental change;
- some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the notes;
- upon conversion of the notes, we will have the right to elect to deliver cash in lieu of some or all the common shares to be delivered upon conversion, the amount of cash to be delivered per note being calculated on the basis of average prices over a specified period, and you may receive less proceeds than expected;
- the adjustment to the conversion rate for notes converted in connection with a specified corporate transaction may not adequately compensate you for any lost value of your notes as a result of such transaction;
- the conversion rate of the notes may not be adjusted for all dilutive events;

the notes may not have an active market and their price may be volatile; you may be unable to sell your notes at the prices you desire or at all;

the notes may not be rated or may receive a lower rating than anticipated;

if you hold notes, you will not be entitled to any rights with respect to our common shares, but you will be subject to all changes made with respect to our common shares;

the price of our common shares, and therefore the price of the notes, may fluctuate significantly, which may make it difficult for holders to resell the notes or the common shares issuable upon conversion of the notes when desired or at attractive prices;

sales of a significant number of our common shares in the public markets, or the perception of such sales, could depress the market price of the notes, our common shares, or both;

the notes will initially be held in book-entry form and, therefore, you must rely on the procedures and the relevant clearing systems to exercise your rights and remedies;

we may not be able to refinance the notes or other indebtedness if required or if we so desire;

the conversion of notes for cash or for a combination of cash and common shares will be taxable to holders of the notes for Canadian and United States tax purposes;

U.S. holders may have to pay taxes if we make or fail to make certain adjustments to the conversion rate of the notes even though you do not receive a corresponding cash distribution;

we believe we are a passive foreign investment company under the U.S. Internal Revenue Code and if we are or become a passive foreign investment company there may be adverse U.S. tax consequences for investors in the United States;

Risks relating to the Company s business

uncertainty of production at the Company s mineral exploration and development properties;

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;

uncertainty of estimates of capital costs, operating costs, production and economic returns;

risks related to the Company s ability to finance the development of its mineral properties;

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;

risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of the Company s mineral deposits;

commodity price fluctuations;

risks related to the Company s current practice of not using hedging arrangements;

currency fluctuations;

risks related to current or future government regulation, including environmental regulations as well as the potential impact of two clean water initiatives proposed in the State of Alaska;

risks related to the need for reclamation activities on the Company s properties and uncertainty of cost estimates related thereto;

the Company s need to attract and retain qualified management and technical personnel;

mining and development risks, including risks related to accidents, equipment breakdowns, labour disputes or other unanticipated difficulties with or interruptions in development, construction or production;

uncertainty related to unsettled aboriginal rights and title in British Columbia;

uncertainty related to title to the Company s mineral properties;

the Company s history of losses and expectation of future losses;

risks related to the integration of new acquisitions into the Company s existing operations;

uncertainty inherent in litigation including the effects of discovery of new evidence or advancement of new legal theories, and the difficulty of predicting decisions of judges and juries;

risks related to increases in demand for equipment, skilled labour and services needed for exploration and development of mineral properties, and related cost increases;

risks related to the impact of current and future indebtedness of the Company and its subsidiaries, including the impact of the terms of any such indebtedness on the notes;

increased competition in the mining industry; and

uncertainty as to the Company s ability to acquire additional commercially mineable mineral rights.

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 supplement, the accompanying base shelf prospectus and the Company s Annual Information Form for the fiscal year ended November 30, 2007 under the heading Risk factors and elsewhere in this prospectus supplement, the accompanying base shelf prospectus and in the documents incorporated by reference herein and therein. 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

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

	Fiscal year ended November 30,		
	2007	**2006**	**2005**
Rate at end of period	US$ 1.0000	US$ 0.8755	US$ 0.8570
Average rate based on last day each month	US$ 0.9249	US$ 0.8848	US$ 0.8249
High for period	US$ 1.0852	US$ 0.9105	US$ 0.8601
Low for period	US$ 0.8435	US$ 0.8524	US$ 0.7876

On March 19, 2008, the exchange rate based on the Bank of Canada closing rate was $1.00 per US$0.9849 and on November 30, 2007 was $1.00 per US$1.0000.

The Company

The following description of the Company, its properties and its business highlights selected information contained in the documents incorporated by reference into this prospectus supplement and the accompanying base shelf prospectus. This description does not contain all of the information about the Company and its properties or business that you should consider before investing in the notes. You should carefully read the entire prospectus supplement, the accompanying base shelf prospectus and the documents incorporated by reference herein and therein, including the sections titled Risk factors in this prospectus supplement, the accompanying base shelf prospectus and the Company s Annual Information Form for the fiscal year ended November 30, 2007, before making an investment decision regarding the notes. Technical information about the Company s properties, including reserve and resource estimates, estimated capital costs to develop the properties, and drilling results, are based on information contained in technical reports and other documents that were prepared or reviewed by, or under the supervisions of, Qualified Persons as defined in NI 43-101, as described in further detail in the Company s Annual Information Form for the fiscal year ended November 30, 2007 and the other documents incorporated by reference into this prospectus supplement and the accompanying base shelf prospectus.

Description of the business

NovaGold is a gold and copper company engaged in the exploration and development of mineral properties in Alaska and British Columbia. The Company conducts its operations through wholly-owned subsidiaries, partnerships, limited liability companies and joint ventures. Since 1998, the Company has assembled a portfolio of gold and base metal properties. The Company is primarily focused on gold properties, some of which have significant copper and silver resources. The Company s portfolio of properties includes:

Donlin Creek, an advanced-stage exploration project held by a limited liability company that is owned 50% by the Company and 50% by Barrick Gold U.S. Inc., a subsidiary of Barrick Gold Corporation (collectively Barrick), is one of the largest known undeveloped gold deposits in the world, based on publicly reported sources, with measured and indicated resources of 29.4 million ounces of gold and additional inferred resources of 3.5 million ounces of gold.

Rock Creek and Big Hurrah, which together are anticipated to be NovaGold s first production project. Rock Creek and Big Hurrah have 0.5 million ounces of gold reserves with additional indicated resources of 0.3 million ounces of gold and inferred resources of 0.1 million ounces of gold. Construction on Rock Creek commenced in the summer of 2006. Anticipated production from Rock Creek and Big Hurrah is expected to be at an average annual rate of approximately 100,000 ounces of gold with commercial production starting in mid-2008.

Galore Creek, which is a large copper-gold-silver project located in northwestern British Columbia held by a partnership in which NovaGold and Teck Cominco Limited (Teck Cominco) each have a 50% interest (the Galore Creek Partnership). The Galore Creek project is the subject of an October 2006 feasibility study; however, construction at the Galore Creek project has been suspended while the Company and Teck Cominco reassess the project and evaluate alternative development strategies in light of information indicating increased capital costs and a longer construction schedule from those contemplated by the feasibility study. A revised resource estimate for the Galore Creek project totals measured and indicated resources of 8.9 billion pounds of copper, 7.3 million ounces of gold and 123 million ounces of

silver, with additional inferred resources, including the Copper Canyon deposit of which NovaGold holds 60% (held in trust for the Galore Creek Partnership), of 3.6 billion pounds of copper, 3.8 million ounces of gold and 65 million ounces of silver.

Ambler, in which NovaGold is earning a 51% interest in joint venture with subsidiaries of Rio Tinto plc (Rio Tinto), is a large, high-grade earlier stage polymetallic massive sulphide deposit with indicated resources of 1.5 billion pounds of copper, 2.2 billion pounds of zinc, 0.45 million ounces of gold, 32.3 million ounces of silver and 350 million pounds of lead, with additional inferred resources of 0.9 billion pounds of copper, 1.3 billion pounds of zinc, 0.3 million ounces of gold, 18.6 million ounces of silver and 210 million pounds of lead.

In addition, NovaGold holds a portfolio of earlier stage exploration projects that have not advanced to the resource definition stage. The Company is also engaged in the sale of sand, gravel and land, and receives royalties from placer gold production, largely from its holdings around Nome, Alaska, earning $1 million to $3 million annually.

For the purposes of NI 43-101, NovaGold s material properties are the Donlin Creek project, the Rock Creek project and the Galore Creek project.

Summary of reserves

Property **100% Ownership**	**Reserve Category**	**Tonnes Millions**	**In Situ Grade Au g/t**	**Total Contained Metal Au Moz**	**NovaGold Share Net After Earn-Ins Au Moz**
Rock Creek 0.6 g/t Cutoff (assumed US$500/oz Au price)	Probable	7.8	1.3	0.3	0.3
Big Hurrah 1.33 g/t Cutoff (assumed US$500/oz Au price)	Probable	1.2	4.8	0.2	0.2
Total Probable Reserves		**9.0**	**1.8**	**0.5**	**0.5**

Summary of measured, indicated, inferred and historical resources[(1)]

Donlin Creek[(2)] approximately 0.8 g/t gold
50% Ownership 50% Owned by Barrick Gold Corporation (Calista Corporation has the right to acquire up to a 15% interest)

Resource Category	**Tonnes Millions**	**In Situ Grade Au g/t**	**Total Contained Metal Au Moz**	**NovaGold Share Net After Earn-Ins Au Moz**

Measured	4.3	2.7	0.4	0.2
Indicated	367.4	2.5	29.0	14.5
Total M&I	**371.7**	**2.5**	**29.4**	**14.7**
Inferred	46.5	2.3	3.5	1.7

Galore Creek[3] 0.21% CuEq Cutoff
50% Ownership 50% Owned by Teck Cominco Limited

		In Situ Grade			Total Contained Metal			NovaGold Share Net After Earn-Ins			
Resource Category	**Tonnes Millions**	**Au g/t**	**Ag g/t**	**Cu %**	**Au Moz**	**Ag Moz**	**Cu Mlbs**	**Au Moz**	**Ag Moz**	**AuEq Moz**	**Cu Mlbs**
Measured	4.7	0.4	4.4	0.5	0.1	0.7	54	0.03	0.3	0.04	27
Indicated	781.0	0.3	4.9	0.5	7.2	122.4	8,872	3.61	61.2	4.64	4,436
Total M&I	**785.7**	**0.3**	**4.9**	**0.5**	**7.3**	**123.1**	**8,926**	**3.64**	**61.6**	**4.68**	**4,463**
Inferred	357.7	0.2	3.7	0.4	2.1	42.5	2,858	1.03	21.2	1.39	1,429

Copper Canyon[4] 0.35% CuEq Cutoff
60% Ownership NovaGold interest held in trust for the Galore Creek Partnership

		In Situ Grade			Total Contained Metal			NovaGold Share Net After Earn-Ins			
Resource Category	**Tonnes Millions**	**Au g/t**	**Ag g/t**	**Cu %**	**Au Moz**	**Ag Moz**	**Cu Mlbs**	**Au Moz**	**Ag Moz**	**AuEq Moz**	**Cu Mlbs**
Inferred	164.8	0.5	7.2	0.4	2.9	37.9	1,160	1.7	22.8	2.1	696

Rock Creek 0.6 g/t Cutoff
100% Ownership

		In Situ Grade	Total Contained Metal	NovaGold Share Net After Earn-Ins
Resource Category	**Tonnes Millions**	**Au g/t**	**Au Moz**	**Au Moz**
Indicated	4.6	1.2	0.2	0.2
Total M&I	**4.6**	**1.2**	**0.2**	**0.2**

Inferred	2.0	1.1	0.1	0.1

Big Hurrah 1.0 g/t Cutoff
100% Ownership

Resource Category	Tonnes Millions	In Situ Grade Au g/t	Total Contained Metal Au Moz	NovaGold Share Net After Earn-Ins Au Moz
Indicated	0.9	2.7	0.08	0.08
Total M&I	**0.9**	**2.7**	**0.08**	**0.08**
Inferred	0.2	3.0	0.02	0.02

Saddle[(5)] 1.0 g/t Cutoff
100% Ownership

Resource Category	Tonnes Millions	In Situ Grade Au g/t	Total Contained Metal Au Moz	NovaGold Share Net After Earn-Ins Au Moz
Historical	3.6	2.2	0.3	0.3

Nome Gold[6] 0.2 g/m3 Cutoff
100% Ownership

Resource Category	Volume m3	In Situ Grade Au g/m3	Total Contained Metal Au Moz	NovaGold Share Net After Earn-Ins Au Moz
Measured	79.1	0.3	0.8	0.8
Indicated	83.8	0.3	0.8	0.8
Total M&I	**162.9**	**0.3**	**1.6**	**1.6**
Inferred	30.6	0.3	0.3	0.3

Shotgun[5] 0.5 g/t Cutoff
50% Ownership 50% owned by TNR Gold Corp.

Resource Category	Tonnes Millions	In Situ Grade Au g/t	Total Contained Metal Au Moz	NovaGold Share Net After Earn-Ins Au Moz
Historical	32.8	0.9	1.0	0.5

Ambler[7] $100 Gross Metal Value / Tonne Cutoff
Earning 51% from subsidiaries of Rio Tinto

		In Situ Grade					Total Contained Metal					NovaGold Share Net After Earn				
ource egory	Tonnes Millions	Au g/t	Ag g/t	Cu %	Zn %	Pb %	Au Moz	Ag Moz	Cu Mlbs	Zn Mlbs	Pb Mlbs	Au Moz	Ag Moz	AuEq Moz	Cu Mlbs	Zn Mlbs
ated	16.8	0.8	59.6	4.1	6.0	0.9	0.4	32.3	1,538	2,237	350	0.2	16.5	0.5	784	1,141
l M&I	**16.8**	**0.8**	**59.6**	**4.1**	**6.0**	**0.9**	**0.4**	**32.3**	**1,538**	**2,237**	**350**	**0.2**	**16.5**	**0.5**	**784**	**1,141**
red	11.9	0.7	48.4	3.6	5.0	0.8	0.3	18.6	937	1,313	210	0.1	9.5	0.3	478	670

	Total Contained Metal					NovaGold Share Net After Earn-Ins					
Total all projects	**Au Moz**	**Ag Moz**	**Cu Mlbs**	**Zn Mlbs**	**Pb Mlbs**	**Au Moz**	**Ag Moz**	**AuEq Moz**	**Cu Mlbs**	**Zn Mlbs**	**Pb Mlbs**
Total Probable Reserves	**0.5**					**0.5**		**0.5**			
Total Measured & Indicated (Exclusive of Reserves)	**38.9**	**155**	**10,465**	**2,237**	**350**	**20.4**	**78.0**	**21.7**	**5,248**	**1,141**	**179**
Total Inferred	**9.0**	**99**	**4,955**	**1,313**	**210**	**4.9**	**53.5**	**5.8**	**2,603**	**670**	**107**
Total Historical Resource	**1.2**					**0.8**		**0.8**			

Notes:

1. These resource estimates have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining and Metallurgy Resource Classification System, unless otherwise noted.

2. See numbered footnotes below on resource information. Resources shown in the right-hand columns are reported as net values to NovaGold after all project earn-ins.

3. The gold equivalent (AuEq) is calculated using gold and silver in the ratio of gold + silver / (US$650 Au / US$11 Ag).

Resource footnotes:

(1) Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred Resources are in addition to Measured and Indicated Resources. Details of Measured and Indicated Resources and other NI 43-101 information can be found in the relevant Technical Reports, all of which have been prepared by a Qualified Person as defined in NI 43-101 and filed with the Canadian securities regulators and which are available on SEDAR (www.sedar.com). 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. Although Measured Resources, Indicated Resources and Inferred Resources are categories of mineralization that are recognized and

required to be disclosed by Canadian regulations, the SEC does not recognize them. Disclosure of contained ounces is permitted under Canadian regulations, however, the SEC generally permits resources to be reported only as in place tonnage and grade. See Cautionary note to United States investors. Rounding differences may occur.

(2) A variable cut-off grade has been estimated based on recent estimates of mining costs, processing costs (dependent upon sulphur content), selling costs and royalties, rather than gold grade alone. Resources are constrained within a Lerchs-Grossman (LG) open-pit shell using the long-term metal price assumption of US$650/oz of gold. Assumptions for the LG shell included pit slopes varying by sector and pit area: mining cost is variable with depth, averaging US$1.57/t mined; process cost is calculated as the percent sulfur grade x US$2.09 + US$10.91; general and administrative costs, gold selling cost and sustaining capital are reflected on a per tonne basis. Based on metallurgical testing, gold recovery is assumed to be 89.5%. Blocks with a cost margin of US$0.01/t or higher above the variable cutoff were reported. Waste blocks within the open-pit shell surrounded by blocks above cutoff are included in resource estimate. Blocks above cutoff within the open-pit shell surrounded by blocks of waste are excluded from the resource estimate.

(3) The copper-equivalent grade was calculated as follows: CuEq = Recoverable Revenue / 2204.62 / US$1.55 / Cu Recovery. Where: CuEq = Copper equivalent grade; Recoverable Revenue = Revenue in US dollars for recoverable copper, recoverable gold, and recoverable silver using metal prices of Cu US$/lb = 1.550, Au US$/oz = 650, Ag US$/oz = 11. Cu Recovery = Recovery for copper based on mineral zone and total copper grade. The cut-off grade is based on assumptions of offsite concentrate and smelter charges and onsite plant recovery) and is used for break-even mill feed/waste selection.

(4) The copper equivalent (CuEq) calculations use metal prices of US$375/oz for gold, US$5.50/oz for silver and US$0.90/lb for copper. Copper equivalent calculations reflect gross metal content that have been adjusted for metallurgical recoveries based on the following criteria: copper recovery = (%Cu 0.06)/%Cu with a minimum of 50% and maximum of 80%; gold recovery = (Au g/t 0.14)/Au g/t with a minimum of 30% and maximum of 80%; and silver recovery = 80%.

(5) These estimates include historical resources that are not NI 43-101 compliant. The historical resource for the Saddle deposit was completed by the Alaska Gold Company in 2000 and the historical resource for Shotgun was completed by NovaGold Resources Inc., in 1998. Although believed by NovaGold management to be relevant and reliable, these historical resources pre-date NI 43-101 and because they were not estimated in compliance with NI 43-101 procedures, they are not NI 43-101 resources. Historical resources were completed prior to the February 2001 adoption of NI 43-101 procedures. See Cautionary note to United States investors.

(6) Nome Gold resource is an alluvial deposit, which is reported in cubic meters rather than tonnes, and grams/cubic meter rather than grams/tonne. 85,000 ounces contained within the reported resources may be subject to a royalty.

(7) Subject to an earn-in agreement with subsidiaries of Rio Tinto.

Recent developments

Donlin Creek

On December 1, 2007, the Company entered into an agreement with Barrick that provided for the conversion of the Donlin Creek joint venture into a new limited liability company, which is owned 50% by the Company and 50% by Barrick (Donlin Creek LLC). Pursuant to the limited liability company agreement, the Company has agreed to

reimburse Barrick over time for approximately US$64.8 million, representing 50% of Barrick s approximately US$129.6 million expenditures at the Donlin Creek project from April 1, 2006 to November 30, 2007. The Company s reimbursement will be made following the effective date of the agreement, by the Company paying the next approximately US$12.7 million of Barrick s share of project development costs, and the remaining approximately US$52.1 million will bear interest and be paid out of future mine production cash flow. After the Company s initial contribution of US$25.4 million, all funding will be shared by both parties on a 50/50 basis.

As the Company and Barrick work together to review alternatives at the Donlin Creek project to further optimize the project, significant effort will be focused on determining the best power source for the project. Building a power line that ties into the Fairbanks grid will be evaluated along with other project power generation including a combination of wind and on-site diesel power generation. The Donlin Creek LLC is completing a series of optimizing studies for power, logistics, processing and production levels with the objective of identifying the optimal design plan. The Company anticipates that the Donlin Creek LLC will have clarity on the go-forward plan for Donlin Creek by mid-year 2008.

The 2008 exploration program at Donlin Creek is underway and three drill rigs are currently focused on drilling the East ACMA target area. The Company and Barrick have approved an

initial 21,000 meter drill program at East ACMA, designed to determine the limits of mineralization in this target area. The East ACMA area is highly prospective for additional resource discovery and follows the structural projection of mineralized sill and dyke intersections within the Donlin anticline, which hosts the majority of resources at Donlin Creek. The initial exploration program should determine the limits of mineralization and will be used to aid in facility and infrastructure planning for the Donlin Creek feasibility study. Should the initial expansion drilling prove successful, the Company and Barrick are considering an additional 50,000 meters of infill drilling to begin to delineate mineralization recognized in the initial program.

Galore Creek Partnership

On August 1, 2007, the Company formed the Galore Creek Partnership pursuant to which each of NovaGold and Teck Cominco has a 50% interest in the Galore Creek project. The activities of the Galore Creek Partnership are being conducted by the jointly-managed Galore Creek Mining Corporation (GCMC). Under the original partnership agreement, the Company contributed its assets in the Galore Creek project to the Galore Creek Partnership and Teck Cominco was to fund an initial contribution of $520 million, subject to adjustment, after which both partners would be equally responsible to fund the project going forward. In addition, under the terms of the original partnership agreement, the Company would receive up to US$50 million of preferential distributions once the Galore Creek project was fully operational, if partnership revenues exceeded certain established targets in the first year of commercial production.

On November 26, 2007, NovaGold announced that NovaGold and Teck Cominco had reached the decision to suspend construction activities at the Galore Creek project. In light of these developments, NovaGold and Teck Cominco amended the terms of Teck Cominco s earn-in obligations in connection with the project. Under the amended arrangements, Teck Cominco s total earn-in will be approximately $403 million and the Company will receive up to US$25 million of preferential distributions once Galore Creek is fully operational, if partnership revenues exceed certain established targets in the first year of commercial production. Teck Cominco s sole funding of project costs incurred after August 1, 2007 totals $264 million, and Teck Cominco has agreed to invest up to an additional $72 million in the partnership to be used prior to December 31, 2012 principally to reassess the project and evaluate alternative development strategies. NovaGold and Teck Cominco will fund the next $100 million of project costs one-third and two-thirds respectively, and will fund costs proportionately thereafter. The resource estimate for the Galore Creek project was updated by NovaGold in January 2008 to reclassify proven and probable reserves as measured and indicated resources.

