

NOVAGOLD RESOURCES INC
Form F-10
December 16, 2011

As filed with the Securities and Exchange Commission on December 16, 2011.

Registration No. 333-

U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form F-10

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

NOVAGOLD RESOURCES INC.

(Exact name of Registrant as specified in its charter)

<u>Nova Scotia</u>	<u>1041</u>	<u>Not Applicable</u>
<i>(Province or other Jurisdiction of Incorporation or Organization)</i>	<i>(Primary Standard Industrial Classification Code Number)</i>	<i>(I.R.S. Employer Identification Number, if any)</i>
<u>Suite 2300, 200 Granville Street, Vancouver, British Columbia, Canada, V6C 1S4, (604) 669-6227</u>		
<i>(Address and telephone number of Registrant's principal executive offices)</i>		

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

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Approximate date of commencement of proposed sale to the public:

From time to time after the effective date of this Registration Statement.

Province of British Columbia, Canada

(Principal jurisdiction regulating this offering)

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

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

B. ☒ at some future date (check appropriate box below)

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered⁽¹⁾	Proposed maximum aggregate offering price⁽²⁾⁽³⁾	Amount of registration fee
Debt Securities			
Preferred Shares			
Common Shares			
Warrants to Purchase Equity Securities			
Warrants to Purchase Debt Securities			
Share Purchase Contracts			
Share Purchase or Equity Units			
Total	U.S.\$500,000,000	U.S.\$500,000,000	U.S.\$57,135

- (1) There are being registered under this registration statement such indeterminate number of debt securities, preferred shares, common shares, warrants to purchase equity securities, warrants to purchase debt securities, share purchase contracts, and share purchase or equity units of the Registrant as shall have an aggregate initial offering price of U.S.\$500,000,000. Any securities registered by this registration statement may be sold separately or as units with other securities registered under this registration statement. The proposed maximum initial offering price per security will be determined, from time to time, by the Registrant in connection with the sale of the securities under this registration statement.
- (2) In United States dollars or the equivalent thereof in Canadian dollars.
- (3) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457 of the Securities Act of 1933.
- (4) An aggregate of U.S.\$18,135 of the amount of the registration fee was previously paid in connection with U.S.\$324,999,999 of the U.S.\$500,000,000 of unissued securities registered under our F-10 shelf registration statement (File No. 333-163551) initially filed on December 7, 2009 and declared effective on December 31, 2009, which unsold securities are hereby deregistered. Accordingly, pursuant to Rule 457(p) of the General Rules and Regulations under the Securities Act of 1933, as amended, U.S.\$18,135 is being offset against the total registration fee due for this Registration Statement.

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

PART I

INFORMATION REQUIRED TO BE DELIVERED TO OFFEREES OR PURCHASERS

I-1

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

SUBJECT TO COMPLETION, DATED DECEMBER 16, 2011

Prospectus

NOVAGOLD RESOURCES INC.

US\$500,000,000

Debt Securities

Preferred Shares

Common Shares

Warrants to Purchase Equity Securities

Warrants to Purchase Debt Securities

Share Purchase Contracts

Share Purchase or Equity Units

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

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

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

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

Securities.

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

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

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

NovaGold has filed an undertaking with each of the securities commissions or similar regulatory authorities in Canada that it will not distribute stand-alone warrants, share purchase contracts or share purchase or equity units without pre-clearing with the applicable regulator the disclosure to be contained in the Prospectus Supplement pertaining to the distribution of such securities.

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

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

securities exchange. The offering of Securities hereunder is subject to approval of certain legal matters on behalf of NovaGold by Blake, Cassels & Graydon LLP, with respect to Canadian legal matters, and Dorsey & Whitney LLP, with respect to U.S. legal matters.