Acquisitions

On December 1, 2007, the Company, GCMC and Pioneer Metals Corporation (Pioneer) entered into a purchase and sale agreement whereby GCMC purchased a 100% interest in the Grace claims located adjacent to the Galore Creek project and held by Pioneer, a wholly-owned subsidiary of Barrick, for a purchase price of $54 million.

On November 14, 2007, the Company provided notice to Copper Canyon Resources Ltd. that it had completed its earn-in requirements under the Copper Canyon Option Agreement dated October 1, 2003 between Eagle Plains Resources Ltd. (the agreement was transferred to Copper Canyon Resources Ltd.) and SpectrumGold Inc. (now NovaGold Canada Inc.) to earn a 60% interest in the Copper Canyon property. On February 12, 2008, NovaGold notified Copper Canyon Resources Ltd. that it would not exercise a second option for an additional 20% interest

in the Copper Canyon property and, upon such notice, was deemed to have formed a joint venture with Copper Canyon Resources Ltd. to develop the property. NovaGold s 60% interest in the Copper Canyon property is being held in trust for the Galore Creek Partnership.

On June 1, 2007, the Company completed the exercise of its option pursuant to an option agreement dated July 31, 2003 between SpectrumGold Inc. (now NovaGold Canada Inc.) and QIT-Fer et Titane Inc. and Hudson Bay Mining and Smelting Co., Limited, to purchase 100% of the mining claims of the main Galore Creek copper-gold-silver deposit by paying the final US$12.5 million of a US$20.3 million purchase price for the acquisition of Stikine Copper Limited, then owner of the core mineral claims at the Galore Creek project. NovaGold s financial earn-in requirements under the Agreement were satisfied and all of Stikine Copper s assets are now held by the Galore Creek Partnership.

Other

For the year ended November 30, 2007, management concluded that the Company s internal control over financial reporting was ineffective as of November 30, 2007 due to a material weakness identified by its external auditors in the preparation and review of the U.S. GAAP reconciliation to Canadian GAAP, specifically in respect to project expenditures capitalized or expensed under U.S. GAAP. Management has implemented changes to its controls in order to remediate the material weakness. Due to the existence of the material weakness relating to U.S. GAAP, the Company has also determined that its disclosure controls and procedures, as defined in the SEC s rules under the Securities Exchange Act of 1934, were not effective. See Risk factors Risks relating to the Company s business **-** The Company may fail to achieve and maintain the adequacy of internal control over financial reporting as per the requirements of the Sarbanes-Oxley Act.

The offering

The following summary contains basic information about the notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the notes, please refer to the sections of this prospectus supplement entitled Description of notes and the sections in the base shelf prospectus entitled Description of debt securities and Description of share capital. Unless otherwise indicated, the information in this prospectus supplement assumes that the underwriter does not exercise its option to purchase additional notes.

Issuer	NovaGold Resources Inc.
Securities offered	US$95,000,000 (or US$109,000,000 principal amount if the underwriter exercises its over-allotment option in full) principal amount of 5.50% Senior Convertible Notes due May 1, 2015.
Maturity	May 1, 2015.
Interest	5.50%. Interest on the notes will accrue from March 26, 2008. Interest will be payable semiannually in arrears on May 1 and November 1, of each year, beginning November 1, 2008.
Conversion rights	Holders may convert their notes into common shares at the applicable conversion rate, prior to the close of business on the business day immediately preceding the maturity date, in multiples of US$1,000 principal amount. The initial conversion rate for the notes is 94.2418 common shares per US$1,000 principal amount of notes (equal to a conversion price of approximately US$10.61 per share), subject to adjustment. Upon conversion, we will have the right to elect to deliver cash or a combination of cash and common shares instead of delivering only common shares (plus cash in lieu of fractional shares). In addition, following certain corporate transactions that occur prior to maturity, we will increase the conversion rate for a holder who elects to convert its notes in connection with such corporate transactions by a number of additional common shares as described under Description of notes Conversion rights Adjustments to shares delivered upon conversion upon certain fundamental changes. You will not receive any additional cash payment or additional shares representing accrued and unpaid interest upon conversion of a note, except in limited circumstances. Instead, interest will be deemed paid by the common shares issued and cash, if any, paid to you upon conversion.
Purchase of the notes by us at the option of the holder	You have the right to require us to repurchase for cash all or a portion of your notes on May 1, 2013 at a price equal to 100% of the

	principal amount of the notes to be repurchased plus accrued and unpaid interest up to, but excluding, the repurchase date.
Fundamental change	If we undergo a fundamental change as defined in this prospectus supplement, we will be required to offer to purchase all of the outstanding notes at a price equal to 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest up to, but excluding, the fundamental change repurchase date, subject to certain exceptions. We will pay cash for all notes so repurchased.
Redemption for tax reasons	In the event of certain changes to the laws governing Canadian withholding taxes, we will have the option to redeem, in whole but not in part, the notes for a purchase price equal to 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest up to, but excluding, the redemption date but without reduction for applicable Canadian taxes (except in respect of certain excluded holders). Upon our giving a notice of redemption, a holder may elect not to have its notes redeemed, in which case such holder would not be entitled to receive the additional amounts referred to in Additional amounts below after the redemption date.
Additional amounts	All payments made by us with respect to the notes will be made without withholding or deduction for Canadian taxes unless we are legally required to do so, in which case we will pay such additional amounts as may be necessary so that the net amount received by holders of the notes (other than certain excluded holders) after such withholding or deduction will not be less than the amount that would have been received in the absence of such withholding or deduction.
Events of default	If there is an event of default under the notes, the principal amount of the notes, plus accrued and unpaid interest, if any, may be declared immediately due and payable. These amounts automatically become due and payable if an event of default relating to certain events of bankruptcy, insolvency or reorganization occurs.
Ranking	The notes will rank equally in right of payment with all of our existing and future unsecured senior debt and are senior in right of payment to all our future subordinated debt. The notes will effectively rank junior to any of our secured debt to the extent of the value of the assets securing such indebtedness, and will effectively rank junior to debt incurred by our subsidiaries, including any secured debt or debt incurred by our subsidiaries for the construction and development of our mining projects. The indenture does not limit the amount of debt that we or our subsidiaries may incur.
Use of proceeds	We estimate that the net proceeds from this offering will be approximately US$90.7 million (or approximately US$104.2 million if the underwriter exercises its over-allotment option in full), after deducting fees and estimated expenses. We intend to use the net proceeds

	of this offering to repay the amount drawn on our $30.0 million short-term credit facility, which was approximately $16.0 million as of March 18, 2008, to fund exploration and development of our mineral properties, and for general working capital.
Book-entry form	The notes will be issued in book-entry form and will be represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company, or DTC, and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.
American Stock Exchange and Toronto Stock Exchange symbols for our common shares	The notes will not be listed on any securities exchange. Our common shares are listed on the American Stock Exchange and on the Toronto Stock Exchange under the symbol NG.
U.S. and Canadian federal income tax considerations	The notes and common shares issuable upon conversion of the notes will be subject to special and complex tax rules. Holders are urged to consult their own tax advisors with respect to the U.S. and Canadian federal, state, provincial, local and foreign tax consequences of purchasing, owning and disposing of the notes and the common shares issuable upon conversion of the notes. See Certain Canadian and United States income tax considerations. Potential investors that are U.S. taxpayers should be aware that we believe we were a passive foreign investment company under Section 1297(a) of the U.S. Internal Revenue Code (PFIC) for the taxable year ended November 30, 2007, but we believe we will not be a PFIC for the taxable year ending November 30, 2008 if commercial production commences at Rock Creek and Big Hurrah in mid-2008, as currently anticipated, and sufficient revenues are generated to cause us to cease to be a PFIC. For more information on tax considerations related to our PFIC status see Certain Canadian and United States income tax considerations United States federal income tax considerations.
Risk factors	See Risk factors in this prospectus supplement for a discussion of factors you should carefully consider before deciding to invest in the notes.

Risk factors

An investment in the notes offered hereby involves certain risks. In addition to the other information contained in this prospectus supplement, the accompanying base shelf prospectus and the documents incorporated by reference herein and therein, prospective investors should carefully consider the factors set out under Risk factors in the accompanying base shelf prospectus, in the Company s Annual Information Form for the fiscal year ended November 30, 2007 (which is incorporated by reference herein) and the factors set out below in evaluating NovaGold and its business before making an investment in the notes.

Risks relating to the notes and the offering.

The notes are unsecured and are effectively subordinated to all of our existing and future secured indebtedness.

The notes are unsecured and are effectively subordinated in right of payment to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness. The indenture for the notes does not restrict our ability to incur additional indebtedness, including secured indebtedness generally, which would have a prior claim on the assets securing that indebtedness. We may incur such indebtedness under credit facilities entered into for purposes of financing the construction and development of our mining projects, and expect to secure any such indebtedness with substantially all of the assets related to such projects. In the event of our insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up, our assets that serve as collateral for any secured indebtedness would be made available to satisfy the obligations to our secured creditors before any payments are made on the notes. Accordingly, all or a substantial portion of our assets could be unavailable to satisfy the claims of the holders of the notes.

The notes are effectively subordinated to all liabilities of our subsidiaries.

We expect that all or a substantial portion of the indebtedness that we incur to finance the construction and development of our mining projects will be incurred or guaranteed by our subsidiaries. None of our subsidiaries has guaranteed or otherwise become obligated with respect to the notes. Accordingly, our right to receive assets from any of our subsidiaries upon such subsidiary s bankruptcy, liquidation or reorganization and the right of holders of the notes to participate in those assets, is effectively subordinated to claims of that subsidiary s creditors, including trade creditors.

The ability of our subsidiaries and other entities in which we have interests, including the Galore Creek Partnership and Donlin Creek LLC, to pay dividends and make other payments to us may be restricted by, among other things, applicable corporate and other laws and regulations as well as agreements to which our subsidiaries are or may become a party.

We expect to incur substantially more debt or take other actions which may affect our ability to satisfy our obligations under the notes.

We will not be restricted under the terms of the notes or the indenture from incurring additional indebtedness, including secured debt. In addition, the limited covenants applicable to the notes do not require us to achieve or maintain any minimum financial results relating to our financial position or results of operations. We may incur substantial additional indebtedness in

connection with the financing of, or secured upon, our mining projects in the future. Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the notes could have the effect of diminishing our ability to make payments on the notes when due, and require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, which would reduce the availability of cash flow to fund our operations, working capital and capital expenditures. In addition, we are not restricted from repurchasing common shares by the terms of the notes.

We may not have the ability to repurchase the notes in cash upon a redemption for changes in Canadian withholding tax law, at the option of the holder or upon the occurrence of a fundamental change.

We will be required to repurchase for cash all or a portion of a holder s notes at the option of such holder on May 1, 2013 and to make an offer to repurchase the notes upon the occurrence of a fundamental change as described under Description of notes. We may also redeem all but not part of the notes upon certain changes to the law governing Canadian withholding taxes. We may not have sufficient funds to repurchase or redeem the notes in cash or to make the required repayment at such time or have the ability to arrange necessary financing on acceptable terms.

A fundamental change may also constitute an event of default or prepayment under, or result in the acceleration of the maturity of, our then-existing indebtedness. Our ability to repurchase the notes in cash or make any other required payments may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time. Our failure to repurchase the notes when required would result in an event of default with respect to the notes.

Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the notes.

Upon the occurrence of a fundamental change, we will be required to make an offer to repurchase the notes. However, the fundamental change provisions will not afford protection to holders of notes in the event of certain transactions. For example, any leveraged recapitalization, refinancing, restructuring, or acquisition initiated by us will generally not constitute a fundamental change requiring us to make an offer to repurchase the notes, even though any of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the holders of notes.

Upon conversion of the notes, we will have the right to elect to deliver cash in lieu of some or all the common shares to be delivered upon conversion, the amount of cash to be delivered per Note being calculated on the basis of average prices over a specified period, and you may receive less proceeds than expected.

Upon conversion of the notes, we will have the right to elect to deliver cash in lieu of some or all the common shares to be delivered upon conversion. As described below under Description of notes Conversion rights, the amount of cash to be delivered per note will be equal to the number of common shares in respect of which the cash payment is being made multiplied by the average of the daily volume-weighted average price of the common shares on the corresponding Bloomberg screen for the 10 trading days commencing one day after the date of our notice of election to deliver all or part of the conversion consideration in cash if we have not given notice of redemption or the conversion date, in the case of conversion following

notice of redemption specifying our intention to deliver cash upon conversion. Accordingly, upon conversion of a note, holders might not receive any common shares and, if the above-referred prices decline over the 10-day period, they might receive less proceeds than expected.

Our failure to convert the notes into common shares, cash or a combination of cash and common shares upon exercise of a holder s conversion right in accordance with the provisions of the indenture would constitute a default under the indenture. In addition, a default under the indenture could lead to a default under future agreements governing our indebtedness. If, due to a default, the repayment of related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay such indebtedness and the notes.

The adjustment to the conversion rate for notes converted in connection with a specified corporate transaction may not adequately compensate you for any lost value of your notes as a result of such transaction.

If a specified corporate transaction that constitutes a fundamental change occurs, under certain circumstances we will increase the conversion rate by a number of additional common shares for notes converted in connection with such specified corporate transaction. The increase in the conversion rate will be determined based on the date on which the specified corporate transaction becomes effective and the price paid per common share in such transaction, as described below under Description of notes Conversion rights Adjustments to shares delivered upon conversion upon certain fundamental changes. The adjustment to the conversion rate for notes converted in connection with a specified corporate transaction may not adequately compensate you for any lost value of your notes as a result of such transaction. In addition, if the price of our common shares in the transaction is greater than US$40.00 per share or less than US$7.86 (in each case, subject to adjustment), no adjustment will be made to the conversion rate.

The conversion rate of the notes may not be adjusted for all dilutive events.

The conversion rate of the notes will be subject to adjustment for certain events, including, but not limited to, the issuance of share dividends on our common shares, the issuance of certain rights or warrants, subdivisions, combinations, distributions of share capital, indebtedness or assets, cash dividends and certain issuer tender or exchange offers as described under Description of notes. However, the conversion rate will not be adjusted for other events, such as a third-party tender or exchange offer or an issuance of common shares for cash, that may adversely affect the trading price of the notes or the common shares. An event that adversely affects the value of the notes may occur, and that event may not result in an adjustment to the conversion rate.

The notes may not have an active market and their price may be volatile. You may be unable to sell your notes at the price you desire or at all.

There is no existing trading market for the notes. As a result, there can be no assurance that a liquid market will develop or be maintained for the notes, that you will be able to sell any of the notes at a particular time (if at all) or that the prices you receive if or when you sell the notes will be above their initial offering price. We do not intend to list the notes on any national securities exchange or the TSX. The underwriter may make a market in the notes after this offering is completed, but has no obligation to do so and may cease such market-making at any time without notice.

The notes may not be rated or may receive a lower rating than anticipated.

We do not intend to seek a rating on the notes. However, if one or more rating agencies rates the notes and assigns the notes a rating lower than the rating expected by investors, or reduces their rating in the future, the market price of the notes and our common shares could be harmed.

If you hold notes, you will not be entitled to any rights with respect to our common shares, but you will be subject to all changes made with respect to our common shares.

If you hold notes, you will not be entitled to any rights with respect to our common shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common shares, other than extraordinary dividends that our board of directors designates as payable to the holders of the notes), but if you subsequently convert your notes into common shares, you will be subject to all changes affecting the common shares. You will have rights with respect to our common shares only if and when we deliver common shares to you upon conversion of your notes and, to a limited extent, under the conversion rate adjustments applicable to the notes. For example, in the event that an amendment is proposed to our constating documents requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to delivery of common shares to you, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers or rights of our common shares that result from such amendment.

The price of our common shares, and therefore the price of the notes, may fluctuate significantly, which may make it difficult for holders to resell the notes or the common shares issuable upon conversion of the notes when desired or at attractive prices.

The trading price of our common shares has been and may continue to be subject to large fluctuations, which may result in losses to investors. Since January 1, 2007, the trading price and volume of our common shares on the TSX has ranged from a low of $6.15 to a high of $20.13 per share and on the AMEX from a low of US$6.08 per share to a high of US$20.94 per share. The trading price of our common shares and any securities convertible into or exchangeable for, common shares may increase or decrease in response to a number of events and factors, including:

- the price of gold and other metals;
- our operating performance and the performance of competitors and other similar companies;
- the public s reaction to our press releases, other public announcements and our filings with the various securities regulatory authorities;
- changes in earnings estimates or recommendations by research analysts who track our common shares or the shares of other companies in the resource sector;
- changes in general economic conditions;
- the number of our common shares to be publicly traded after an offering pursuant to any prospectus supplement;
- the arrival or departure of key personnel;

developments relating to acquisitions, strategic alliances or joint ventures involving us or our competitors; and

the factors listed under the heading Cautionary statement regarding forward-looking statements.

In addition, the share market in general, and prices for mining companies in particular, have experienced volatility that often has been unrelated to the operating performance of such companies. These market and industry fluctuations may adversely affect the price of our shares, regardless of our operating performance. Because the notes are convertible into common shares, volatility or depressed prices of our common shares could have a similar effect on the trading price of our notes. Holders who receive common shares upon conversion also will be subject to the risk of volatility and depressed prices of our common shares. In addition, the existence of the notes may encourage short selling in our common shares by market participants because the conversion of the notes could depress the price of our common shares.

Sales of a significant number of our common shares in the public markets, or the perception of such sales, could depress the market price of the notes, our common shares, or both.

Sales of a substantial number of our common shares or other equity-related securities in the public markets could depress the market price of the notes, our common shares, or both, and impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that future sales of our common shares or other equity-related securities would have on the market price of our common shares or the value of the notes. The price of our common shares could be affected by possible sales of our common shares by investors who view the notes as a more attractive means of equity participation in our company and by hedging or arbitrage trading activity which we expect to occur involving our common shares. This hedging or arbitrage could, in turn, affect the market price of the notes.

The notes will initially be held in book-entry form and, therefore, you must rely on the procedures and the relevant clearing systems to exercise your rights and remedies.

Unless and until certificated notes are issued in exchange for book-entry interests in the notes, owners of the book-entry interests will not be considered owners or holders of notes. Instead, the common depository, or its nominee, will be the sole holder of the notes. Payments of principal, interest and other amounts owing on or in respect of the Notes in global form will be made to the paying agent, which will make payments to DTC. Thereafter, such payments will be credited to DTC participants accounts that hold book-entry interests in the notes in global form and credited by such participants to indirect participants. Unlike holders of the notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from holders of the notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from DTC or, if applicable, a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions on a timely basis.

We may not be able to refinance the notes or other indebtedness if required or if we so desire.

We may need or desire to refinance all or a portion of the notes or any other future indebtedness that we incur on or before the maturity of the notes. There can be no assurance

that we will be able to refinance any of our indebtedness or incur additional indebtedness on commercially reasonable terms, if at all.

Conversion of notes for cash or a combination of cash and common shares will be a taxable transaction to holders of notes for Canadian tax purposes.

Upon conversion of the notes, we will have the right to elect to deliver cash or a combination of cash and common shares. You should be aware that the conversion of notes into cash or a combination of cash and common shares will be a taxable transaction at the time of such conversion for Canadian tax purposes. These consequences may be materially different from the consequences that you may expect in considering other convertible debt investments. Investors considering the purchase of notes are urged to consult with their own tax advisors concerning such consequences and the potential effect of their particular circumstances. The material Canadian federal income tax consequences of the purchase, ownership and disposition of the notes are summarized in this prospectus supplement under the heading Certain Canadian and United States income tax considerations Canadian federal income tax considerations.

Conversion of notes for cash or a combination of cash and common shares will be a taxable transaction to holders of notes for United States federal income tax purposes.

You should be aware that the conversion of notes into cash or a combination of cash and common shares will be a taxable transaction at the time of such conversion for United States federal income tax purposes (or subject to alternative treatment different from that of convertible debt instruments settled in shares only). These consequences may be, for United States federal income tax purposes, materially different from the consequences that you may expect in considering other convertible debt investments. Investors considering the purchase of notes are urged to consult with their own tax advisors concerning such consequences and the potential effect of their particular circumstances. The material United States federal income tax consequences of the purchase, ownership and disposition of the notes are summarized in this prospectus supplement under the heading Certain Canadian and United States income tax considerations United States federal income tax considerations.

U.S. Holders may have to pay taxes if we make or fail to make certain adjustments to the conversion rate of the notes even though you do not receive a corresponding cash distribution.

The conversion rate of the notes is subject to adjustment for certain events and actions that modify our capital structure. See Description of notes Conversion rate and adjustments. If, for example, the conversion rate is adjusted as a result of a distribution that is taxable to our common shareholders, such as a cash dividend, U.S. Holders (as defined in United States federal income tax considerations) of notes may be required to include an amount in income for United States federal income tax purposes, notwithstanding the fact that holders of notes do not receive a corresponding cash distribution. In addition, a failure to adjust (or to adjust adequately) the conversion rate after an event that has the effect of increasing your proportional interest in our company could be treated as a deemed taxable dividend to U.S. Holders of notes. The amount that you would have to include in income if you are a U.S. Holder of notes generally will be equal to the amount of the distribution that you would have received if you had converted your notes into our common shares. See Certain Canadian and United States income tax considerations United States federal income tax considerations.

If certain types of fundamental changes occur on or before the maturity date of the notes, under some circumstances, we will increase the conversion rate for notes converted in connection with the fundamental change. Such increase may also be treated as a distribution subject to United States federal income tax as a dividend.

We believe we are a passive foreign investment company under the U.S. Internal Revenue Code and if we are or become a passive foreign investment company there may be adverse U.S. tax consequences for investors in the United States.

Potential investors that are U.S. Holders (as defined in Certain Canadian and United States income tax considerations United States federal income tax considerations) should be aware that we believe we were a passive foreign investment company under Section 1297(a) of the U.S. Internal Revenue Code (PFIC) for the taxable year ended November 30, 2007, but we believe we will not be a PFIC for the taxable year ending November 30, 2008 if commercial production commences at Rock Creek and Big Hurrah in mid-2008, as currently anticipated, and sufficient revenues are generated to cause the Company to cease to be a PFIC. If we are a PFIC, any gain recognized on the sale of our notes and common shares and any excess distributions (as specifically defined) paid on our common shares must be ratably allocated to each day in a U.S. Holder s holding period for the notes and/or common shares. The amount of any such gain or excess distribution allocated to prior years of such U.S. Holder s holding period for the common shares generally will be subject to U.S. federal income tax at the highest tax rate applicable to ordinary income in each such prior year, and the U.S. Holder will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

The determination of whether we will be a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether we will be a PFIC for any taxable year generally depends on our assets and income over the course of each such taxable year and, as a result, cannot be predicted with certainty as of the date of this prospectus supplement. Accordingly, there can be no assurance that the U.S. Internal Revenue Service will not challenge the determination made by us concerning our PFIC status or that we will not be a PFIC for any taxable year.

See Certain Canadian and United States income tax considerations United States federal income tax considerations for more information on tax considerations related to our PFIC status, including the ability of U.S. Holders to make certain elections that may mitigate the adverse consequences of the Company being a PFIC.

Risks relating to the Company s business.

NovaGold has no history of producing precious metals from its mineral exploration properties and there can be no assurance that it will successfully establish mining operations or profitably produce precious metals.

NovaGold has no history of producing precious metals from its current portfolio of mineral exploration properties. All of the Company s properties are in the exploration or development stage and the Company has only defined or delineated any probable reserves at its Rock Creek project. None of the Company s properties, other than Rock Creek and Big Hurrah, are currently under development. The future development of any properties found to be economically feasible will require the construction and operation of mines, processing plants and related

infrastructure. As a result, NovaGold is subject to all of the risks associated with establishing new mining operations and business enterprises, including:

- the timing and cost, which can be considerable, of the construction of mining and processing facilities;
- the availability and costs of skilled labour and mining equipment;
- the availability and cost of appropriate smelting and/or refining arrangements;
- the need to obtain necessary environmental and other governmental approvals and permits, and the timing of those approvals and permits; and
- the availability of funds to finance construction and development activities.

The costs, timing and complexities of mine construction and development are increased by the remote location of the Company s mining properties. It is common in new mining operations to experience unexpected problems and delays during development, construction and mine start-up. In addition, delays in the commencement of mineral production often occur. Accordingly, there are no assurances that the Company s activities will result in profitable mining operations, that the Company will successfully establish mining operations or profitably produce precious metals at any of its properties.

NovaGold s ability to generate the cash needed to pay interest and principal amounts on the notes, to continue its exploration activities and any future development activities, and to continue as a going concern, will depend in part on its ability to complete this offering and to commence production and generate material revenues or to obtain suitable financing in the future.

The Company had consolidated cash as of November 30, 2007 of $97.9 million of which $82.8 million was designated for Galore Creek activities, including payment of existing payables, but a portion is expected to be used for payment of suspension costs. Since November 30, 2007, the Company has received cash from several sources including the release of amounts securing bonds, the sale of some of its marketable securities and $16.0 million from a $30.0 million line of credit, and as of March 18, 2008 it had cash and undrawn lines of credit of approximately $23.8 million. The Company has an immediate need for the proceeds from this financing in order to fund its plan of operations. In the future, the Company intends to fund its obligations under the notes and its plan of operations from working capital, the proceeds of financings and cash flow from Rock Creek and Big Hurrah. In the future, the Company s ability to continue its exploration and development activities, will depend in part on the Company s ability to commence production and generate material revenues or to obtain additional financing through joint ventures, debt financing, equity financing, production-sharing arrangements or other means. There can be no assurance that the Company will commence production at any of its projects or generate sufficient revenues to meet its obligations as they become due or obtain necessary financing on acceptable terms, if at all.

The Company s failure to meet its ongoing obligations on a timely basis could result in the loss or substantial dilution of the Company s interests (as existing or as proposed to be acquired) in its properties. For example, if we default in making a required contribution to Donlin Creek LLC, the limited liability company agreement that governs the co-ownership of the Donlin Creek project provides that Barrick may, on not less than 30 days prior notice, exercise its right to have

our percentage ownership in the Donlin Creek LLC permanently reduced by a percentage calculated by a formula that increases if there are three or more such defaults.

The limited liability company agreement that governs the co-ownership of the Donlin Creek project also provides that once a draft environmental impact statement for the Donlin Creek project is released for public comment, the parties will have to vote on a construction plan and budget. If either party votes against the construction plan and budget, a buy-sell provision is triggered whereby the party who voted in favor of the construction plan and budget can offer to buy the membership interests of the party who voted against the construction plan and budget. If the offeree accepts the offer, the offeror will acquire the offeree s interest. If the offer is rejected, the offeree can either (1) make a counter-offer to the offeror at the same price per percent as the original offer, which the original offeror must accept, or (2) agree to vote in favor of the construction plan and budget. If the initial party who voted in favor of the construction plan and budget does not want to make an offer to purchase the other party s membership interest then the construction plan and budget is terminated. If this provision was triggered by Barrick and we were unable to fund a purchase of Barrick s interest in the Donlin Creek project, we could be required to either accept the offer or fund a construction plan and budget that we may not feel is in the best interests of the project.

Should the Company incur significant losses in future periods, it may be unable to continue as a going concern, and realization of assets and settlement of liabilities in other than the normal course of business may be at amounts significantly different than those included in the Company s Annual Information Form for the fiscal year ended November 30, 2007.

The figures for NovaGold s resources and reserves are estimates based on interpretation and assumptions and may yield less mineral production under actual conditions than is currently estimated.

Unless otherwise indicated, mineralization figures presented in this prospectus supplement and in the Company s other filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by Company personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance that:

these estimates will be accurate;

reserves, resource or other mineralization figures will be accurate; or

this mineralization could be mined or processed profitably.

Because the Company has not commenced production at any of its properties, and has not defined or delineated any proven or probable reserves on any of its properties other than at Rock Creek, mineralization estimates for the Company s properties may require adjustments or downward revisions based upon further exploration or development work, actual production experience or other developments. For example, as a result of the escalation of costs at the Galore Creek project and the decision to reassess the feasibility study and project economics for the Galore Creek project, all of the previously reported proven and probable reserves at the Galore Creek project were reclassified as measured and indicated resources, and the Company advised its shareholders that the information in the feasibility study should not be relied on. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling

results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

The resource and reserve estimates contained in this prospectus supplement have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for gold, silver and copper may render portions of the Company s mineralization uneconomic and result in reduced reported mineralization. Any material reductions in estimates of mineralization, or of the Company s ability to extract this mineralization, could have a material adverse effect on NovaGold s results of operations or financial condition.

The Company has not established the presence of any proven and probable reserves at any of its mineral properties other than Rock Creek. There can be no assurance that subsequent testing or future studies will establish proven and probable reserves at the Company s other properties. The failure to establish proven and probable reserves could restrict the Company s ability to successfully implement its strategies for long-term growth.

Actual capital costs, operating costs, production and economic returns may differ significantly from those NovaGold has anticipated and there are no assurances that any future development activities will result in profitable mining operations.

The capital costs to take the Company s projects into production may be significantly higher than anticipated. Escalation of costs was a significant factor in the decision to suspend construction at the Galore Creek project. In connection with the Donlin Creek project, as a result of the potential for changes to the project scale and design, and because of general inflationary conditions affecting capital costs, management currently expects significant increases to the US$2.2 billion estimated capital costs of the Donlin Creek project described in the September 2006 Preliminary Economic Assessment on the Donlin Creek project, although the amount of the increase has not yet been determined.

None of the Company s mineral properties, including the Donlin Creek, Rock Creek, Galore Creek and Ambler projects, have an operating history upon which the Company can base estimates of future operating costs. Decisions about the development of these and other mineral properties will ultimately be based upon feasibility studies. Feasibility studies derive estimates of cash operating costs based upon, among other things:

- anticipated tonnage, grades and metallurgical characteristics of the ore to be mined and processed;
- anticipated recovery rates of gold and other metals from the ore;
- cash operating costs of comparable facilities and equipment; and
- anticipated climatic conditions.

Cash operating costs, production and economic returns, and other estimates contained in studies or estimates prepared by or for the Company, including the Rock Creek feasibility study or other feasibility studies, if prepared, may differ significantly from those anticipated by NovaGold s current studies and estimates, and there can be no assurance that the Company s actual operating costs will not be higher than currently anticipated.

Two Alaska Clean Water initiatives, if adopted and upheld, may adversely affect our ability to develop the Donlin Creek project or other properties in Alaska.

Two ballot initiatives may appear on the November 2008 Alaskan general election ballot regarding large scale metallic mining. The full impact of either of these initiatives, even if adopted and found to be constitutional, cannot yet be determined as the full impact will be dependent on the rules and regulations implementing such initiatives. One initiative seeks to impose two water quality standards on new large scale metallic mineral mining operations in Alaska. The cost statement prepared by the Alaska Division of Elections accompanying this initiative indicated that the language in the initiative does not differ significantly from existing water quality standards. We believe this initiative, if adopted and implemented, would not significantly impact our ability to develop our Alaskan properties. The other initiative imposes new prohibitions on new large scale metallic mineral mining operations in Alaska. In the cost statement accompanying the initiative, the Division of Elections noted that [b]y prohibiting any discharge of certain pollutants, even if those discharges meet or exceed existing state and federal water quality standards, this initiative would effectively prohibit most, if not all new large scale mining activity. This initiative has been held to be unconstitutional by an Alaskan state court, but that ruling is expected to be appealed to the Supreme Court of Alaska. We believe if this initiative is adopted and found to be constitutional, it may be difficult or impossible for any new large mining project, such as the Donlin Creek project or other of our Alaskan properties, to be successfully developed and operated.

The Company may fail to achieve and maintain the adequacy of internal control over financial reporting as per the requirements of the Sarbanes-Oxley Act.

The Company has documented and tested, during the current fiscal year, its internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (SOX). Commencing November 30, 2006, the end of the Company s 2006 fiscal year, SOX requires an annual assessment by management of the effectiveness of the Company s internal control over financial reporting and an attestation report by the Company s independent auditors addressing this assessment. Management concluded that the Company s internal control over financial reporting was ineffective as of November 30, 2007 due to a material weakness identified by its external auditors in the preparation and review of the U.S. GAAP reconciliation to Canadian GAAP, specifically in respect to project expenditures capitalized or expensed under U.S. GAAP. The remediation efforts designed by the Company may not be adequate to address the material weakness. Due to the existence of the material weakness relating to U.S. GAAP, the Company has also determined that its disclosure controls and procedures, as defined under the Securities Exchange Act of 1934, were not effective.

The Company may fail to achieve and maintain the adequacy of its internal control over financial reporting, as such standards are modified, supplemented, or amended from time to time, and the Company may not be able to ensure that it can conclude on an ongoing basis that it has effective internal controls over financial reporting in accordance with Section 404 of SOX. The Company s failure to remediate its material weakness or to satisfy the requirements of Section 404 of SOX on an ongoing, timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm the Company s business and negatively impact the trading price of its common shares. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company s operating results or cause it to fail to meet its reporting obligations. Future acquisitions of companies may provide the Company with challenges in implementing the

required processes, procedures and controls in its acquired operations. Acquired companies may not have disclosure control and procedures or internal control over financial reporting that are as thorough or effective as those required by securities laws currently applicable to the Company.

No evaluation can provide complete assurance that the Company s internal control over financial reporting will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be reported. The effectiveness of the Company s control and procedures could also be limited by simple errors or faulty judgments. In addition, as the Company continues to expand, the challenges involved in implementing appropriate internal controls over financial reporting will increase and will require that the Company continue to improve its internal controls over financial reporting. Although the Company intends to devote substantial time and incur substantial costs, as necessary, to ensure ongoing compliance, the Company cannot be certain that it will be successful in complying with Section 404.

Use of proceeds

The Company estimates that the net proceeds from the offering will be approximately US$90.7 million after deducting the underwriter s fee and the Company s estimated fees and expenses. If the underwriter s over-allotment option is exercised in full, the net proceeds will be approximately US$104.2 million. The Company intends to use the net proceeds from the offering to repay the amount drawn down under the Company s $30.0 million short-term credit facility, which was approximately $16.0 million at March 18, 2008, to fund general exploration and development on the Company s projects and for general corporate purposes.

The actual amount that the Company spends in connection with each of the intended uses of proceeds may vary significantly from the amounts specified above, and will depend on a number of factors, including those listed under Risk factors in or incorporated by reference in this prospectus supplement and the accompanying base shelf prospectus.

Pending the uses described above, the Company intends to invest the net proceeds in cash on deposit with major Canadian banks and highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition.

Dividend policy

The Company has not declared or paid any dividends on its common shares since the date of its incorporation. The Company intends to retain its earnings, if any, to finance the growth and development of its business and does not expect to pay dividends or to make any other distributions in the near future. The Company s Board of Directors will review this policy from time to time having regard to the Company s financing requirements, financial condition and other factors considered to be relevant.

Consolidated capitalization

The following table sets forth our consolidated capitalization as of November 30, 2007 on an actual basis and as adjusted to give effect to this offering (but not the exercise of the over-allotment option) as though it had occurred on such date. This table should be read in conjunction with the Company s audited consolidated financial statements, including the notes thereto, for the fiscal year ended November 30, 2007. This table assumes no conversion of the notes into common shares.

(in thousands)	**As at November 30, 2007**	**As at November 30, 2007 after giving effect to the issuance of the notes**
Cash and cash equivalents[1]	$ 97,916	$ 188,566
Debt:		
Senior Convertible Notes offered hereby[2][3]		36,816
Shareholders Equity		
Common shares (1,000,000,000 shares authorized, no par value; 104,898,102 shares issued and outstanding)[4][5]	760,468	760,468
Contributed surplus	820	820
Share based compensation	19,739	19,739
Warrants	9,178	9,178
Deficit	(163,657)	(168,962)
Accumulated other comprehensive income	15,927	15,927
Senior Convertible Notes offered hereby[2][3]		55,224
Total Shareholders Equity[4][5]	642,475	692,394
Total Capitalization	**$ 642,475**	$ 729,210

Notes:

(1) Does not include restricted cash.

(2) Under Canadian GAAP, the notes would be allocated on our consolidated financial statements into a debt component estimated at $36.8 million and an equity component estimated at $55.2 million, after deducting estimated offering expenses. Amounts do not include accretion of the debt or the related interest. There are differences between Canadian GAAP and U.S. GAAP in the accounting treatment for convertible debt.

(3) The US$ principal amount of the notes has been converted for the purposes of this table using Bank of Canada closing rate of $1.00 per US$0.9849 on March 19, 2008. The effects of foreign exchange gains or losses from revaluation have not been taken into account.

(4) Does not include 8,761,000 common shares reserved for issuance pursuant to outstanding stock options, which were exercisable at a weighted average exercise price of $8.76 as at November 30, 2007.

(5) Includes approximately 9,396 common shares held by a wholly-owned subsidiary of the Company.

Earnings coverage

The following consolidated financial earnings coverage figure and ratio are calculated for the year ended November 30, 2007 and give effect to all long-term financial liabilities of the Company and the repayment, redemption or retirement thereof since this date. The earnings coverage deficiencies and the amount of earnings and interest expense set forth below do not purport to be indicative of earnings coverage deficiencies or ratios for any further periods. The deficiency figures and coverage ratios have been calculated based on Canadian GAAP. These coverage deficiencies, coverage ratios, earnings or interest expenses have been calculated giving effect to the issuance of US$95,000,000 principal amount of notes from the beginning of the Company s fiscal year at December 1, 2006.

		Year ended November 30, 2007 (amounts in millions, other than earnings coverage ratio)
Interest expense[1]	$	5.3
Earnings (loss) before interest expense and income taxes	$	(61.3)
Earnings coverage (deficiency)[2][3][4]	$	(66.6)
Earnings coverage ratio		(11.39)

(1) Includes interest expense for the principal amount of the notes.

(2) Earnings coverage (deficiency) is the dollar amount of earnings required to attain an earnings coverage ratio of one-to-one. Earnings coverage ratio is equal to net income after the unrealised loss on derivatives and before interest expense and income taxes divided by interest expense on all debt.

(3) The convertible debenture has a debt and equity component. $36.8 is the estimated debt component. The amount included in the earnings coverage (deficiency) calculation is the total interest expense for the principal amount of the notes.

(4) The US$95,000,000 principal amount of the notes and related interest has been converted for the purposes of this table using the Bank of Canada closing rate of $1.00 per US$0.9849 on March 19, 2008.

Description of share capital

The Company s authorized share capital consists of 1,000,000,000 common shares without par value and 10,000,000 preferred shares, issuable in series. As at March 18, 2008, the Company had 105,161,311 common shares and no preferred shares issued and outstanding.

Common shares

All of the common shares rank equally as to voting rights, participation in a distribution of the assets of the Company on a liquidation, dissolution or winding-up of the Company and the entitlement to dividends. The holders of the common shares are entitled to receive notice of all meetings of shareholders and to attend and vote the shares at the meetings. Each common share carries with it the right to one vote.

In the event of the liquidation, dissolution or winding-up of the Company or other distribution of its assets, the holders of the common shares will be entitled to receive, on a pro rata basis, all of the assets remaining after the Company has paid out its liabilities. Distributions in the form of dividends, if any, will be set by the Board of Directors.

Provisions as to the modification, amendment or variation of the rights attached to the common shares are contained in the Company s articles of association and the *Companies Act* (Nova Scotia). Generally speaking, substantive changes to the share capital require the approval of the shareholders by special resolution (at least 75% of the votes cast) and in certain cases approval by the holders of a class or series of shares, including in certain cases a class or series of shares not otherwise carrying voting rights, in which event the resolution must be approved by no less than two-thirds of the votes cast by shareholders who vote in respect of the resolution.

Preferred shares

The Company s preferred shares may be issued from time to time in one or more series, the number of shares, designation, rights and restrictions of which will be determined by the Board of Directors of the Company. The preferred shares rank ahead of the common shares with respect to the payment of dividends and the payment of capital. There are no preferred shares outstanding at the date of this prospectus supplement.

Description of notes

The notes are to be issued under an indenture between us, as issuer, and The Bank of New York as trustee, as supplemented by a supplemental indenture thereto, each to be dated as of March 26, 2008, relating to the notes. We refer to the indenture, as so supplemented, as the indenture.

The following description is a summary of the material provisions of the notes and the indenture and does not purport to be complete. We urge you to read the indenture because the indenture, and not this description, defines your rights as a holder of the notes. You should refer to all of the provisions of the indenture, including the definitions of certain terms used in the indenture. The terms of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended. The indenture, including the form of note contained therein, is specifically incorporated herein by reference. You may request a copy of the indenture from us.

As used in this Description of notes section, references to we, our or us refer solely to NovaGold Resources Inc. an not to our subsidiaries.

General

The notes are our senior unsecured debt and rank on parity with all of our other existing and future senior unsecured debt and prior to all of our subordinated debt. The notes are convertible into our common shares, as described more fully under Conversion rights below.

The notes are limited to US$95,000,000 aggregate principal amount (or US$109,000,000 if the underwriter s over-allotment option is fully exercised). The notes are issued only in denominations of US$1,000 and multiples of US$1,000. The notes mature on May 1, 2015, unless earlier converted, redeemed or repurchased. We may, without the consent of the holders, issue additional notes under the indenture with the same terms and with the same CUSIP numbers as the notes offered hereby in an unlimited aggregate principal amount, provided that such additional notes must be part of the same issue as the notes offered hereby for U.S. federal income tax purposes. We may also from time to time repurchase notes in open market purchases or negotiated transactions without prior notice to holders.

Neither we nor any of our subsidiaries are subject to any financial covenants under the indenture. In addition, neither we nor any of our subsidiaries are restricted under the indenture from paying dividends, incurring debt, granting security, or issuing or repurchasing our securities or those of our subsidiaries.

The holders of the notes are not afforded protection under the indenture in the event of a highly leveraged transaction or a change in control of us except to the extent described under Offer to purchase upon a fundamental change, and Conversion rights Adjustment to shares delivered upon conversion upon certain fundamental changes.

Except under limited circumstances described below, the notes are issued only in fully registered book-entry form and are represented by one or more global notes. There is no service charge for registration of transfer or exchange of the notes. We may, however, require holders to pay a sum to cover any tax or other governmental charge payable in connection with certain transfers or exchanges.

Payments on the notes; paying agent and registrar

We will pay principal of certificated notes at the office or agency designated by us in the Borough of Manhattan, The City of New York. We have initially designated the corporate trust office of the trustee under the indenture at 101 Barclay Street, New York, New York 10286 as our paying agent and registrar and its agency in New York, New York as a place where notes may be presented for payment or for registration of transfer. We may, however, change the paying agent or registrar without prior notice to the holders of the notes, and we may act as paying agent or registrar. Interest on certificated notes will be payable (i) to holders having an aggregate principal amount of US$5 million or less, by check mailed to the holders of these notes and (ii) to holders having an aggregate principal amount of more than US$5 million, either by check mailed to each holder or, upon application by a holder to the registrar not less than 15 days prior to the relevant payment date, by wire transfer in immediately available funds to that holder s account within the United States, which application shall remain in effect until the holder notifies, in writing, the registrar to the contrary.