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

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

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

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

CAUTIONARY NOTE TO UNITED STATES INVESTORS

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

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

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus and the documents incorporated by reference into this Prospectus contain statements of forward-looking information. These forward-looking statements may include statements regarding perceived merit of properties, exploration results and budgets, mineral reserves and resource estimates, work programs, capital expenditures, operating costs, cash flow estimates, production estimates and similar statements relating to the economic viability of a project, timelines, strategic plans, including the Company's plans and expectations relating to its Galore Creek and Ambler projects, completion of transactions, market prices for precious and base metals, or other

statements that are not statements of fact. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as expects , is expected , anticipates , believes , plans , projects , estimates , assumes , intends , strategy , potential , possible or variations thereof or stating that certain actions, events, conditions or results may , could , would , should , might or will be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation:

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

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

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

The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

EXCHANGE RATE INFORMATION

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

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

On December 15, 2011, the exchange rate for the Canadian dollar, as expressed in U.S. dollars based on the Bank of Canada noon rate, was \$1.0337 per US\$1.00.

THE COMPANY

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

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

Summary Description of NovaGold's Business

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

- Donlin Gold, one of the world's largest known undeveloped gold deposits, is held by Donlin Gold LLC, a limited liability company that is owned 50% by NovaGold Resources Alaska, Inc. and 50% by Barrick Gold U.S. Inc. On December 5, 2011, NovaGold announced the completion of a Feasibility Study for Donlin Gold (the Donlin Gold FS). The Donlin Gold FS was compiled by AMEC Americas Ltd. (AMEC) and revises the feasibility study completed in April 2009 (2009 Feasibility Study) with updated mineral reserves and resources, capital costs and operating cost estimates. The Donlin Gold FS also utilizes natural gas as the primary power source for the project rather than the original diesel option. Donlin Gold is located in southwestern Alaska on private Alaskan native-owned lands and Alaska state mining claims totalling 81,361 acres (32,926 hectares). The property has estimated proven and probable mineral reserves of 505 million tonnes grading 2.09 grams per tonne gold for 33.8 million ounces of gold. This represents an approximate 16% increase from the mineral reserve estimate outlined in the 2009 Feasibility Study and is broadly comparable to the March 2010 mineral reserve and resource update released by NovaGold. The property hosts estimated measured and indicated mineral resources (inclusive of mineral reserves) of 541 million tonnes grading 2.24 grams per tonne gold for 39 million ounces of gold and inferred mineral resources of 92 million tonnes grading 2.02 grams per tonne gold for 6.0 million ounces of gold. The total capital cost estimate for Donlin Gold is US\$6.7 billion, including costs related to the natural gas pipeline and a contingency of US\$984 million. The project's estimated after-tax net present value (NPV_{7%}) is US\$547 million using the base case gold price of US\$1,200 per ounce, US\$4.58 billion using a gold price of US\$1,700 per ounce and US\$6.72 billion using a gold price of US\$2,000 per ounce. The corresponding Internal Rate of Returns (IRR) after-tax were estimated at 6.0%, 12.3% and 15.1%, respectively. Donlin Gold, if put into production in accordance with the Donlin Gold FS, would average 1.46 million ounces of gold production in each year of its first five years of operation at an average cash cost of US\$409/oz and an average of 1.13 million ounces of gold per year over its projected 27 year mine life with an average cash cost of US\$585 per ounce. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The project is expected to be a conventional truck and shovel open-pit operation. The mine life is estimated to be 27 years based on a nominal processing rate of 53,500 tonnes per day. NovaGold believes that significant exploration potential remains in the Donlin Gold district, with prospects to increase mine life and/or justify future production expansions. NovaGold anticipates that Donlin Gold will commence formal project permitting in the first half of 2012, subject to the resolution of certain land issues.
- Galore Creek, a large copper-gold-silver project located in northwestern British Columbia, is held by a partnership (the Galore Creek Partnership) in which NovaGold Canada Inc. and Teck Metals Ltd. each own a 50% interest and is managed by Galore Creek Mining Corporation (GCMC). The 293,838 acre (118,912 hectare) property holds a large, porphyry-related copper-gold-silver deposit. The Pre-feasibility Study (PFS) completed in July 2011 for the Galore Creek project estimates that the project has proven and probable reserves of 528 million tonnes grading 0.58% copper, 0.32 grams per tonne gold and 6.02 grams per tonne silver for estimated contained metal of 6.8 billion pounds of copper, 5.45 million ounces of gold and 102.1 million ounces of silver. In addition, the property has estimated measured and indicated mineral resources of 286.7 million tonnes grading 0.33% copper, 0.27 grams per tonne gold and 3.64 grams per tonne silver, for estimated contained metal of 2.07 billion pounds of copper, 2.53 million ounces of gold and 33.54 million ounces of silver and estimated inferred mineral resources of 346.6 million tonnes grading 0.42% copper, 0.24 grams per tonne gold and 4.28 grams per tonne silver, for estimated contained metal of 3.23 billion pounds of copper, 2.70 millions ounces of gold and 47.73 million ounces of silver. The PFS total capital cost estimate for the Galore Creek project is \$5.2 billion dollars. The project's estimated net present value (NPV_{7%}), using the PFS base case metal price assumptions set forth below, was