We will pay principal of and interest on notes in global form registered in the name of or held by The Depository Trust Company or its nominee in immediately available funds to accounts specified by The Depository Trust Company or its nominee, as the case may be, as the registered holder of such global note.

Interest

The notes will bear interest at a rate of 5.50% per year. Interest on the notes will accrue from March 26, 2008. Interest will be payable semiannually in arrears on May 1 and November 1, beginning November 1, 2008.

Interest will be paid to the person in whose name a note is registered at the close of business on April 15 or October 15, as the case may be, immediately preceding the relevant interest payment date. Interest on the notes will be computed on the basis of a 360-day year composed of twelve 30-day months.

Conversion rights

Holders of the notes may convert any notes or portions of the notes, in whole or in part, initially at a conversion rate of 94.2418 common shares per US$1,000 principal amount of notes (equivalent to a conversion price of approximately US$10.61 per common share) at any time prior to the close of business on the business day immediately preceding the final maturity date of the notes, subject to prior redemption or repurchase of the notes.

The trustee will initially act as conversion agent. The conversion rate and the applicable conversion price in effect at any given time are referred to as the applicable conversion rate and the applicable conversion price, respectively, and will be subject to adjustment as described below. A holder may convert fewer than all of such holder s notes so long as the notes converted are an integral multiple of US$1,000 principal amount.

Upon conversion of a note, we will have the right to elect to deliver cash or a combination of cash and common shares for the notes surrendered instead of delivering only common shares (plus cash in lieu of fractional shares). To exercise this right, we must give notice of our election to deliver part or all of the conversion consideration in cash to the holder converting the notes within two business days of our receipt of the holder s notice of conversion. The amount of cash

to be delivered per note will be equal to the number of common shares in respect of which the cash payment is being made multiplied by the average of the daily VWAP prices of the common shares for the 10 trading days commencing one day after (a) the date of our notice of election to deliver all or part of the conversion consideration in cash if we have not given notice of redemption or (b) the conversion date, in the case of conversion following notice of redemption specifying our intention to deliver cash upon conversion. Daily VWAP means the per share volume-weighted average price as displayed under the heading Bloomberg VWAP on Bloomberg page NG US Equity AQR in respect of the period from 9:30 am to 4:00 pm (New York City time) on such trading day (or if such volume-weighted average price is unavailable, the market value of one common share on such trading day on the TSX or otherwise as our board of directors determines in good faith using a volume-weighted method); provided that after the consummation of a fundamental change in which the consideration is comprised entirely of cash, daily VWAP means the cash price per common share received by holders of our common shares on such fundamental change.

If we elect to deliver cash in lieu of some or all of the common shares issuable upon conversion, we will make the payment, including delivery of the common shares, through the conversion agent, to holders surrendering notes no later than the fourteenth business day following the conversion date. Otherwise, we will deliver the common shares, together with any cash payment for fractional shares, as described below, through the conversion agent no later than the fifth business day following the conversion date.

We may not deliver cash in lieu of any common shares issuable upon a conversion date (other than in lieu of fractional shares) if there has occurred and is continuing an event of default under the indenture, other than an event of default that is cured by the payment of the conversion consideration.

If we call notes for redemption, a holder of notes may convert the notes only until the close of business on the business day immediately preceding the redemption date unless we fail to pay the redemption price. If a holder of notes has submitted the notes for purchase upon a fundamental change, a holder of notes may convert the notes only if that holder withdraws the purchase election made by that holder. Similarly, if a holder of notes exercises the option to require us to repurchase the notes other than upon a fundamental change, those notes may be converted only if the holder withdraws its election to exercise the option in accordance with the terms of the indenture.

Upon conversion, you will not receive any separate cash payment for accrued and unpaid interest unless such conversion occurs between a regular record date and the interest payment date to which it relates. We will not issue fractional common shares upon conversion of notes. Instead, we will pay cash in lieu of fractional shares based on the last reported sale price of the common shares on the trading day prior to the conversion date.

Our delivery to you of common shares, cash, or a combination of cash and common shares, as applicable, together with any cash payment for any fractional share, into which a note is convertible, will be deemed to satisfy our obligation to pay:

- the principal amount of the note; and
- accrued and unpaid interest to, but not including, the conversion date.

As a result, accrued and unpaid interest to, but not including, the conversion date will be deemed to be paid in full rather than cancelled, extinguished or forfeited.

Notwithstanding the preceding paragraph, if notes are converted after 5:00 p.m., New York City time, on a regular record date for the payment of interest, holders of such notes at 5:00 p.m., New York City time, on such record date will receive the interest payable on such notes on the corresponding interest payment date notwithstanding the conversion. Notes, upon surrender for conversion during the period from 5:00 p.m., New York City time, on any regular record date to 9:00 a.m. New York City time, on the immediately following interest payment date, must be accompanied by funds equal to the amount of interest payable on the notes so converted on the corresponding interest payment date; provided that no such payment need be made:

- if we have specified a redemption date that is after a record date and on or prior to the corresponding interest payment date;
- if we have specified a fundamental change purchase date that is after a record date and on or prior to the corresponding interest payment date; or
- to the extent of any overdue interest, if any overdue interest exists at the time of conversion with respect to such note.

If a holder converts notes, we will pay any documentary, stamp or similar issue or transfer tax due on the issue of any of our common shares upon the conversion, unless the tax is due because the holder requests any shares to be issued in a name other than the holder s name, in which case the holder will pay that tax.

Conversion upon specified corporate transactions

If we are a party to a consolidation, amalgamation, merger, binding share exchange, statutory arrangement, sale of all or substantially all of our assets or other combination, in each case pursuant to which our common shares are converted into cash, securities, or other property, then at the effective time of the transaction, the right of a holder of notes to convert a note into our common shares and cash will be changed into a right to convert it into the kind and amount of cash, securities and other property which holders of the notes would have received if those holders had converted their notes immediately prior to the transaction (the reference property). If the transaction causes our common shares to be converted into the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election), the reference property into which the notes will be convertible will be deemed to be the weighted average of the types and amounts of consideration received by the holders of our common shares that affirmatively make such an election. We will agree in the indenture not to become a party to any such transaction unless its terms are consistent with the foregoing.

If holders of notes would otherwise be entitled to receive, upon conversion of the notes, any property (including cash) or securities that would not constitute prescribed securities for the purposes of clause 212(1)(b)(vii)(E) of the Tax Act as it applied for the 2007 taxation year (referred to herein as ineligible consideration), such holders shall not be entitled to receive such ineligible consideration but we or the successor or acquirer, as the case may be, shall have the right (at the sole option of us or the successor or acquirer, as the case may be) to deliver either such ineligible consideration or prescribed securities for the purposes of clause 212(1)(b)(vii)(E) of the Tax Act as it applied for the 2007 taxation year with a market value equal to the market value of such ineligible consideration. In general, prescribed securities would include our common shares and other shares which are not redeemable by the holder within five years of the date of issuance of the notes. Because of this, certain transactions may

result in the notes being convertible into prescribed securities that are highly illiquid. This could have a material adverse effect on the value of the notes. We agree to give notice to the holders of notes at least 30 days prior to the effective date of such transaction in writing and by release to a business newswire stating the consideration into which the notes will be convertible after the effective date of such transaction. After such notice, we or the successor or acquirer, as the case may be, may not change the consideration to be delivered upon conversion of the notes except in accordance with any other provision of the indenture.

If the transaction also constitutes a fundamental change, we will be required to offer to purchase for cash all of your notes as described under Offer to purchase upon a fundamental change.

Conversion procedures

To convert the notes into common shares a holder of notes must do the following (or comply with DTC procedures for doing so in respect of its beneficial interest in notes evidenced by a global note):

- complete and manually sign the conversion notice on the back of the note or facsimile of the conversion notice and deliver this notice to the conversion agent;
- surrender the note to the conversion agent;
- if required, furnish appropriate endorsements and transfer documents; and
- if required, pay all transfer or similar taxes.

The date a holder of notes complies with these requirements is the conversion date under the indenture.

Conversion rate and adjustments

The initial conversion rate for the notes is 94.2418 common shares per US$1,000 principal amount of notes, subject to adjustment as described below.

We will adjust the conversion rate if any of the following events occurs, except that we will not make any adjustment if holders of notes may participate, as a result of holding the notes, in the transactions described without having to convert their notes.

(1) If we issue common shares as a dividend or distribution on our common shares, or if we subdivide or combine our common shares, the conversion rate will be adjusted based on the following formula:

$$CR^1 = CR_0 \quad x \quad \frac{OS^1}{OS_0}$$

where,

CR_0 = the conversion rate in effect immediately prior to such event

CR^1 = the conversion rate in effect immediately after such event

OS_0 = the number of our common shares outstanding immediately prior to such event

OS^1 = the number of our common shares outstanding immediately after such event

(2) If we issue to all or substantially all holders of common shares certain rights or warrants to purchase our common shares for a total acquisition cost less than the closing sale price of our common shares on the record date for shareholders entitled to receive such rights and warrants, which rights or warrants are exercisable for not more than 60 days, the conversion rate will be adjusted based on the following formula (provided that the conversion rate will be readjusted to the extent that such rights or warrants are not exercised prior to their expiration):

$$CR^1 = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where,

CR_0 = the conversion rate in effect immediately prior to such event

CR^1 = the conversion rate in effect immediately after such event

OS_0 = the number of our common shares outstanding on the close of business on the next business day following such record date

X = the total number of our common shares issuable pursuant to such rights

Y = the number of our common shares equal to the quotient of (A) the aggregate price payable to exercise all such rights or warrants and (B) the average of the closing sale prices of our common shares for the ten consecutive trading days ending on the business day immediately preceding the date of announcement for the issuance of such rights or warrants

(3) If we distribute to all or substantially all holders of our common shares, common shares, evidences of indebtedness or assets, including securities but excluding:

rights or warrants specified above;
dividends or distributions specified above; and
dividends or distributions specified in (4) below;

then the conversion rate will be adjusted based on the following formula:

$$CR^1 = CR_0 \times \frac{SP_0}{SP_0 - FMV}$$

where,

CR_0 = the conversion rate in effect immediately prior to such distribution

CR^1 = the conversion rate in effect immediately after such distribution

SP_0 = the current market price (as defined below) of our common shares on such record date for such distribution

FMV = the fair market value (as determined by our board of directors) of the common shares, evidences of indebtedness, assets or property distributed with respect to each outstanding common share on the record date for such distribution

To the extent that we have a rights plan in effect upon conversion of the notes into common shares, a holder of notes will receive, in addition to the common shares, the rights under the rights plan unless the rights have separated from the common shares at the time of conversion, in which case the conversion rate will be adjusted as if we distributed to all holders of our common shares, common shares, evidences of indebtedness or assets as described above, subject to readjustment in the event of the expiration, termination or redemption of such rights.

With respect to an adjustment pursuant to this clause (3) where there has been a payment of a dividend or other distribution on our common shares or shares of any class or series, or similar equity interest, of or relating to a subsidiary or other business unit, which we refer to as a spin-off, the conversion rate in effect immediately before 5:00 p.m., New York City time, on the effective date fixed for determination of shareholders entitled to receive the distribution will be increased based on the following formula:

$$CR^1 = CR_0 \quad x \quad \frac{FMV_0 + MP_0}{MP_0}$$

where,

CR_0 = the conversion rate in effect immediately prior to such distribution

CR^1 = the conversion rate in effect immediately after such distribution

FMV_0 = the average of the closing sale prices of the common shares or similar equity interest distributed to holders of our commons shares applicable to one common share over the ten consecutive trading-day period commencing on and including the fifth trading day after the date on which ex-dividend trading commences for such distribution on the American Stock Exchange or such other national or regional exchange or market on which the securities are then listed or quoted

MP_0 = the average of the closing sale prices of our common shares over the ten consecutive trading-day period commencing on and including the fifth trading day after the date on which ex-dividend trading commences for such distribution on the American Stock Exchange or such other national or regional exchange or market on which the securities are then listed or quoted

The adjustment to the conversion rate under the preceding paragraph will occur on the fourteenth trading day after the date on which ex-dividend trading commences for such distribution on the American Stock Exchange or such other national or regional exchange or market on which the securities are then listed or quoted.

(4) If any cash dividend or other distribution is made to all or substantially all holders of our common shares, the conversion rate will be adjusted based on the following formula:

$$CR^1 = CR_0 \, x \, \frac{SP_0}{SP_0 - C}$$

where,

CR_0 = the conversion rate in effect on the record date for such distribution

CR^1 = the conversion rate in effect immediately after the record date for such distribution

SP_0 = the current market price of one of our common shares on the record date for such distribution

C = the amount in cash per share we distribute to holders of our common shares

Current market price means the average of the daily closing sale prices per common share for the ten consecutive trading days immediately preceding the earlier of the record date and the ex date with respect to the distribution, issuance or other event requiring such computation. As used in the definition of current market price, the term ex date, when used with respect to any distribution, means the first date on which the common share trades, regular way, on the relevant exchange or in the relevant market from which the closing sale price was obtained without the right to receive such distribution.

(5) If we or one of our subsidiaries makes a payment in respect of a tender offer or exchange offer for our common shares to the extent that the cash and value of any other consideration included in the payment per common share exceeds the current market price per common share on the trading day immediately preceding the date such tender offer or exchange offer is announced, the conversion rate will be increased based on the following formula:

$$CR^1 = CR_0 \times \frac{AC + (SP^1 \times OS^1)}{OS_0 \times SP^1}$$

where,

CR_0 = the conversion rate in effect on the date such tender or exchange offer expires

CR^1 = the conversion rate in effect on the day next succeeding the date such tender or exchange offer expires

AC = the fair market value (as determined by our board of directors) of the aggregate consideration paid or payable for shares purchased in such tender or exchange offer

OS_0 = the number of our common shares outstanding on the trading day immediately preceding the date such tender or exchange offer is announced

OS^1 = the number of our common shares outstanding less any shares purchased in the tender or exchange offer at the time such tender or exchange offer expires

SP^1 = the current market price of our common shares on the trading date immediately after the date such tender or exchange offer expires

In the event of:

any reclassification of our common shares;

a consolidation, merger or combination involving us; or

a sale or conveyance to another person or entity of all or substantially all of our property and assets;

in which holders of our common shares would be entitled to receive shares, other securities, other property, assets or cash for their common shares, upon conversion of the notes, a holder thereof will be entitled to receive the same type of consideration which it would have been entitled to receive if it had converted the notes into our common shares immediately prior to any of these events (provided such consideration is not ineligible consideration as described in Conversion upon specified corporate transactions).

A holder of notes may in certain situations be deemed to have received a distribution subject to United States federal income tax as a dividend in the event of any taxable distribution to holders of common shares or in certain other situations requiring a conversion rate adjustment. See Certain Canadian and United States income tax considerations United States federal income tax considerations.

We may, from time to time, increase the conversion rate for a period of at least 20 days if our board of directors has made a determination that this increase would be in our best interests. Any such determination by our board will be conclusive. In addition, we may increase the conversion rate if our board of directors deems it advisable to avoid or diminish any income tax to holders of common shares or rights to purchase common shares resulting from any dividend or distribution of shares or rights to acquire shares or from any event treated as such for income tax purposes. See Certain Canadian and United States income tax considerations United States federal income tax considerations.

Any such increases in the conversion rate by our board of directors shall not, without the approval of our shareholders, if required by Rule 713 of the American Stock Exchange Company Guide or the rules of the Toronto Stock Exchange, result in the sale or issuance of 20% (25% in the case of the Toronto Stock Exchange) or more of our common shares, or 20% (25% in the case of the Toronto Stock Exchange) or more of the voting power, outstanding on the date of this prospectus supplement.

Except as described above in this section, we will not adjust the conversion rate for any issuance of our common shares, convertible or exchangeable securities or rights to purchase our common shares or convertible or exchangeable securities.

We will not be required to make an adjustment in the conversion rate unless the adjustment would require a change of at least 1% in the conversion rate. However, we will carry forward any adjustments that are less than 1% of the conversion rate.

Adjustments of average prices

Whenever any provision of the indenture requires us to calculate an average of last reported prices or daily VWAP over a span of multiple days, we will make appropriate adjustments, determined in good faith by our board of directors, to account for any adjustment to the conversion rate that becomes effective, or any event requiring an adjustment to the conversion rate where the ex date of the event occurs at any time during the period from which the average is to be calculated.

Adjustments to shares delivered upon conversion upon certain fundamental changes

If you elect to convert your notes as described above in the first paragraph under Conversion upon specified corporate transactions, and the corporate transaction also constitutes a fundamental change (as defined under Offer to purchase upon a fundamental change), in certain

circumstances described below, the conversion rate will be increased by an additional number of common shares (the additional shares) as described below. Any conversion occurring at a time when the notes would be convertible in light of the expected or actual occurrence of a fundamental change will be deemed to have occurred in connection with such fundamental change notwithstanding the fact that a note may then be convertible because another condition to conversion has been satisfied.

The number of additional shares by which the conversion rate will be increased will be determined by reference to the table below, based on the date on which the fundamental change occurs or becomes effective (the effective date) and the price (the share price) paid per common share in the fundamental change. If the fundamental change is a transaction described in clause (2) of the definition of fundamental change, and holders of our common shares receive only cash in that fundamental change, the share price shall be the cash amount paid per share. Otherwise, the share price shall be the average of the last reported sale prices of our common shares over the five trading-day period ending on the trading day preceding the effective date of the fundamental change.

The share prices set forth in the first row of the table below (i.e. column headings) will be adjusted as of any date on which the conversion rate of the notes is otherwise adjusted. The adjusted share prices will equal the share prices applicable immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the conversion rate immediately prior to the adjustment giving rise to the share price adjustment and the denominator of which is the conversion rate as so adjusted. The number of additional shares will be adjusted in the same manner as the conversion rate as set forth under Conversion rate and adjustments.

The following table sets forth the hypothetical share price and the number of additional shares to be received per US$1,000 principal amount of notes:

	Share Price										
$7.86	**$10.00**	**$12.50**	**$15.00**	**$17.50**	**$20.00**	**$22.50**	**$25.00**	**$27.50**	**$30.00**	**$32.50**	**$35.00**
32.9846	24.3039	16.9140	12.4056	9.4206	7.3273	5.7958	4.6389	3.7432	3.0362	2.4696	2.0100
32.9846	24.3028	16.9127	12.4042	9.4195	7.3264	5.7951	4.6383	3.7427	3.0358	2.4693	2.0098
32.9846	24.3016	16.9113	12.4030	9.4184	7.3255	5.7943	4.6377	3.7422	3.0355	2.4690	2.0096
32.9846	24.3150	16.9218	12.4116	9.4258	7.3320	5.8002	4.6431	3.7472	3.0401	2.4734	2.0137
32.9846	24.3287	16.9323	12.4202	9.4331	7.3385	5.8060	4.6484	3.7521	3.0447	2.4777	2.0178
32.9846	24.3275	16.9309	12.4189	9.4320	7.3375	5.8052	4.6478	3.7517	3.0443	2.4774	2.0176
32.9846	24.3263	16.9295	12.4176	9.4309	7.3366	5.8045	4.6472	3.7512	3.0440	2.4772	2.0174
32.9846	24.2959	16.9046	12.3966	9.4128	7.3208	5.7905	4.6437	3.7398	3.0336	2.4677	2.0087

The exact share prices and effective dates may not be set forth in the table above, in which case

If the share price is between two share price amounts in the table or the effective date is between two effective dates in the table, the number of additional shares will be determined by a straight-line interpolation between the number of additional shares set forth for the higher and lower share price amounts and the two dates, as applicable, based on a 365-day year.

If the share price is greater than US$40.00 per share (subject to adjustment), no additional shares will be issued upon conversion.

If the share price is less than US$7.86 per share (subject to adjustment), no additional shares will be issued upon conversion.

Notwithstanding the foregoing, in no event will the total number of common shares issuable upon conversion exceed 127.2264 per US$1,000 principal amount, subject to adjustments in the same manner as the conversion rate as set forth under Conversion rate and adjustments.

Redemption for changes in Canadian tax law

We may redeem all but not part of the notes if we have or would become obligated to pay to the holder of any note additional amounts (which are more than a de minimis amount) as a result of any change from the date of this prospectus supplement in the laws or any regulations of Canada or any Canadian political subdivision or taxing authority, or any change from the date of this prospectus supplement in an interpretation or application of such laws or regulations by any legislative body, court, governmental agency, taxing authority or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory or administrative determination); provided we cannot avoid these obligations by taking reasonable measures available to us and that we deliver to the trustee an opinion of legal counsel specializing in taxation and an officers certificate attesting to such change and obligation to pay additional amounts. The term additional amounts is defined under Additional amounts. This redemption would be at 100% of the principal amount plus accrued and unpaid interest to, but excluding, the redemption date but without reduction for applicable Canadian taxes (as defined below) (except in respect of certain excluded holders (as defined below)). We will give holders of notes not less than 30 days nor more than 60 days notice of this redemption, except that (i) we will not give notice of redemption earlier than 60 days prior to the earliest date on or from which we would be obligated to pay any such additional amounts, and (ii) at the time we give the notice, the circumstances creating our obligation to pay such additional amounts remain in effect.

Upon receiving such notice of redemption, each holder who does not wish to have us redeem its notes will have the right to elect to:

(i) convert its notes; or

(ii) not have its notes redeemed,

provided that no additional amounts will be payable on any payment of interest or principal with respect to the notes after such redemption date. All future payments will be subject to the deduction or withholding of any Canadian taxes required by law to be deducted or withheld.

Where no election is made, the holder will have its notes redeemed without any further action. The holder must deliver to the paying agent a written notice of election so as to be received by the paying agent no later than the close of business on a business day at least five business days prior to the redemption date.