assessed at \$837 million and \$137 million on a pre-tax and post-tax basis, respectively. The corresponding post-tax IRR of the project was estimated at 7.4%. Using the July 27, 2011 current price case set forth below, the pre-tax and post-tax NPV_{7%} of the project were estimated at \$4.7 billion and \$2.7 billion, respectively, with a post-tax IRR estimated at 14%. Base case metal prices used in the PFS were US\$2.65/lb copper, US\$1,100/oz gold and US\$18.50/oz silver with a foreign exchange rate of US\$0.90 = Cdn\$1.00. The current metal prices used were closing

prices on July 27, 2011 of US\$4.44/lb copper, US\$1,613/oz gold and US\$40.34/oz silver with a foreign exchange rate of US\$1.05 = Cdn\$1.00. Mineral resources that are not mineral reserves do not have demonstrated economic viability. NovaGold announced on November 16, 2011, that it is exploring opportunities to sell all or a part of its interest in the Galore Creek Partnership.

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

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

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

Property	Reserve	Tonnes	In Situ Grade					
% Ownership	Category	Millions	Au g/t	Ag g/t	Cu %	Zn %	Pb %	Mo %
Donlin Gold (1) approximately 0.57 g/t Au Cutoff	Proven	7.7	2.32					
50% Ownership - 50% Owned by Barrick Gold U.S. Inc.	Probable	497.1	2.08					3
	Total P&P	504.8	2.09					3
Galore Creek (2) C\$10.08 NSR Cutoff	Proven	69.0	0.52	4.94	0.61			
50% Ownership - 50% Owned by Teck Resources Inc.	Probable	459.1	0.29	6.18	0.58			
	Total P&P	528.0	0.32	6.02	0.58			

Resources (Inclusive of Reserves)

Property	Resource	Tonnes	In Situ Grade				
% Ownership	Category	Millions	Au g/t	Ag g/t	Cu %	Zn %	Pb %
Donlin Gold (3)(4) approximately 0.46 g/t Au Cutoff	Measured	7.7	2.52				
50% Ownership - 50% Owned by Barrick Gold U.S. Inc.	Indicated	533.6	2.24				
	Total M&I	541.3	2.24				
	Inferred	92.2	2.02				
Galore Creek (3)(5) C\$10.08 NSR Cutoff	Measured	108.4	0.48	4.04	0.48		
50% Ownership - 50% Owned by Teck Resources Limited	Indicated	706.3	0.29	5.32	0.50		
	Total M&I	814.7	0.31	5.21	0.50		
	Inferred	346.6	0.25	4.23	0.42		
Copper Canyon (3)(6)(9) 0.6% CuEq Cutoff	Inferred	53.7	0.73	10.60	0.50		
70% Ownership - 30% Owned by Teck Resources Limited							
	Total Inferred	400.3	0.31	5.13	0.43		
Ambler (3)(7)(8) \$75 NSR / Tonne Cutoff	Measured						

100% Ownership	Indicated	16.8	0.83	59.62	4.14	6.02	0.94
	Total M&I	16.8	0.83	59.62	4.14	6.02	0.94