A holder may withdraw any notice of election by delivering to the paying agent a written notice of withdrawal prior to the close of business on the business day prior to the redemption date.

Repurchase at option of the holder

A holder of notes has the right to require us to repurchase all or a portion of such holder s notes on May 1, 2013. We must give notice of the upcoming repurchase date to all note holders not less than 20 business days prior to the repurchase date at their addresses shown in the register of the registrar. We will also give notice to beneficial owners as required by applicable law. This notice will state, among other things, the procedures that holders must follow to require us to repurchase all or a portion of their notes.

We will be required to repurchase for cash any outstanding note for which a holder of notes delivers a written repurchase notice to the paying agent. This notice must be delivered during the period beginning at any time from the opening of business on the date that is 20 business days prior to the repurchase date until the close of business on the repurchase date. If a repurchase notice is given and withdrawn during that period, we will not be obligated to repurchase the notes. Our repurchase obligation will be subject to certain additional conditions.

The repurchase price payable for a note will be equal to 100% of the principal amount of the notes plus accrued and unpaid interest to, but excluding, the repurchase date. The paying agent initially will be the trustee.

The repurchase notice must state:

(1) if certificated notes have been issued, the note certificate numbers (or, if the notes are not certificated, a repurchase notice made by a holder of notes must comply with appropriate DTC procedures);

(2) the portion of the principal amount of notes to be repurchased, which must be in US$1,000 multiples; and

(3) that the notes are to be repurchased by us pursuant to the applicable provisions of the notes and the indenture.

A holder of notes may withdraw any written repurchase notice by delivering a written notice of withdrawal to the paying agent prior to the close of business on the repurchase date. The withdrawal notice must state:

(1) the principal amount of the withdrawn notes;

(2) if certificated notes have been issued, the certificate numbers of the withdrawn notes (or, if the notes are not certificated, the withdrawal notice must comply with appropriate DTC procedures); and

(3) the principal amount, if any, which remains subject to the repurchase notice.

Payment of the repurchase price for a note for which a repurchase notice has been delivered and not withdrawn is conditioned upon book-entry transfer or delivery of the note, together with necessary endorsements, to the paying agent at its office in the Borough of Manhattan, The City of New York, or any other office of the paying agent, at any time after delivery of the repurchase notice. Payment of the repurchase price for the note will be made promptly following the later of the repurchase date and the time of book-entry transfer or delivery of the note. If the paying agent holds money sufficient to pay the repurchase price of the note on the repurchase date, then, on and after the date:

the note will cease to be outstanding and any interest will cease to accrue; and

all other rights of the holder will terminate, other than the right to receive the repurchase price upon delivery of the note.

This will be the case whether or not book-entry transfer of the note has been made or the note has been delivered to the paying agent.

Our ability to repurchase notes with cash may be limited by the terms of our then-existing borrowing agreements. Even though we become obligated to repurchase any outstanding note on the repurchase date, we may not have sufficient funds to pay the repurchase price on the repurchase date.

We will comply with the provisions of Rule 13e-4 and any other rules under the Exchange Act and any applicable Canadian securities laws that may be applicable.

No notes may be repurchased at the option of the holders if there has occurred and is continuing an event of default under the indenture, other than an event of default that is cured by the payment of the repurchase price of the notes.

Offer to purchase upon a fundamental change

In the event of a fundamental change, subject to the terms and conditions of the indenture, we shall be required to offer to purchase for cash all of the outstanding notes (a purchase offer) on the date (the purchase date) that is 30 business days after the date of such offer, at a purchase price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest up to but not including, the purchase date.

If such purchase date is after a record date but on or prior to an interest payment date, however, then the interest payable on such date will be paid to the holder of record of the notes on the relevant record date.

Within 30 business days after we know of the occurrence of a fundamental change, we shall be required to give notice to all holders of record of notes and to beneficial owners as may be required by applicable law, as provided in the indenture, stating among other things, the occurrence of a fundamental change and setting out the terms of the purchase offer. We must also deliver a copy of the notice to the trustee.

In order to accept such purchase offer, a holder must deliver to the paying agent prior to the purchase date a purchase notice stating among other things:

(1) if certificated notes have been issued, the note certificate numbers (or, if the notes are not certificated, the repurchase notice must comply with appropriate DTC procedures);

(2) the portion of the principal amount of notes to be purchased, which must be in US$1,000 multiples; and

(3) that the notes are to be purchased by us pursuant to the applicable provisions of the notes and the indenture.

A holder of notes may withdraw any written purchase notice by delivering a written notice of withdrawal to the paying agent prior to the close of business on the purchase date. The withdrawal notice must state:

(1) the principal amount of the withdrawn notes;

(2) if certificated notes have been issued, the certificate numbers of the withdrawn notes (or, if the notes are not certificated, the withdrawal notice must comply with appropriate DTC procedures); and

(3) the principal amount, if any, which remains subject to the purchase notice.

We will promptly pay the purchase price for notes properly surrendered for repurchase following the purchase date.

A fundamental change will be deemed to have occurred at the time after the notes are originally issued that any of the following occurs:

(1) a person or group within the meaning of Section 13(d) of the Exchange Act other than us, our subsidiaries or our or their employee benefit plans, files a Schedule TO or any schedule, form or report under the Exchange Act or applicable Canadian securities laws disclosing that such person or group has become the direct or indirect ultimate beneficial owner, as defined in Rule 13d-3 under the Exchange Act or applicable Canadian securities laws, of our common equity representing more than 50% of the voting power of our common equity;

(2) consummation of any share exchange, consolidation, amalgamation, merger, statutory arrangement or other combination pursuant to which our common shares will be converted into cash, securities or other property or any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of us and our subsidiaries, taken as a whole, to any person other than one of our wholly-owned subsidiaries; provided, however, that a transaction where the holders of more than 50% of all classes of our common equity immediately prior to such transaction own, directly or indirectly, more than 50% of all classes of common equity of the continuing or surviving corporation or transferee immediately after such event shall not be a fundamental change;

(3) continuing directors cease to constitute at least a majority of our Board of Directors; or

(4) our shareholders approve any plan or proposal for the liquidation or dissolution of us.

A fundamental change will not be deemed to have occurred, however, if at least 90% of the consideration, excluding cash payments for fractional shares, in the transaction or transactions otherwise constituting the fundamental change consists of common shares or American Depositary Shares that are traded or listed on, or immediately after the transaction or event will be traded or listed on a U.S. national or regional securities exchange or the Toronto Stock Exchange.

We will comply with any applicable provisions of Rule 13e-4 and any other tender offer rules under the Exchange Act and any applicable Canadian securities laws which may then be applicable in the event of a fundamental change.

No notes may be purchased upon a fundamental change if there has occurred and is continuing an event of default under the indenture, other than an event of default that is cured by the payment of the fundamental change purchase price of the notes.

These fundamental change purchase rights could discourage a potential acquirer. However, this fundamental change repurchase feature is not the result of management s knowledge of any specific effort to obtain control of us by means of a merger, tender offer or solicitation, or part of a plan by management to adopt a series of anti-takeover provisions. The term fundamental

change is limited to specified transactions and may not include other events that might adversely affect our financial condition or business operations. Our obligation to offer to repurchase the notes upon a fundamental change would not necessarily afford a holder of notes protection in the event of a highly leveraged transaction, reorganization, merger or similar transaction involving us.

We may be unable to repurchase the notes for cash if a fundamental change occurs. If a fundamental change were to occur, we may not have enough funds to pay the purchase price for all tendered notes. Any future credit agreements or other agreements relating to our indebtedness may contain provisions prohibiting purchase of the notes under certain circumstances, or expressly prohibit our purchase of the notes upon a fundamental change or may provide that a fundamental change constitutes an event of default under that agreement. If a fundamental change occurs at a time when we are prohibited from purchasing notes, we could seek the consent of our lenders to purchase the notes or attempt to refinance this debt. If we do not obtain consent, we would not be permitted to purchase the notes. Our failure to purchase tendered notes would constitute an event of default under the indenture, which might constitute a default under the terms of our other indebtedness.

Consolidation, merger and sale of assets by us

The indenture provides that we may, without the consent of any holder of notes, amalgamate with, consolidate with, combine with or merge with or into any other person or sell, transfer or lease all or substantially all of our properties and assets substantially as an entirety to another person, provided that:

- the resulting, surviving or transferee person (the successor company) will be a corporation, partnership, limited liability company or trust organized and existing under the laws of the United States of America, any state thereof, the District of Columbia or the laws of Canada or any province or territory thereunder and the successor company (if not us) will expressly assume, by a supplemental indenture, executed and delivered to the trustee, in form reasonably satisfactory to the trustee, all of our obligations under the notes and the indenture;

- immediately after giving effect to such transaction, no default under the indenture, and no event which, after notice or lapse of time or both, would become a default under the indenture, shall have occurred and be continuing; and

- we or the successor company shall have delivered to the trustee an officers certificate and an opinion of counsel, each stating that (i) the amalgamation, consolidation, merger or transfer and such supplemental indenture (if any) comply with the provisions of the indenture and (ii) the transaction will not result in the successor company being required to make any deduction or withholding on account of certain Canadian taxes from any payments in respect of the notes.

The successor company will succeed to, and be substituted for, and may exercise every right and power of, us under the indenture, but in the case of a sale, transfer or lease of substantially all our assets that results in the sale, assignment, conveyance, transfer or other disposition or assets constituting or accounting for less than 95% of our consolidated assets, revenue or net income (loss), we will not be released from the obligation to pay the principal of and interest on the notes.

Additional amounts

We will make payments on account of the notes without withholding or deducting on account of any present or future duty, levy, impost, assessment or other governmental charge (including, without limitation, penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of the Government of Canada or of any province or territory thereof or by any authority or agency therein or thereof having the power to tax (Canadian taxes), unless we are required by law or the interpretation or administration thereof, to withhold or deduct Canadian taxes. If we are required to withhold or deduct any amount on account of Canadian taxes, we will make such withholding or deduction and pay as additional interest the additional amounts (additional amounts) necessary so that the net amount received by each holder of notes after the withholding or deduction (including with respect to additional amounts) will not be less than the amount the holder would have received if the Canadian taxes had not been withheld or deducted. We will make a similar payment of additional amounts to holders of notes (other than excluded holders) that are exempt from withholding but are required to pay tax directly on amounts otherwise subject to withholding. However, no additional amounts will be payable with respect to a payment made to a holder or former holder of notes (an excluded holder) in respect of the beneficial owner thereof:

(i) with which we do not deal at arm s length (within the meaning of the Income Tax Act (Canada)) at the time of making such payment;

(ii) that is subject to such Canadian taxes by reason of its failure to comply with any certification, identification, information, documentation or other reporting requirement if compliance is required by law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or a reduction in the rate of deduction or withholding of, such Canadian taxes (provided that in the case of any imposition or change in any such certification, identification, information, documentation or other reporting requirements which applies generally to holders of notes who are not residents of Canada, at least 60 days prior to the effective date of any such imposition or change, we shall give written notice, in the manner provided in the indenture, to the trustee and the holders of the notes then outstanding of such imposition or change, as the case may be, and provide the trustee and such holders with such forms or documentation, if any, as may be required to comply with such certification, identification, information, documentation, or other reporting requirements); or

(iii) that is subject to such Canadian taxes by reason of its carrying on business in or otherwise being connected with Canada or any province or territory thereof otherwise than by the mere holding of such notes or the receipt of payments, or exercise of any enforcement rights thereunder;

and no additional amounts will be payable with respect to any estate, inheritance, gift, sales, excise, transfer, personal property or similar tax, assessment or governmental charge (the excluded taxes).

We will remit the amount we withhold or deduct to the relevant authority. Additional amounts will be paid in cash semi-annually, at maturity, on any redemption date, on a conversion date or on any repurchase date. With respect to references in this prospectus supplement to the payment of principal or interest on any note, such reference shall be deemed to include the payment of additional amounts to the extent that, in such context, additional amounts are, were or would be payable.

We will furnish to the trustee, within 30 days after the date the payment of any Canadian taxes is due pursuant to applicable law, evidence that such payment has been made. We will indemnify and hold harmless each holder of notes (other than an excluded holder or with respect to excluded taxes) and upon written request reimburse each such holder for the amount of (i) any Canadian taxes so levied or imposed and paid by such holder as a result of payments made under or with respect to the notes, (ii) any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, and (iii) any Canadian taxes levied or imposed and paid by such holder with respect to any reimbursement under (i) and (ii) above, but excluding any excluded taxes.

Ranking

The notes will be our senior unsecured obligations and will rank equally in right of payment with any future unsecured and unsubordinated senior debt and will be senior in right of payment to all of our future subordinated debt. However, the notes will be effectively subordinated to all of our future secured debt, including any secured debt incurred for the construction and development of our mining projects, to the extent of the security on such indebtedness. In addition, the creditors of our subsidiaries generally would have a right to receive payment superior to our right to receive payment from the assets of our subsidiaries, and accordingly, the holders of notes are also effectively subordinated to the creditors of our subsidiaries. If we were to liquidate or reorganize, a holder s right to participate in any distribution of a subsidiary s assets is necessarily subject to the claims of such subsidiary s creditors, including any debt incurred by our subsidiaries for the construction and development of our mining projects.

Limitation on Liens

The limitation on liens contained in the base indenture and described in the base prospectus does not apply to the notes.

Events of default; notice and waiver

The following are events of default under the indenture:

- we fail to pay the principal amount of the notes when due upon redemption, repurchase or otherwise on the notes;
- we fail to pay interest on the notes, when due and such failure continues for a period of 30 days;
- we fail to perform or observe any other covenant, agreement or condition in the indenture or the notes for 60 days after written notice;
- we fail to convert notes into common shares, cash or a combination of common shares and cash, at our election, upon exercise of a holder s conversion right and such failure continues for five business days or more;
- any indebtedness (other than indebtedness which is non-recourse to us or any of our subsidiaries) for money borrowed by us or one of our subsidiaries (all or substantially all of the outstanding voting securities of which are owned, directly or indirectly, by us) in an outstanding principal amount in excess of US$15 million (or the equivalent thereof in any other currency or currency unit) is not paid at final maturity or upon acceleration and such

failure is not cured or the acceleration is not rescinded or annulled, within 10 days after written notice as provided in the indenture;

the rendering of a final judgment or judgments (not subject to appeal and not covered by insurance) against us or any of our subsidiaries in excess of US$15 million (or the equivalent thereof in any other currency or currency unit) which remains unstayed, undischarged or unbonded for a period of 60 days;

our failure to give notice of a fundamental change as described under Offer to purchase upon a fundamental change or notice of a specified corporate transaction as described under Conversion upon specified corporate transactions when due;

our failure to comply with our obligations under Consolidation, merger and sale of assets by us ; or

certain events involving our bankruptcy, insolvency or reorganization involving us or our subsidiaries.

The trustee may withhold notice to the holders of the notes of any default, except defaults in payment of principal or interest on the notes. However, the trustee must consider it to be in the interest of the holders of the notes to withhold this notice.

If an event of default occurs and is continuing, the trustee or the holders of at least 25% in principal amount of the outstanding notes may declare the principal amount of the notes and interest on the outstanding notes to be immediately due and payable. In the case of certain events of bankruptcy, insolvency or reorganization involving us or our subsidiaries, the principal amount plus interest on the notes will automatically become due and payable. However, if we cure all defaults, except the nonpayment of the principal amount of the notes plus interest that became due as a result of the acceleration, and meet certain other conditions, with certain exceptions, this declaration may be cancelled and the holders of a majority of the principal amount of outstanding notes may waive these past defaults.

Payments of redemption price, repurchase price, fundamental change repurchase price, principal or interest that are not made when due will accrue interest at the annual rate of 1% above the then-applicable interest rate from the required payment date.

Subject to the trustee s duties in the case of an event of default, the trustee will not be obligated to exercise any of its rights or powers at the request of the holders, unless the holders have offered to the trustee indemnity reasonably satisfactory to it. Subject to the indenture, applicable law and the trustee s indemnification, the holders of a majority in aggregate principal amount of the outstanding notes will have the right to direct the time, method and place of any proceedings for any remedy available to the trustee.

No holder of the notes may pursue any remedy under the indenture, except in the case of a default in the payment of redemption price, repurchase price, fundamental change repurchase price, principal or interest (in respect of any default in payment under a Note on or after the due date) on the notes, unless:

the holder has given the trustee written notice of an event of default;

the holders of at least 25% in principal amount of outstanding notes make a written request, and offer indemnity to the trustee reasonably satisfactory to it to pursue the remedy;

the trustee does not receive an inconsistent direction from the holders of a majority in principal amount of the notes; and

the trustee fails to comply with the request within 60 days after receipt.

Modification and waiver

The consent of the holders of a majority in principal amount of the outstanding notes is required to modify or amend the indenture. However, a modification or amendment requires the consent of the holder of each outstanding note affected thereby if it would:

extend the fixed maturity of any note;

reduce the principal amount of, or interest rate on or extend the stated time for payment of interest payable on, any note;

reduce any amount payable upon redemption or repurchase of any note;

after the occurrence of a fundamental change, modify the provisions with respect to the purchase right of the holders upon a fundamental change in a manner adverse to holders;

impair the right of a holder to institute suit for payment on any note;

change the currency in which any note is payable;

impair the right of a holder to convert any note;

reduce the quorum or voting requirements under the indenture;

change any obligation of ours to maintain an office or agency in the places and for the purposes specified in the indenture;

change the ranking of the notes in a manner adverse to the holders of the notes;

subject to specified exceptions, modify certain of the provisions of the indenture relating to modification or waiver of provisions of the indenture; or

reduce the percentage in principal amount of notes required for consent to any modification of or waiver of terms of the indenture.

We are permitted to modify certain provisions of the indenture without the consent of the holders of the notes.

Form, denomination and registration

The notes are issued:

in fully registered form; and
in denominations of US$1,000 principal amount and integral multiples of US$1,000.

Global note, book-entry form

The notes are evidenced by one or more global notes, deposited and registered in the name of Cede & Co., as DTC s nominee. Except as set forth below, a global note may be transferred, in whole or in part, only to another nominee of DTC or to a successor of DTC or its nominee.

Beneficial interests in a global note may be held through organizations that are participants in DTC, or participants. Transfers between participants will be effected in the ordinary way in accordance with DTC rules and will be settled in clearing house funds. The laws of some states require that certain persons take physical delivery of securities in definitive form. As a result, the ability to transfer beneficial interests in the global note to such persons may be limited.

Beneficial interests in a global note held by DTC may be held only through participants, or certain banks, brokers, dealers, trust companies and other parties that clear through or maintain a custodial relationship with a participant, either directly or indirectly, and when indirectly they are called indirect participants. So long as Cede & Co., DTC s nominee, is the registered owner of a global note, Cede & Co. for all purposes will be considered the sole holder of such global note. Except as provided below, owners of beneficial interests in a global note will:

not be entitled to have certificates registered in their names;
not receive physical delivery of certificates in definitive registered form; and
not be considered holders of the global note.

We will pay the principal and interest or the redemption price, the repurchase price or the fundamental change repurchase price of a global note to Cede & Co., as the registered owner of the global note, by wire transfer of immediately available funds on the applicable date. Neither we, the trustee nor any paying agent will be responsible or liable:

for the records relating to, or payments made on account of, beneficial ownership interests in a global note; or

for maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

Neither we, the trustee, registrar, paying agent nor conversion agent will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations. DTC has advised us that it will take any action permitted to be taken by a holder of notes, including the presentation of notes for conversion, only at the direction of one or more participants to whose account with DTC interests in the global note are credited, and only in respect of the principal amount of the notes represented by the global note as to which the participant or participants has or have given such direction.

DTC has advised us that it is:

a limited purpose trust company organized under the laws of the State of New York, and a member of the Federal Reserve System;

a clearing corporation within the meaning of the Uniform Commercial Code; and

a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes to the accounts of its participants. Participants include securities brokers, dealers, banks, trust companies and clearing corporations and other organizations. Some of the participants or their representatives, together with other entities, own DTC. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

DTC has agreed to the foregoing procedures to facilitate transfers of interests in a global note among participants. However, DTC is under no obligation to perform or continue to perform these procedures, and may discontinue these procedures at any time.

We will issue notes in definitive certificate form only if:

DTC notifies us that it is unwilling or unable to continue as depositary or DTC ceases to be a clearing agency registered under the Exchange Act, and a successor depositary is not appointed by us within 90 days;

an event of default shall have occurred and the maturity of the notes shall have been accelerated in accordance with the terms of the notes and any holder shall have requested in writing the issuance of definitive certificated notes; or

we have determined in our sole discretion that notes shall no longer be represented by global notes.

Information concerning the trustee

We have appointed The Bank of New York, the trustee under the indenture, as paying agent, conversion agent, note registrar and custodian for the notes. The trustee or its affiliates may provide banking and other services to us in the ordinary course of their business.

The indenture contains certain limitations on the rights of the trustee, if it or any of its affiliates is then our creditor, to obtain payment of claims in certain cases or to realize on certain property received on any claim as security or otherwise. The trustee and its affiliates will be permitted to engage in other transactions with us. However, if the trustee or any affiliate continues to have any conflicting interest and a default occurs with respect to the notes, the trustee must eliminate such conflict or resign.

Certain Canadian and United States income tax considerations

The discussion below is intended to be a general description of the Canadian and United States income tax considerations generally applicable to an investment in the notes and the common shares acquired upon a conversion of a note. It does not take into account the individual circumstances of any particular investor. Therefore, prospective investors are urged to consult their own tax advisors with respect to the tax consequences of an investment in the notes and the common shares acquired upon a conversion of a note.

Canadian federal income tax considerations

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company and McCarthy Tétrault LLP, counsel to the underwriter (collectively, counsel), the following is a general summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a holder who acquires notes as beneficial owner pursuant to this prospectus supplement and who, at all relevant times, for the purposes of the Tax Act, holds such notes and common shares acquired pursuant to the terms of the notes (shares) as capital property, deals at arm s length with the Company and is not affiliated with the Company (a Holder). The notes and shares will generally be considered capital property to a Holder unless either (i) the Holder holds the notes or shares in the course of carrying on a business of buying and selling securities or the Holder has acquired the notes or shares in a transaction or transactions considered to be an adventure in the nature of trade. This summary is not applicable to a Holder that is a financial institution (as defined in the Tax Act for purposes of the mark-to-market rules in the Tax Act), a specified financial institution, a Holder an interest in which is a tax shelter investment or a Holder who has elected to have the functional currency reporting rules apply to it, all as defined in the Tax Act. Such Holders should consult their own advisors.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the Regulations), the current provisions of the Canada-United States Income Tax Convention (1980), (the Convention), counsel s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the CRA) publicly available prior to the date hereof.

This summary also takes into account all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (collectively, the Proposed Tax Amendments). No assurances can be given that the Proposed Tax Amendments will be enacted or will be enacted as proposed. Other than the Proposed Tax Amendments, this summary does not take into account or anticipate any changes in law or the administration policies or assessing practice of CRA, whether by judicial, legislative, governmental or administrative decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder and no representations with respect to the income tax consequences to any particular holder are made. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective investors in notes should consult their own tax advisors with respect to their own particular circumstances.

Currency conversion

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of the notes or shares (other than the amounts related to the acquisition of shares on a conversion of the principal amount of notes for only shares pursuant to the Holder s right of conversion), including interest, dividends, adjusted cost base and proceeds of disposition must be converted into Canadian dollars based on the United States-Canadian dollar exchange rate applicable on the effective date (as determined in accordance with the Tax Act) of the related acquisition, disposition or recognition of income.

Residents of Canada

The following portion of the summary is generally applicable to a Holder who, at all relevant times, for the purposes of the Tax Act, is or is deemed to be resident in Canada (a Resident Holder). Certain such Resident Holders whose notes might not otherwise qualify as capital property may be entitled to obtain such qualification in certain circumstances by making the irrevocable election permitted by subsection 39(4) of the Tax Act to deem the notes and any other Canadian security (as defined in the Tax Act) owned by such Resident Holder in the taxation year in which the election is made, and in all subsequent taxation years, to be capital property.

Taxation of interest on the notes

A Resident Holder that is a corporation, partnership, unit trust or trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on a note that accrues or is deemed to accrue to the Resident Holder to the end of that taxation year or becomes receivable or is received by the Resident Holder before the end of that taxation year, except to the extent that such amount was included in the Resident Holder s income for a preceding taxation year.

Any other Resident Holder, including an individual, will be required to include in computing its income for a taxation year any interest on a note that is received or receivable by such Resident Holder in that year (depending upon the method regularly followed by the Resident Holder in computing income), to the extent that such amount was not otherwise included in the Resident Holder s income for a preceding taxation year.

A Resident Holder that is a Canadian-controlled private corporation (as defined in the Tax Act) may be liable for a refundable tax of 62/3% on its aggregate investment income (as defined in the Tax Act). For this purpose, aggregate investment income will generally include interest income.

On an assignment or other transfer of a note, including a conversion pursuant to the right of conversion, a redemption, a payment on maturity, or a purchase for cancellation, a Resident Holder will generally also be required to include in income the amount of interest accrued on the note from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Resident Holder s income for the taxation year or a preceding taxation year. If the Company were to satisfy interest on the notes by issuing shares as described under the heading Description of notes Conversion rights, the Canadian federal income tax consequences to a Holder should not differ from those described above.

In addition, any amount paid by the Company as a penalty or bonus to a Resident Holder as a result of the early repayment of all or part of the principal amount of the notes by the Company will generally be deemed to be interest received by a Resident Holder at the time of the redemption and will be required to be included in computing the Resident Holder s income as described above to the extent that it can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of, the interest that would have been paid or payable by the Company on the note for a taxation year ending after the redemption.

Disposition of notes

In general, a disposition or deemed disposition of a note, including a redemption, payment on maturity, purchase for cancellation of notes or a conversion (but not including a conversion of a note where the Resident Holder receives only shares (plus any cash in lieu of a fraction of a share) pursuant to the Resident Holder s conversion right) will give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any accrued interest and any amounts included in the Resident Holder s income on such disposition or deemed disposition as interest, exceed (or are less than) the adjusted cost base of the note or share to the Resident Holder immediately before the disposition or deemed disposition and any reasonable costs of disposition such capital gain or (capital loss) will be subject to the tax treatment described below under the heading, Taxation of capital gains and capital losses.

If on a conversion the Company elects to pay the Resident Holder in a combination of cash and shares or cash only, the Resident Holder s proceeds of disposition of the note will be equal to the fair market value, at the time of disposition of the note, of the shares and any other consideration so received, which may result in a capital gain (or a capital loss) and will be subject to tax treatment described below under the heading Taxation of capital gains and capital losses. The cost to the Resident Holder of the shares so acquired will be equal to the fair market value thereof at the time of acquisition and must be averaged with the adjusted cost base of all other shares held as capital property for the purpose of calculating the adjusted cost base of the shares to the Resident Holder.

Exercise of conversion right

The conversion of notes into only shares plus any cash in lieu of a fraction of a share of the Company pursuant to a Resident Holder s right of conversion will generally be deemed not to constitute a disposition of the notes pursuant to the Tax Act and, accordingly, the Resident Holder will not realize a capital gain or capital loss on such conversation. The Company does not currently have a rights plan and the previous statement assumes that there is no rights plan in existence at the time of conversion. If a Resident Holder also receives rights under a rights plan on a conversion the Canadian tax consequences to a Resident Holder will be materially different than set out herein. In this case, Resident Holders should consult their own tax advisors.

A Resident Holder s aggregate cost of the shares acquired on conversion of the notes where the Resident Holder receives only shares (plus cash in lieu of a fraction of a share) will be equal to the adjusted cost base of the notes converted and the amount of the accrued and unpaid interest on the note up to, but not including the conversion date, which is included in such Resident Holder s income, subject to the discussion below regarding cash in lieu of a fraction of a share. The adjusted cost base of such shares will be averaged with the adjusted cost base of all other shares held by a Resident Holder as capital property.

Under the current administrative practice of the CRA, a Resident Holder who, upon conversion of the notes where the Resident Holder receives only shares (plus cash in lieu of a fraction of a share), receives cash not in excess of $200 in lieu of a fraction of a share may either treat this amount as proceeds of disposition of a portion of the notes thereby realizing a capital gain or capital loss, as discussed below under the heading Taxation of capital gains and capital losses, or alternatively may reduce the adjusted cost base of the shares that the Resident Holder on the conversion by the amount of cash received. If a Resident Holder receives greater than $200 in lieu of a fraction of a share, the Resident Holder must treat such amount as proceeds of disposition and report any capital gain (or capital loss), as discussed below under the heading Taxation of capital gains and capital losses.

Taxation of dividends on shares

Dividends received or deemed to be received on the shares by an individual (other than certain trusts) will be included in computing the individual s income for tax purposes and will be subject to the gross-up and dividend tax credit rules normally applicable to dividends received from taxable Canadian corporations (as defined in the Tax Act), including the enhanced gross-up and dividend tax credit for eligible dividends (as defined in the Tax Act) paid by taxable Canadian corporations such as the Company, where these dividends have been designated as eligible dividends by the dividend-paying corporation in accordance with the provisions of the Tax Act.

The Minister of Finance (Canada) announced as part of the 2008 federal budget (the Budget) proposals to decrease the dividend gross-up factor and the dividend tax credit for eligible dividends as a corollary to the reduction in the federal corporate tax rate from 19% in 2008 to 15% in 2012. The Budget proposes to reduce the eligible dividend gross-up from its current level of 45% to 44% for 2010, 41% for 2011 and 38% for 2012 and thereafter. The enhanced dividend tax credit will also change on the same schedule from its current rate of 19% to 18% for 2010, 16.5% for 2011 and to 15% for 2012 and thereafter. There can be no assurance that this proposal will be enacted as proposed, or at all.

A Resident Holder that is a corporation will include dividends received or deemed to be received on the shares in computing its income for tax purposes and generally will be entitled to deduct the amount of such dividends in computing its taxable income, with the result that no tax will be payable by it in respect of such dividends.

Certain corporations, including a private corporation or a subject corporation (as such terms are defined in the Tax Act), may be liable to pay a refundable tax under Part IV of the Tax Act at the rate of 331/3% of the dividends received or deemed to be received on the shares to the extent that such dividends are deductible in computing taxable income. This tax will be refunded to the corporation at a rate of $1 for every $3 of taxable dividends paid while it is a private corporation.

Taxable dividends received by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

Disposition of shares

A disposition or deemed disposition of a share (other than to the Company) will generally result in a Resident Holder realizing a capital gain (or capital loss) to the extent that the proceeds of disposition of the share exceed (or are less than) the Resident Holder s adjusted cost base of the

share and any reasonable costs of disposition. The general tax treatment of capital gains and capital losses is discussed above under the heading Taxation of capital gains and losses.

In general, in the case of a Resident Holder that is a corporation, the amount of any capital loss otherwise determined arising from a disposition or deemed disposition of the shares may be reduced by the amount of dividends previously received thereon, or deemed received thereon, to the extent and under circumstances prescribed in the Tax Act. Analogous rules apply where a corporation is, directly or through a trust or partnership, a member of a partnership or a beneficiary of a trust which owns the shares.

Taxation of capital gains and capital losses

Under the current provisions of the Tax Act, one half of the amount of any capital gain (a taxable capital gain) realized by a Resident Holder in a taxation year generally must be included in the Resident Holder s income in that year, and, subject to and in accordance with the provisions of the Tax Act, one half of the amount of any capital loss (an allowable capital loss) realized by a Resident Holder in a taxation year generally must be deducted from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses in excess of taxable capitals gains in any particular year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and under the circumstances described in the Tax Act.

As discussed above, a Resident Holder that is a Canadian-controlled private corporation (as defined in the Tax Act) may be liable for an additional refundable tax of 62/3% on its aggregate investment income (as defined in the Tax Act). For this purpose, aggregate investment income will generally include taxable capital gains.

Capital gains realized by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

Non-residents of Canada

The following portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act, is not, and is not deemed to be, a resident of Canada and has not and will not use or hold or be deemed to use or hold the notes or shares in or in the course of carrying on business in Canada (a Non-Resident). Special rules, which are not discussed below, may apply to a non-resident of Canada that is an insurer which carries on business in Canada and elsewhere.

The term US Holder, for the purposes of this summary, means a Non-Resident who, for purposes of the Convention, is at all relevant times a resident of the United States and does not use or hold and is not deemed to use or hold the notes or the shares in connection with carrying on a business in Canada through a permanent establishment or fixed base in Canada. It is the present published policy of the CRA that most entities (including most limited liability companies) that are treated as being fiscally transparent for United States federal income tax purposes will not qualify as residents of the United States under the provisions of the Convention and are therefore not entitled to any benefits under the Convention. Under the Fifth Protocol to the Convention, Canada and the United States have agreed that the Convention will be extended to apply, in some circumstances, in respect of fiscally transparent entities (including limited liability companies). However, the Fifth Protocol to the Convention has not yet been

ratified and is not currently in force. US Holders are urged to consult with their own tax advisors to determine their entitlement to benefits under the Convention based on their particular circumstances.

Interest on the notes

A Non-Resident will not be subject to Canadian withholding tax in respect of amounts paid or credited by the Company as, on account or in lieu of payment of, or in satisfaction of, the principal of the notes or interest thereon.

Exercise of conversion right

The conversion of notes into only shares (plus cash in lieu of a fraction of a share) pursuant to a Non-Resident s right of conversion will generally be deemed not to constitute a disposition of the notes pursuant to the Tax Act and, accordingly, the Non-Resident will not realize a capital gain or capital loss on such conversion. The Company does not currently have a rights plan and the previous statement assumes that there is no rights plan in existence at the time of conversion. If a Non-Resident also receives rights under a rights plan on a conversion the Canadian tax consequences to a Non-Resident will be materially different than set out herein. In this case, Non-Residents should consult their own tax advisors.

A Non-Resident s cost base of the shares acquired on conversion of the notes will be equal to the adjusted cost base of the notes converted, subject to the discussion below regarding cash in lieu of a fraction of a share. The adjusted cost base of such shares will be averaged with the adjusted cost base of all other shares held by a Non-Resident as capital property. Under the current administrative practice of the CRA, a Non-Resident who, upon conversion of the notes, receives cash not in excess of $200 in lieu of a fraction of a share may either treat this amount as proceeds of disposition of a portion of the notes thereby realizing a capital gain or capital loss, as discussed below under the heading Disposition of shares, or alternatively may reduce the adjusted cost base of the shares that the Non-Resident on the conversion by the amount of cash received. If a Non-Resident receives greater than $200 in lieu of a fraction of a share, the Non-Resident must treat such amount as proceeds of disposition and report any capital gain (or capital loss), as discussed below under the heading Disposition of shares and notes.

Disposition of shares and notes

A Non-Resident will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident on a disposition of the notes (including upon conversion except as set out above) or the shares acquired under the terms of the notes, as the case may be, unless the notes or the shares constitute taxable Canadian property (as defined in the Tax Act) of the Non-Resident at the time of disposition and the Non-Resident is not entitled to relief under an applicable income tax treaty or convention. As long as the shares are then listed on a designated stock exchange (which currently includes the TSX and the AMEX), the notes and the shares generally will not constitute taxable Canadian property of a Non-Resident, unless at any time during the 60-month period immediately preceding the disposition the Non-Resident, persons with whom the Non-Resident did not deal at arm s length, or the Non-Resident together with all such persons, owned or was considered to own 25% or more of the issued shares of any class or series of shares of the capital stock of the company. In this case, both the notes and the shares will constitute taxable Canadian property to the Non-Resident.

If the shares are taxable Canadian property to a Non-Resident, any capital gain realized on the disposition or deemed disposition of such shares, may not be subject to Canadian federal income tax pursuant to the terms of an applicable income tax treaty or convention between Canada and the country of residence of a Non-Resident. A Non-Resident whose shares are taxable Canadian property should consult their own advisors.

Taxation of dividends on shares

Under the Tax Act, dividends on shares paid or credited to a Non-Resident will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividends. This withholding tax may be reduced pursuant to the terms of an applicable income tax treaty or convention between Canada and the country of residence of a Non-Resident. Under the Convention, a Non-Resident that is a US Holder will generally be subject to Canadian withholding tax at a rate of 15% of the amount of such dividends. In addition, under the Convention, dividends may be exempt from Canadian non-resident withholding tax if paid to certain US Holders that are qualifying religious, scientific, literary, educational or charitable tax-exempt organizations and qualifying trusts, companies, organizations or arrangements operated exclusively to administer or provide pension, retirement or employee benefits that are exempt from tax in the United States and that have complied with specific administrative procedures.

United States federal income tax considerations

The following is a summary of the anticipated material U.S. federal income tax consequences to a U.S. Holder (as defined below) arising from and relating to the acquisition, ownership, and disposition of a note acquired under this offering, and from the ownership and disposition of common shares acquired upon a conversion of such a note.

This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax consequences that may apply to a U.S. Holder as a result of the acquisition, ownership, and disposition of notes or common shares acquired upon conversion of notes. This summary only applies to U.S. Holders that hold the notes and any common shares acquired upon a conversion of the notes as capital assets (generally, property held for investment) within the meaning of Section 1221 of the United States Internal Revenue Code of 1986, as amended (the Code). In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences of the acquisition, ownership, and disposition of notes or common shares. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any U.S. Holder. Each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the U.S. federal income, U.S. state and local, and foreign tax consequences of the acquisition, ownership, and disposition of notes or common shares acquired upon conversion of notes.

Scope of this summary

Authorities

This summary is based on the Code, Treasury Regulations (whether final, temporary, or proposed), published rulings of the Internal Revenue Service (the IRS), published administrative positions of the IRS, the Convention Between Canada and the United States of America with

Respect to Taxes on Income and on Capital, signed September 26, 1980, as amended (the Canada-U.S. Tax Convention), and U.S. court decisions that are applicable and, in each case, as in effect and available, as of the date of this prospectus supplement. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive basis. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive basis.

U.S. holders

For purposes of this summary, a U.S. Holder is a beneficial owner of notes and/or common shares acquired upon conversion of notes that, for U.S. federal income tax purposes, is (a) an individual who is a citizen or resident of the U.S., (b) a corporation, or any other entity classified as a corporation for U.S. federal income tax purposes, that is created or organized in or under the laws of the U.S. or any state in the U.S., including the District of Columbia, (c) an estate if the income of such estate is subject to U.S. federal income tax regardless of the source of such income, or (d) a trust if (i) such trust has validly elected to be treated as a U.S. person for U.S. federal income tax purposes or (ii) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust.

Non-U.S. holders

For purposes of this summary, a non-U.S. Holder is a beneficial owner of notes and/or common shares acquired upon conversion of notes other than a U.S. Holder. This summary does not address the U.S. federal income tax consequences of the acquisition, ownership, and disposition of notes and/or common shares acquired upon conversion of notes to non-U.S. Holders. Accordingly, a non-U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the U.S. federal income, U.S. state and local, and foreign tax consequences (including the potential application of and operation of any income tax treaties) of the acquisition, ownership, and disposition of notes and/or common shares acquired upon conversion of notes.

U.S. Holders subject to special U.S. federal income tax rules not addressed

This summary does not address the U.S. federal income tax consequences of the acquisition, ownership, and disposition of notes and/or common shares acquired upon conversion of notes to U.S. Holders that are subject to special provisions under the Code, including the following U.S. Holders: (a) U.S. Holders that are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) U.S. Holders that are financial institutions, insurance companies, real estate investment trusts, or regulated investment companies; (c) U.S. Holders that are dealers in securities or currencies or U.S. Holders that are traders in securities that elect to apply a mark-to-market accounting method; (d) U.S. Holders that have a functional currency other than the U.S. dollar; (e) U.S. Holders that are liable for the alternative minimum tax under the Code; (f) U.S. Holders that own notes or common shares as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position; (g) U.S. Holders that acquired common shares in connection with the exercise of employee stock options or otherwise as compensation for services; (h) U.S. Holders that hold notes and/or common shares other than as a capital asset

within the meaning of Section 1221 of the Code; (i) U.S. expatriates or former long-term residents of the United States; and (j) U.S. Holders that own (directly, indirectly or by attribution) 10% or more, by voting power or value, of the outstanding shares of the Company. U.S. Holders that are subject to special provisions under the Code, including U.S. Holders described immediately above, should consult their own financial advisor, legal counsel or accountant regarding the U.S. federal income, U.S. state and local, and foreign tax consequences of the acquisition, ownership, and disposition of notes and/or common shares. If an entity that is classified as a partnership (or pass-through entity) for U.S. federal income tax purposes holds notes or common shares, the U.S. federal income tax consequences to such partnership (or pass-through entity) and the partners of such partnership (or owners of such pass-through entity) generally will depend on the activities of the partnership (or pass-through entity) and the status of such partners (or owners). Partners of entities that are classified as partnerships (or owners of pass-through entities) for U.S. federal income tax purposes should consult their own financial advisor, legal counsel or accountant regarding the U.S. federal income tax consequences of the acquisition, ownership, and disposition of notes and/or common shares.

Tax consequences other than U.S. federal income tax consequences not addressed

This summary does not address the U.S. state and local, U.S. federal estate and gift, or foreign tax consequences to U.S. Holders of the acquisition, ownership, and disposition of notes and/or common shares. Each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the U.S. state and local, U.S. federal estate and gift, and foreign tax consequences of the acquisition, ownership, and disposition of notes and/or common shares.

The notes

Taxation of stated interest

For U.S. federal income tax purposes, interest (including additional amounts, if any) on a note generally will be taxable to a U.S. Holder as ordinary income at the time such interest is received or accrued, in accordance with such holder s method of accounting for U.S. federal income tax purposes. Subject to applicable limitations under the Code and the United States Treasury Regulations and subject to the discussion below, any Canadian withholding tax imposed on interest payments in respect of the notes will be treated as a foreign income tax eligible for credit against a U.S. Holder s U.S. federal income tax liability (or, at a U.S. Holder s election, may, in certain circumstances, be deducted in computing taxable income). Interest paid on the notes will be treated as income from outside the U.S., and generally will be treated as passive category income for U.S. foreign tax credit purposes. The Code applies various limitations on the amount of foreign taxes that may be claimed as a credit by U.S. taxpayers. Because of the complexity of those limitations, U.S. Holders should consult their own tax advisors with respect to the amount of foreign taxes that can be claimed as a credit.

Market discount and amortizable bond premium

A U.S. Holder that purchased a note at a price less than its principal amount would be treated for U.S. federal income tax purposes as having purchased the note with market discount, subject to a de minimis exception. In the case of a note having non-de minimis market discount, a U.S. Holder will be required to treat any partial principal payment received on, and any gain recognized upon the sale or other disposition of, the note as ordinary income to the extent of the market discount that accrued during such U.S. Holder s holding period for the note (on a

ratable basis or, at the election of the U.S. Holder, constant yield basis), unless such U.S. Holder elects to annually include market discount in gross income over time as the market discount accrues. Any election to include market discount over time as it accrues would apply to all market discount debt obligations held by the U.S. Holder at the beginning of the first taxable year and to market discount obligations thereafter acquired by the U.S. Holder and is irrevocable without the consent of the IRS. In addition, a U.S. Holder that holds a note with market discount, and that does not elect to accrue market discount into gross income over time, may be required to defer the deduction of interest expense incurred or continued to purchase or carry the note until the maturity of the note or its earlier disposition in a taxable transaction.

If a U.S. Holder converts a note with accrued market discount that has not previously been included in gross income into common shares, then a ratable portion of such market discount will be allocated to such common shares. The amount of market discount allocable to such common shares may be taxable as ordinary income upon a sale or other disposition of such common shares. See The common shares Disposition of common shares.

A U.S. Holder that purchased a note for an amount in excess of its stated principal amount (subject to special rules for early redemption dates as described below) would be treated as having acquired the note with amortizable bond premium in the amount of such excess. In such case, the U.S. Holder may elect to amortize the bond premium over the term of the note as a reduction in the amount required to be included in the U.S. Holder s gross income each year with respect to interest on the note (provided that the amount of amortizable bond premium will be calculated based on the amount payable at the applicable redemption date if the use of such redemption date in lieu of the stated maturity date results in a smaller amortizable premium for the period ending on the redemption date). Any election to amortize bond premium will apply to all notes held by the U.S. Holder at the beginning of the first taxable year to which the election applies as well as those thereafter acquired by the U.S. Holder and is irrevocable without the consent of the IRS.

The rules governing market discount and amortizable bond premium are complex, and U.S. Holders should consult their own tax advisors concerning the application of these rules.

Sale, redemption or other taxable disposition of the notes

Except as discussed below under Conversion of the notes and Additional rules that may apply to U.S. Holders Passive foreign investment company, upon the sale, redemption or other taxable disposition of a note (including repurchase), a U.S. Holder will recognize gain or loss, if any, equal to the difference between the amount realized on such sale, redemption or other taxable disposition (other than amounts received that are attributable to accrued but unpaid interest, which amounts shall be taxable as ordinary income to the extent not previously included in the gross income of the U.S. Holder) and such U.S. Holder s adjusted tax basis in the note. A U.S. Holder s adjusted tax basis in a note generally will equal the cost of the note to the U.S. Holder, increased by any market discount previously included in gross income by such holder, and reduced by (i) any principal payments received by such holder and (ii) any amortizable bond premium applied to reduce interest inclusions with respect to such note. Any such gain or loss generally will constitute capital gain or loss (except that any gain will be treated as ordinary income to the extent of any market discount that has accrued on the note but not previously been included in the gross income of the U.S. Holder), and will be long-term capital gain or loss if the note was held by such U.S. Holder for more than one year. Certain non-corporate U.S. Holders (including individuals) may qualify for preferential rates of United States

federal income taxation in respect of long-term capital gains. The deduction of capital losses is subject to limitations under the Code. Any gain realized by a U.S. Holder on a sale or other disposition of a note generally will be treated as United States-source income for purposes of calculating the foreign tax credit.

Conversion of the notes

A U.S. Holder generally will not recognize any income, gain or loss upon conversion of a note into common shares, except with respect to (i) cash received in lieu of a fractional common share, or (ii) common shares that are attributable to accrued but unpaid interest not previously included in gross income. To the extent the Company pays cash to a U.S. Holder upon a conversion of the notes instead of delivering common shares, such U.S. Holder should recognize gain or loss, if any, as if he or she redeemed the portion of notes attributable to the receipt of cash in the same manner as described above under Sale, redemption or other taxable disposition of the notes. Cash received in lieu of a fractional common share upon conversion will be treated as a payment in exchange for such fractional share. Accordingly, the receipt of cash in lieu of a fractional common share generally will result in capital gain or loss measured by the difference between the cash received for the fractional share and the U.S. Holder s adjusted tax basis in the notes that is allocated to the fractional share (except that any gain will be treated as ordinary income to the extent of any market discount that has accrued on the notes but not previously been included in the gross income of the U.S. Holder) and will be long-term capital gain or loss if the U.S. Holder held the notes for more than one year at the time of conversion. Amounts that are attributable to accrued but unpaid interest generally will be taxable to the U.S. Holder as interest to the extent not previously included in gross income.

A U.S. Holder s initial tax basis in the common shares received on conversion of a note will be the same as the U.S. Holder s adjusted tax basis in the notes at the time of conversion, reduced by any tax basis allocable to a fractional share treated as exchanged for cash. However, the tax basis of common shares received upon a conversion with respect to accrued but unpaid interest should equal the fair market value of such common shares. The holding period for the common shares received on conversion generally will include the holding period of the notes converted. To the extent any common shares issued upon a conversion are allocated to accrued interest, however, the U.S. Holder s holding period for such common shares may commence on the day following the date of delivery of the common shares.

Constructive dividends

The conversion rate of the notes is subject to adjustment under certain circumstances. Under Section 305 of the Code, adjustments to the conversion rate that increase a U.S. Holder s proportionate interest in our assets or our earnings and profits may in certain circumstances result in a constructive dividend that is taxable to such U.S. Holder to the extent of our current and accumulated earnings and profits, as determined under U.S. federal income tax principles. Generally, an increase in the conversion rate pursuant to a bona-fide, reasonable formula which has the effect of preventing the dilution of the interest of U.S. Holders in the notes will not be considered to result in a constructive dividend. However, certain adjustments in the notes (including, without limitation, adjustments to the conversion rate of the notes in connection with cash dividends to our stockholders) will not qualify as being pursuant to a bona-fide, reasonable formula. If such adjustments are made, a U.S. Holder will, to the extent of our current and accumulated earnings and profits, be deemed to have received a constructive

dividend even though such U.S. Holder has not received any cash or property as a result of the adjustment. In addition, a failure to adjust the conversion price of the notes to reflect a stock dividend or similar event could in some circumstances give rise to a constructive dividend to U.S. Holders of common shares.

The common shares

Distributions on common shares

General taxation of distributions Except as discussed below under Additional rules that may apply to U.S. Holders Passive foreign investment company, a U.S. Holder that receives a distribution, including a constructive distribution, with respect to common shares will be required to include the amount of such distribution in gross income as a dividend (without reduction for any Canadian income tax withheld from such distribution) to the extent of the current or accumulated earnings and profits of the Company. To the extent that a distribution exceeds the current and accumulated earnings and profits of the Company, such distribution will be treated (a) first, as a tax-free return of capital to the extent of a U.S. Holder s adjusted tax basis in common shares and, (b) thereafter, as gain from the sale or exchange of such common shares. (See more detailed discussion at Disposition of common shares below). Dividends paid on the common shares generally will not be eligible for the dividends received deduction available to domestic corporations.

Reduced tax rates for certain dividends For taxable years beginning before January 1, 2011, a dividend paid by the Company generally will be taxed at the preferential tax rates applicable to long-term capital gains if (a) the Company is a qualified foreign corporation (as defined below), (b) the U.S. Holder receiving such dividend is an individual, estate, or trust, and (c) such dividend is paid on common shares that have been held by such U.S. Holder for at least 61 days during the 121-day period beginning 60 days before the ex-dividend date.

The Company generally will be a qualified foreign corporation under Section 1(h)(11) of the Code (a QFC) if (a) the Company is incorporated in a possession of the U.S., (b) the Company is eligible for the benefits of the Canada-U.S. Tax Convention, or (c) the common shares are readily tradable on an established securities market in the U.S. However, even if the Company satisfies one or more of such requirements, the Company will not be treated as a QFC if the Company is a passive foreign investment company (PFIC) (as defined below) for the taxable year during which the Company pays a dividend or for the preceding taxable year.

As discussed below, the Company believes that it was a PFIC for the taxable year ended November 30, 2007, but the Company believes it will not be a PFIC for the taxable year ending November 30, 2008 if commercial production commences at Rock Creek and Big Hurrah in mid-2008, as currently anticipated, and sufficient revenues are generated to cause the Company to cease to be a PFIC. Accordingly, the Company does not expect to be a QFC for the current taxable year but may be a QFC for one or more subsequent taxable years.

If the Company is not a QFC, a dividend paid by the Company to a U.S. Holder, including a U.S. Holder that is an individual, estate, or trust, generally will be taxed at ordinary income tax rates (and not at the preferential tax rates applicable to long-term capital gains). The dividend rules are complex, and each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the dividend rules.

Distributions paid in foreign currency The amount of a distribution paid to a U.S. Holder in foreign currency generally will be equal to the U.S. dollar value of such distribution based on the exchange rate applicable on the date of receipt. A U.S. Holder that does not convert foreign currency received as a distribution into U.S. dollars on the date of receipt generally will have a tax basis in such foreign currency equal to the U.S. dollar value of such foreign currency on the date of receipt. Such a U.S. Holder generally will recognize ordinary income or loss on the subsequent sale or other taxable disposition of such foreign currency (including an exchange for U.S. dollars).

Disposition of common shares

Except as discussed below under Additional rules that may apply to U.S. Holders Passive foreign investment company, a U.S. Holder will recognize gain or loss on the sale or other taxable disposition of common shares in an amount equal to the difference, if any, between (a) the amount of cash plus the fair market value of any property received and (b) such U.S. Holder s tax basis in the common shares sold or otherwise disposed of. Any such gain or loss generally will be capital gain or loss, which will be long-term capital gain or loss if the common shares are held for more than one year. Gain or loss recognized by a U.S. Holder on the sale or other taxable disposition of common shares generally will be treated as U.S. source for purposes of applying the U.S. foreign tax credit rules. (See more detailed discussion at Foreign tax credit below).

Preferential tax rates apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations under the Code.

Foreign tax credit

A U.S. Holder that pays (whether directly or through withholding) Canadian income tax with respect to dividends paid on the common shares generally will be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such Canadian income tax paid. Generally, a credit will reduce a U.S. Holder s U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder s income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a year. Complex limitations apply to the foreign tax credit, including the limitation that the credit cannot exceed the proportionate share of a U.S. Holder s U.S. federal income tax liability that such U.S. Holder s foreign source taxable income bears to such U.S. Holder s worldwide taxable income. In applying this limitation, a U.S. Holder s various items of income and deduction must be classified, under complex rules, as either foreign source or U.S. source. In addition, this limitation is calculated separately with respect to specific categories of income. Dividends paid by the Company generally will constitute foreign source income and generally will be categorized as passive income. The foreign tax credit rules are complex, and each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the foreign tax credit rules.

Additional rules that may apply to U.S. holders

If the Company is a passive foreign investment company (as defined below), the preceding sections of this summary may not describe the U.S. federal income tax consequences to U.S. Holders of the acquisition, ownership, and disposition of notes or common shares.

Passive foreign investment company

The Company generally will be a passive foreign investment company within the meaning of Section 1297 of the Code (a PFIC) if, for a taxable year, (a) 75% or more of the gross income of the Company for such taxable year is passive income or (b) on average, 50% or more of the assets held by the Company either produce passive income or are held for the production of passive income, based on the fair market value of such assets (or on the adjusted tax bases of such assets, if the Company is not publicly traded and either is a controlled foreign corporation or makes an election). Passive income includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. However, gains arising from the sale of commodities generally are excluded from passive income if substantially all of a foreign corporation s commodities are (a) stock in trade of such foreign corporation or other property of a kind which would properly be included in inventory of such foreign corporation, or property held by such foreign corporation primarily for sale to customers in the ordinary course of business, (b) property used in the trade or business of such foreign corporation that would be subject to the allowance for depreciation under Section 167 of the Code, or (c) supplies of a type regularly used or consumed by such foreign corporation in the ordinary course of its trade or business. In addition, if the Company is classified as a PFIC for any taxable year in which a U.S. Holder has held notes or common shares, the Company may continue to be classified as a PFIC for any subsequent taxable year in which such U.S. Holder continues to hold notes or common shares even if the Company s income and costs are no longer passive in nature in such subsequent taxable year.

For purposes of the PFIC income test and asset test described above, if the Company owns, directly or indirectly, 25% or more of the total value of the outstanding shares of another foreign corporation, the Company will be treated as if it (a) holds a proportionate share of the assets of such other foreign corporation and (b) receives directly a proportionate share of the income of such other foreign corporation. In addition, for purposes of the PFIC income test and asset test described above, passive income does not include any interest, dividends, rents, or royalties that are received or accrued by the Company from a related person (as defined in Section 954(d)(3) of the Code), to the extent such items are properly allocable to the income of such related person that is not passive income.

Based on currently available information, the Company believes that it was a PFIC for the taxable year ended November 30, 2007, but the Company expects that it will not be a PFIC for the taxable year ending November 30, 2008 if commercial production commences at Rock Creek and Big Hurrah in mid-2008, as currently anticipated, and sufficient revenues are generated to cause the Company to cease to be a PFIC. The determination of whether the Company (or any Subsidiary PFIC) will be a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether the Company will be a PFIC for the taxable year ending November 30, 2008 and subsequent taxable years depends on the assets and income of the Company over the course of each such taxable year and, as a result, cannot be predicted with certainty as of the date of this prospectus supplement. Accordingly, there can be no assurance that the IRS will not challenge the

determination made by the Company concerning its PFIC status or that the Company will not be a PFIC for any taxable year.

Default PFIC rules under Section 1291 of the Code

If the Company is a PFIC, the U.S. federal income tax consequences to a U.S. Holder of the acquisition, ownership, and disposition of a note or common shares will depend on whether such U.S. Holder makes an election to treat the Company as a qualified electing fund or QEF under Section 1295 of the Code (a QEF Election) or a mark-to-market election under Section 1296 of the Code (a Mark-to-Market Election). A U.S. Holder that does not make either a timely and effective QEF Election or a Mark-to-Market Election will be referred to in this summary as a Non-Electing U.S. Holder.

A Non-Electing U.S. Holder will be subject to the rules of Section 1291 of the Code with respect to (a) any gain recognized on the sale or other taxable disposition of notes or common shares and (b) any excess distribution paid on the common shares. A distribution generally will be an excess distribution to the extent that such distribution (together with all other distributions received in the current taxable year) exceeds 125% of the average distributions received during the three preceding taxable years (or during a U.S. Holder s holding period for the common shares, if shorter).

Under Section 1291 of the Code, any gain recognized on the sale or other taxable disposition of a note or common shares, and any excess distribution paid on the common shares, must be ratably allocated to each day in a Non-Electing U.S. Holder s holding period for a note or common shares. The amount of any such gain or excess distribution allocated to prior taxable years of such Non-Electing U.S. Holder s holding period for a note or common shares (other than years prior to the first taxable year of the Company beginning after December 31, 1986 for which the Company was not a PFIC) will be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such prior taxable year. A Non-Electing U.S. Holder will be required to pay interest on the resulting tax liability for each such prior taxable year, calculated as if such tax liability had been due in each such prior taxable year. Such a Non-Electing U.S. Holder that is not a corporation must treat any such interest paid as personal interest, which is not deductible. The amount of any such gain or excess distribution allocated to the current year of such Non-Electing U.S. Holder s holding period for the notes or common shares will be treated as ordinary income in the current year, and no interest charge will be incurred with respect to the resulting tax liability for the current year.

In addition, if the Company is a PFIC and own shares of another foreign corporation that also is a PFIC, under certain indirect ownership rules, a disposition by the Company of the shares of such other foreign corporation or a distribution received by the Company from such other foreign corporation generally will be treated as an indirect disposition by a U.S. Holder or an indirect distribution received by a U.S. Holder, subject to the rules of Section 1291 of the Code discussed above. To the extent that gain recognized on the actual disposition by a U.S. Holder of notes or common shares or income recognized by a U.S. Holder on an actual distribution received on common shares was previously subject to U.S. federal income tax under these indirect ownership rules, such amount generally will not be subject to U.S. federal income tax.

If the Company is a PFIC for any taxable year during which a Non-Electing U.S. Holder holds notes or common shares, the Company will continue to be treated as a PFIC with respect to such Non-Electing U.S. Holder, regardless of whether the Company ceases to be a PFIC in one or more

subsequent years. A Non-Electing U.S. Holder may terminate this deemed PFIC status by electing to recognize gain (which will be taxed under the rules of Section 1291 of the Code discussed above) as if such notes or common shares were sold on the last day of the last taxable year for which the Company was a PFIC.

QEF Election

General rules

A U.S. Holder that makes a timely and effective QEF Election generally will not be subject to the rules of Section 1291 of the Code discussed above. However, a U.S. Holder that makes a QEF Election will be subject to U.S. federal income tax on such U.S. Holder s pro rata share of (a) the net capital gain of the Company, which will be taxed as long-term capital gain to such U.S. Holder, and (b) the ordinary earnings of the Company, which will be taxed as ordinary income to such U.S. Holder. Generally, net capital gain is the excess of (a) net long-term capital gain over (b) net short-term capital loss, and ordinary earnings are the excess of (a) earnings and profits over (b) net capital gain. A U.S. Holder that makes a QEF Election will be subject to U.S. federal income tax on such amounts for each taxable year in which the Company is a PFIC, regardless of whether such amounts are actually distributed to such U.S. Holder by the Company. However, a U.S. Holder that makes a QEF Election may, subject to certain limitations, elect to defer payment of current U.S. federal income tax on such amounts, subject to an interest charge. If such U.S. Holder is not a corporation, any such interest paid will be treated as personal interest, which is not deductible.

A U.S. Holder that makes a QEF Election generally (a) may receive a tax-free distribution from the Company to the extent that such distribution represents earnings and profits of the Company that were previously included in income by the U.S. Holder because of such QEF Election and (b) will adjust such U.S. Holder s tax basis in the common shares to reflect the amount included in income or allowed as a tax-free distribution because of such QEF Election In addition, a U.S. Holder that makes a QEF Election generally will recognize capital gain or loss on the sale or other taxable disposition of common shares.

The procedure for making a QEF Election, and the U.S. federal income tax consequences of making a QEF Election, will depend on whether such QEF Election is timely made. A QEF Election will be treated as timely if such QEF Election is made for the first taxable year in the U.S. Holder s holding period for the common shares in which the Company was a PFIC. A U.S. Holder may make a timely QEF Election by filing the appropriate QEF Election documents at the time such U.S. Holder files a U.S. federal income tax return for such first year. However, if the Company was a PFIC in a prior taxable year, then in addition to filing the QEF Election documents, a U.S. Holder must elect to recognize (a) gain (which will be taxed under the rules of Section 1291 of the Code discussed above) as if the common shares were sold on the qualification date or (b) if the Company was also a controlled foreign corporation, such U.S. Holder s pro rata share of the post-1986 earnings and profits of the Company as of the qualification date. The qualification date is the first day of the first taxable year in which the Company was a QEF with respect to such U.S. Holder. The election to recognize such gain or earnings and profits can only be made if such U.S. Holder s holding period for the common shares includes the qualification date. By electing to recognize such gain or earnings and profits, such U.S. Holder will be deemed to have made a timely QEF Election. In addition, under very limited circumstances, a U.S. Holder may make a retroactive QEF Election if such U.S. Holder failed to file the QEF Election documents in a timely manner.

A QEF Election will apply to the taxable year for which such QEF Election is made and to all subsequent taxable years, unless such QEF Election is invalidated or terminated or the IRS consents to revocation of such QEF Election. If a U.S. Holder makes a QEF Election and, in a subsequent taxable year, the Company ceases to be a PFIC, the QEF Election will remain in effect (although it will not be applicable) during those taxable years in which the Company is not a PFIC. Accordingly, if the Company becomes a PFIC in another subsequent taxable year, the QEF Election will be effective and the U.S. Holder will be subject to the QEF rules described above during any such subsequent taxable year in which the Company qualifies as a PFIC. In addition, the QEF Election will remain in effect (although it will not be applicable) with respect to a U.S. Holder even after such U.S. Holder disposes of all of such U.S. Holder s direct and indirect interest in the common shares. Accordingly, if such U.S. Holder reacquires an interest in the Company, such U.S. Holder will be subject to the QEF rules described above for each taxable year in which the Company is a PFIC.

Each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the availability of, and procedure for making, a QEF Election. The Company intends to satisfy record keeping requirements that apply to a QEF, and to supply U.S. Holders with information that they require to report under the QEF rules, in the event that the Company is a PFIC and a U.S. Holder wishes to make a QEF Election.

Application of QEF Election to common shares received on exercise of notes

Treasury Regulations provide that a holder of an option, warrant or other right to acquire stock of a PFIC, such as the conversion right contained in the notes, may not make a QEF Election that will apply to the option, warrant or other right or to the stock subject to the option, warrant or other right. Under Treasury Regulations, if a U.S. Holder holds an option, warrant or other right to acquire stock of a PFIC, the holding period with respect to shares of stock of the PFIC acquired upon exercise of such option, warrant or other right shall include the period that the option, warrant or other right was held. Thus, U.S. Holders will be treated as having held common shares received on a conversion of the notes for the entire period during which the notes were held. The general effect of these rules is that (a) under the special taxation rules for PFICs discussed above, excess distributions and gains realized on the disposition of common shares received upon exercise of notes in the Company will be spread over the entire holding period for the notes and the common shares acquired thereby and (b) even if a U.S. Holder makes a QEF Election upon exercise of the notes and receipt of the common shares, that election generally will not be a timely and effective QEF Election with respect to the common shares received on exercise. Thus, the special taxation rules and applicable interest charge with respect to PFICs discussed above will continue to apply. However, a U.S. Holder receiving common shares upon the conversion of a note generally will be eligible to make an effective QEF Election as of the first day of the taxable year of such U.S. Holder beginning after the receipt of such common shares if such U.S. Holder also makes an election to recognize gain (which will be taxed under the PFIC rules described above) as if such common shares were sold on such date at fair market value. In addition, under the Treasury Regulations, a disposition, other than by exercise, of a note generally will be subject to the special taxation rules for PFICs discussed above.

Mark-to-Market Election

General rules

A U.S. Holder may make a Mark-to-Market Election only if the common shares are marketable stock. The common shares generally will be marketable stock if the common shares are regularly traded on a qualified exchange or other market. For this purpose, a qualified exchange or other market includes (a) a national securities exchange that is registered with the Securities and Exchange Commission, (b) the national market system established pursuant to section 11A of the Securities and Exchange Act of 1934, or (c) a foreign securities exchange that is regulated or supervised by a governmental authority of the country in which the market is located, provided that (i) such foreign exchange has trading volume, listing, financial disclosure, surveillance, and other requirements designed to prevent fraudulent and manipulative acts and practices, remove impediments to and perfect the mechanism of a free, open, fair, and orderly market, and protect investors (and the laws of the country in which the foreign exchange is located and the rules of the foreign exchange ensure that such requirements are actually enforced), and (ii) the rules of such foreign exchange effectively promote active trading of listed stocks. If the common shares are traded on such a qualified exchange or other market, the common shares generally will be regularly traded for any calendar year during which the common shares are traded, other than in de minimis quantities, on at least 15 days during each calendar quarter.

A U.S. Holder that makes a valid Mark-to-Market Election generally will not be subject to the rules of Section 1291 of the Code discussed above. A U.S. Holder that makes a Mark-to-Market Election will include in ordinary income, for each taxable year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the common shares as of the close of such taxable year over (b) such U.S. Holder s adjusted tax basis in such common shares. A U.S. Holder that makes a Mark-to-Market Election will be allowed a deduction in an amount equal to the lesser of (a) the excess, if any, of (i) such U.S. Holder s adjusted tax basis in the common shares over (ii) the fair market value of such common shares as of the close of such taxable year or (b) the excess, if any, of (i) the amount included in ordinary income because of such Mark-to-Market Election for prior taxable years over (ii) the amount allowed as a deduction because of such Mark-to-Market Election for prior taxable years.

A U.S. Holder that makes a Mark-to-Market Election generally also will adjust such U.S. Holder s tax basis in the common shares to reflect the amount included in gross income or allowed as a deduction because of such Mark-to-Market Election. In addition, upon a sale or other taxable disposition of common shares, a U.S. Holder that makes a Mark-to-Market Election will recognize ordinary income or loss (not to exceed the excess, if any, of (a) the amount included in ordinary income because of such Mark-to-Market Election for prior taxable years over (b) the amount allowed as a deduction because of such Mark-to-Market Election for prior taxable years).

A Mark-to-Market Election applies to the taxable year in which such Mark-to-Market Election is made (except as discussed below for shares received on conversion of a note) and to each subsequent taxable year, unless the common shares cease to be marketable stock or the IRS consents to revocation of such Election. Each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the availability of, and procedure for making, a Mark-to-Market Election.

Application of Mark-to-Market Election to common shares received on exercise of notes

Because of the rules which treat noteholders as holding common shares received on exercise for the period during which they held the notes, a U.S. Holder will be treated as making a Mark-to-Market Election after the beginning of such U.S. Holder s holding period for the common shares. Since the U.S. Holder also is not treated as having made a timely QEF Election under these same rules, the tax regime and interest charge of Section 1291 described above will apply to dispositions of and distributions on the common shares received on conversion during the year in which the Mark-to-Market Election is made.

Other PFIC rules

Under Section 1291(f) of the Code, the IRS has issued proposed Treasury Regulations that, subject to certain exceptions, would cause a U.S. Holder that had not made a timely QEF Election to recognize gain (but not loss) upon certain transfers of common shares that would otherwise be tax-deferred (e.g., gifts and exchanges pursuant to corporate reorganizations). However, the specific U.S. federal income tax consequences to a U.S. Holder may vary based on the manner in which common shares are transferred. Certain additional adverse rules will apply with respect to a U.S. Holder if the Company is a PFIC, regardless of whether such U.S. Holder makes a QEF Election. For example under Section 1298(b)(6) of the Code, a U.S. Holder that uses common shares as security for a loan will, except as may be provided in Treasury Regulations, be treated as having made a taxable disposition of such common shares.

The PFIC rules are complex, and each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the PFIC rules and how the PFIC rules may affect the U.S. federal income tax consequences of the acquisition, ownership, and disposition of common shares.

Information reporting; backup withholding tax

Payments made within the U.S., or by a U.S. payor or U.S. middleman, of interest on the notes or dividends on the common shares, or proceeds arising from the sale or other taxable disposition of notes or common shares, generally will be subject to information reporting and backup withholding tax (currently at a rate of 28%) if a U.S. Holder (a) fails to furnish such U.S. Holder s correct U.S. taxpayer identification number (generally on Form W-9), (b) furnishes an incorrect U.S. taxpayer identification number, (c) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding tax, or (d) fails to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding tax. However, U.S. Holders that are corporations generally are excluded from the backup withholding rules. Any amount paid as U.S. backup withholding would be creditable against the U.S. Holder s U.S. federal income tax liability, provided the applicable requisite information is timely provided to the IRS. Each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the information reporting and backup withholding tax rules.

Underwriting

Subject to the terms and conditions of the underwriting agreement between us and J.P. Morgan Securities Inc., referred to in this prospectus supplement as the underwriter, we have agreed to sell and the underwriter has agreed to purchase from us, US$95,000,000 aggregate principal amount of the notes.

We have agreed to pay to the underwriter a fee of US$30 per US$1,000 principal amount of the notes purchased by the underwriter.

The underwriting agreement provides that the obligations of the underwriter are subject to certain conditions precedent, including the absence of any material adverse change in our business and the receipt of certain certificates, opinions and letters from us, our counsel and the independent auditors. The underwriter is committed to purchase all the notes offered by us if it purchases any notes.

We estimate that the total expenses of this offering, excluding the underwriter s fee, will be approximately $1,500,000.

This offering is being made concurrently in all of the provinces of Canada, other than Québec, and in the United States pursuant to the multi-jurisdictional disclosure system implemented by the securities regulatory authorities in the United States and Canada. The notes will be offered in the United States and Canada by the underwriter either directly or through its Canadian broker-dealer affiliate or agents, as applicable. Subject to applicable law, the underwriter may offer the notes outside of Canada and the United States.

The underwriter initially proposes to offer the notes to the public at the public offering price that appears on the cover page of this prospectus supplement. The underwriter may offer the notes to selected dealers at the public offering price less a concession of up to 1.8% of the principal amount. After the initial offering, the underwriter may change the public offering price and any other selling terms.

We have granted to the underwriter an option exercisable not later than 30 days after the closing date of this offering to purchase up to US$14,000,000 aggregate principal amount of notes. The underwriter may exercise the over-allotment option solely for the purpose of covering over-allotments, if any, in connection with this offering. Under applicable Canadian securities laws, this prospectus supplement also qualifies the grant of the over-allotment option and the distribution of the additional notes issuable on exercise of the over-allotment option.

We, our executive officers and directors, and certain members of our senior management have agreed that, for a period of 90 days from the date of the underwriting agreement (the Restricted Period), we and they will not, without the prior written consent of the underwriter, directly or indirectly, offer, sell or otherwise dispose of, or enter into any agreement to offer, sell or otherwise dispose of, any securities of the Company other than grants of options or rights or issuances of common shares (i) pursuant to existing director or employee stock option or purchase plans; (ii) under such director or employee stock options granted subsequently in accordance with regulatory approval; or (iii) as a result of the exercise of currently outstanding share purchase warrants or options; provided, that, subject to applicable laws, two of our executive officers, including our Chief Executive Officer, may, without the consent of the underwriter, offer, sell or contract to sell, during the last 60 days of the Restricted Period, up to 10% of such officer s holdings of common shares as at the date of the underwriting agreement. The underwriter at its discretion may release any of the securities subject to these lock-ups.

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of securities.

In connection with the offering of the notes, the underwriter may engage in over-allotment, stabilizing transactions and syndicate covering transactions in the notes and our common shares. Over-allotment involves sales in excess of the offering size, which creates a short position for the underwriter. Stabilizing transactions involve bids to purchase the notes or our common shares in the open market for the purpose of pegging, fixing or maintaining the price of the notes. Syndicate covering transactions involve purchases of the notes or common shares in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the notes and our common shares to be higher than it would otherwise be in the absence of those transactions.

We and the underwriter do not make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes or our common shares. In addition, we and the underwriter do not make any representation that the underwriter will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

In the underwriting agreement, we have agreed that we will indemnify the underwriter against certain liabilities, including liabilities under the U.S. Securities Act and Canadian securities laws, or contribute to payments that the underwriter may be required to make in respect of those liabilities.

The underwriter and its affiliates have in the past and may in the future provide various financial advisory, investment banking and commercial banking services for us and our affiliates in the ordinary course of business for which they have received and will receive customary fees and commissions.

Notice to prospective investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of securities described in this prospectus supplement may not be made to the public in that relevant member state prior to the publication of a prospectus in relation to the securities that has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, an offer of securities may be offered to the public in that relevant member state at any time:

to any legal entity that is authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

to any legal entity that has two or more of (a) an average of at least 250 employees during the last financial year; (b) a total balance sheet of more than 343,000,000 and (c) an annual net turnover of more than 350,000,000, as shown in its last annual or consolidated accounts; or

in any other circumstances that do not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each purchaser of securities described in this prospectus supplement located within a relevant member state will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of Article 2(1)(e) of the Prospectus Directive.

For purposes of this provision, the expression an offer to the public in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression Prospectus Directive means Directive 2003/71/ EC and includes any relevant implementing measure in each relevant member state.

We have not authorized and do not authorize the making of any offer of the securities through any financial intermediary on our behalf, other than offers made by the underwriter with a view to the final placement of the securities as contemplated in this prospectus supplement. Accordingly, no purchaser of the securities, other than the underwriter, is authorized to make any further offer of the securities on behalf of us or the underwriter.

Notice to prospective investors in the United Kingdom

This prospectus supplement is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons). This prospectus supplement and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Legal matters

Certain legal matters in connection with the offering will be passed upon on behalf of the Company by Blake, Cassels & Graydon LLP with respect to Canadian legal matters and by Dorsey & Whitney LLP with respect to U.S. legal matters, and on behalf of the underwriter by McCarthy Tétrault LLP with respect to Canadian legal matters and Skadden, Arps, Slate, Meagher & Flom LLP with respect to U.S. legal matters. The partners and associates of Blake, Cassels & Graydon LLP as a group beneficially own, directly or indirectly, less than one percent of the outstanding securities of the Company. The partners and associates of McCarthy Tétrault LLP as a group beneficially own, directly or indirectly, less than one percent of the outstanding securities of the Company.

Auditors, registrar and transfer agent

The auditors for the Company are PricewaterhouseCoopers LLP of Vancouver, British Columbia.

The transfer agent and registrar for the Company in Canada is Computershare Investor Services Inc. at its principal offices in Vancouver, British Columbia and Toronto, Ontario. The co-transfer agent and registrar in the United States is Computershare Trust Company Inc. at its office in Denver, Colorado.

Interest of experts

Norwest Corporation, SRK Consulting (US) Inc., Sean Ennis, Bruce Davis, William Pennstrom, Jr., Ken Shinya, Gordon Doerksen, Kevin Francis, Stanton Dodd, Neal Rigby, Russ White, and Robert Sim, each being companies or persons who have prepared reports relating to the Company s mineral properties, or any director, officer, employee or partner thereof, as applicable, received or has received a direct or indirect interest in the property of the Company or of any associate or affiliate of the Company. As at the date hereof, the aforementioned persons, and the directors, officers, employees and partners, as applicable, of each of the aforementioned companies and partnerships beneficially own, directly or indirectly, in the aggregate, less than one percent of the securities of the Company.

The auditors of the Company are PricewaterhouseCoopers LLP, Chartered Accountants, of Vancouver, British Columbia. PricewaterhouseCoopers LLP, Chartered Accountants, report that they are independent of the Company in accordance with the Rules of Professional Conduct in British Columbia, Canada. PricewaterhouseCoopers LLP is registered with the Public Company Accounting Oversight Board.

Neither the aforementioned persons, nor any director, officer, employee or partner, as applicable, of the aforementioned companies or partnerships, is currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

Documents incorporated by reference

This prospectus supplement is deemed to be incorporated by reference into the accompanying base shelf prospectus solely for the purposes of this offering. Other documents are also incorporated, or are deemed to be incorporated, by reference into the base shelf prospectus and reference should be made to the base shelf prospectus for full particulars thereof.

The following documents which have been filed by the Company with securities commissions or similar authorities in Canada, are also specifically incorporated by reference into, and form an integral part of, the base shelf prospectus, as supplemented by this prospectus supplement:

(a) annual information form of the Company for the year ended November 30, 2007, dated March 2, 2008;

(b) audited comparative consolidated financial statements of the Company for the years ended November 30, 2007 and 2006 together with the notes thereto and the auditors report thereon, including management s discussion and analysis for the year ended November 30, 2007;

(c) management information circular of the Company, dated April 9, 2007, prepared in connection with the Company s annual and special meeting of shareholders held on May 31, 2007;

(d) material change report, dated December 4, 2007, announcing that NovaGold and Teck Cominco Limited had reached the decision to suspend construction activities at the Galore Creek project;

(e) material change report, dated January 22, 2008, announcing the appointment of a highly experienced senior management team to lead the Galore Creek project through the next phase of evaluation and optimization; and

(f) material change report, dated February 14, 2008, announcing that the Measured and Indicated Resource for the Donlin Creek project had increased by 77% to 29.4 million ounces of gold, successfully converting a majority of the Inferred Resources to the Measured and Indicated category.

Any statement contained in the base shelf prospectus, in this prospectus supplement or in any document incorporated or deemed to be incorporated by reference in this prospectus supplement or the base shelf prospectus for the purpose of this offering shall be deemed to be modified or superseded, for purposes of this prospectus supplement, to the extent that a statement contained herein or in the base shelf prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein or in the base shelf prospectus modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this prospectus supplement, except as so modified or superseded.

PROSPECTUS **APRIL 16, 2007**

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 31 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 prepared in accordance with Canadian generally accepted accounting principles, and may be 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 underwriters or 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 determined if this Prospectus is truthful or complete. 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 American Stock Exchange (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, 2006 was less than one-to-one. See Earnings Coverage .

TABLE OF CONTENTS

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 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.

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 material 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 and Metallurgy Classification System. 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) states whether the historical estimate uses categories other than those prescribed by NI 43-101, and (d) includes any more recent estimates or data available. Such historical estimates are presented concerning the Company s Ambler project and the Saddle mineralization adjacent to the Rock Creek property.

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 with 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, 2006, 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 forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 concerning the Company s

plans at the Galore Creek, Donlin Creek, Nome Operations and Ambler projects, production, capital, operating and cash flow estimates and other matters. 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 reserve and 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, using

words or phrases such as expects , anticipates , plans , estimates , intends , strategy , goals , objectives or sta certain actions, events or results may , could , would , might or will be taken, occur or be achieved, or the negative any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. 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 expressed or implied by the forward-looking statements, including, without limitation:

commodity price fluctuations;

risks related to the Company s ability to finance the development of its mineral properties;

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;

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;

uncertainty of capital costs, operating costs, production and economic returns;

risks related to management of the Donlin Creek project by Barrick Gold Corporation (Barrick) and the effect of disputes with Barrick over management and ownership of the project or its development;

the possible dilution of the Company s interest in the Donlin Creek project if Barrick successfully completes the back-in requirements and earns an additional 40% interest in the project or if Calista Corporation (Calista) exercises its right to acquire an interest in the project;

risks involved in the Company s litigation over the Grace claims with Pioneer Metals Corporation (Pioneer), which is owned by Barrick, and Pioneer s opposition to the use by the Company of a portion of the Grace property for a tailings and waste rock facility for the Galore Creek project;

risks involved in litigation opposing the Company s permits at Rock Creek;

uncertainty inherent in litigation including the effects of discovery of new evidence or advancement of new legal theories, and the difficulty of predicting decisions of judges and juries;

the Company s need to attract and retain qualified management and technical personnel;

risks related to the integration of new acquisitions into the Company s existing operations;

uncertainty of production at the Company s mineral exploration properties;

risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of the Company s mineral deposits;

mining and development risks, including risks related to accidents, equipment breakdowns, labour disputes or other unanticipated difficulties with or interruptions in development, construction or production;

risks related to governmental regulation, including environmental regulation;

risks related to reclamation activities on the Company s properties;

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 Company s ability to acquire additional commercially mineable mineral rights;

currency fluctuations;

increased competition in the mining industry; and

risks related to the Company s current practice of not using hedging arrangements.

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 in this Prospectus, in any applicable Prospectus Supplement, and in the documents incorporated by reference herein and therein. 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. 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 on the last day of each month during such periods, and (iii) the high and low exchange rates 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		
	2006	**2005**	**2004**
Rate at the end of period	0.8760	0.8566	0.8401
Average rate during period	0.8846	0.8259	0.7674
Highest rate during period	0.9099	0.8613	0.8493
Lowest rate during period	0.8522	0.7872	0.7159

On April 13, 2007, the exchange rate based on the Bank of Canada noon rate was $1.00 per US$0.88.

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, production, capital costs, operating costs and cash flow estimates 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 a growing company engaged in the exploration and development of mineral properties in Alaska and western Canada, with one of its properties currently under development and two of its properties progressing toward development. The Company conducts its operations through wholly-owned subsidiaries and joint ventures. Since 1998, the Company has assembled a portfolio of gold and base metal properties. The Company is focused primarily on gold properties, some of which have significant copper and silver resources. The Company s Galore Creek project is the subject of a feasibility study and construction is expected to start following receipt of permits and approvals. The Company s Donlin Creek project is an advanced stage exploration project. Construction on the Company s Rock Creek project commenced in the summer of 2006. The Ambler project is an earlier stage polymetallic massive sulphide deposit.

Galore Creek is a large copper-gold deposit located in northwestern British Columbia with proven and probable reserves of 5.3 million ounces of gold, 92.6 million ounces of silver and 6.6 billion pounds of copper. The project s measured and indicated resources, inclusive of proven and probable reserves, total 8.3 million ounces of gold, 141.8 million ounces of silver and 10.2 billion pounds of copper. In addition, Galore Creek hosts inferred resources of 5.3 million ounces of gold, 85.4 million ounces of silver and 4.4 billion pounds of copper.

Donlin Creek, a joint venture with a subsidiary of Barrick, is one of the largest known undeveloped gold deposits in the world, based on publicly reported resources. Donlin Creek contains measured and indicated resources of 16.6 million ounces of gold and additional inferred resources of 17.1 million ounces of gold according to a NI 43-101 compliant report conducted by SRK Consulting (US), Inc. in September 2006.

The Nome Operations include the Rock Creek, Big Hurrah and Nome Gold projects (Nome Operations). Construction on Rock Creek commenced in the summer of 2006. The Company expects production from Rock Creek and Big Hurrah to be at an average annual production rate of approximately 100,000 ounces of gold with production expected to commence in late 2007.

Ambler, in which NovaGold has an option to acquire a joint venture interest through an agreement with subsidiaries of Rio Tinto plc, is a large, high grade polymetallic massive sulphide deposit with a non-compliant NI 43-101 historical inferred resource estimate. Ambler was estimated in 1995 to contain 817,000 ounces of gold, 64 million ounces of silver, 3.2 billion pounds of copper and 4.4 billion pounds of zinc.

In addition, NovaGold holds a portfolio of earlier stage exploration projects that do not have a defined resource. The Company is also engaged in the sale of sand, gravel and land, and receives royalties from placer gold production, largely from its holdings around Nome, Alaska. For the purposes of NI 43-101, NovaGold s material properties are the Galore Creek project and the Donlin Creek project.

The following table sets forth the reserves and resources at the Company s Galore Creek project, Donlin Creek project, Nome Operations and Ambler property, and the Company s share of those resources.

Project Reserve and Resource Estimates Summary[7]

Galore Creek Reserves[1]

Class	Run of Mine Tonnage (Millions)	Cu (%)	Au (g/t)	Ag (g/t)	Contained Copper (B lbs)	Contained Gold (M ozs)	Contained Silver (M ozs)
Proven	239.5	0.625	0.343	6.01	3.30	2.64	46.28
Probable	301.3	0.503	0.271	4.78	3.34	2.63	46.30
Total	540.7	0.557	0.303	5.32	6.64	5.27	92.58

Total Project Resources

	Measured[3]			Indicated[3]			Measured and Indicated[3]			Inferred[3]		
	Au Million ozs.	Ag Million oz.	Cu Billion lbs.	Au Million ozs.	Ag Million oz.	Cu Billion lbs.	Au Million ozs.	Ag Million oz.	Cu Billion lbs.	Au Million ozs.	Ag Million oz.	Cu Billion lbs.
Galore Creek[2][8]	3.0	51.2	3.7	5.3	90.6	6.6	8.3	141.8	10.2	4.8	77.8	4.2
Donlin Creek[2]	1.6			15.0			16.6			17.1		
Nome Operations[5]	0.8			1.4			2.2			0.4		
Ambler[6]										0.8	64.1	3.2
Total Project Resources	5.4	51.2	3.7	21.7	90.6	6.6	27.1	141.8	10.2	23.0	141.9	7.4

NovaGold Net Share of Projects[4]

	Measured[3]			Indicated[3]			Measured and Indicated[3]			Inferred[3]		
	Au Million ozs.	Ag Million oz.	Cu Billion lbs.	Au Million ozs.	Ag Million oz.	Cu Billion lbs.	Au Million ozs.	Ag Million oz.	Cu Billion lbs.	Au Million ozs.	Ag Million oz.	Cu Billion lbs.
Galore Creek (100%)[2]	3.0	51.2	3.7	5.3	90.6	6.6	8.3	141.8	10.2	4.8	77.8	4.2
	1.1			10.5			11.6			12.0		

Donlin Creek (70%)[2]					
Nome Operations (100%)[5]	0.8	1.4	2.2	0.4	
Ambler (51%)[6]				0.4	32.7