NOVAGOLD RESOURCES INC
Form SUPPL
March 08, 2010

Filed pursuant to General Instruction II. L. of Form F-10
File No. 333-163551

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement (the ***Prospectus Supplement*** *), together with the short form base shelf prospectus dated December 30, 2009 (the* ***Base Shelf Prospectus*** *) to which it relates, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference in the Base Shelf Prospectus, constitutes a public offering of securities offered pursuant hereto only in the jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

Information has been incorporated by reference in the Base Shelf Prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated by reference may be obtained on request without charge from the Corporate Secretary of NovaGold Resources Inc. at Suite 2300, 200 Granville Street, Vancouver, British Columbia, Canada, V6C 1S4, telephone: (604) 669-6227 and are available electronically at www.sedar.com*

PROSPECTUS SUPPLEMENT
To a Short Form Base Shelf Prospectus dated December 30, 2009

New Issue **March 8, 2010**

NOVAGOLD RESOURCES INC.

US$75,000,002

13,636,364 Common Shares

This Prospectus Supplement qualifies the distribution of 13,636,364 common shares (the **Common Shares**) of NovaGold Resources Inc. (**NovaGold** or the **Company**) at a price of US$5.50 per Common Share (the **Offering**). The Common Shares will be issued and sold by the Company directly to Quantum Partners Ltd. (**Quantum**), a private investment fund managed by Soros Fund Management LLC (**Soros**) pursuant to a subscription agreement dated March 8, 2010, between the Company and Quantum. The closing of the Offering is expected to occur on or about March 11, 2010.

The Common Shares of the Company are posted for trading on the Toronto Stock Exchange (the **TSX**) and the NYSE Amex LLC (**NYSE AMEX**) under the symbol NG . On March 5, 2010, the closing price of the Common Shares on the TSX was CDN$6.56 per Common Share and the closing price on NYSE AMEX was US$6.35 per Common Share. Application is being made to list the Common Shares on the TSX and NYSE AMEX.

PRICE: US$5.50 PER COMMON SHARE

	Price to Public	Proceeds to Company(1)
Per Common Share:	US$5.50	US$5.50
Total:	US$75,000,002	US$75,000,002

Note:

(1) Assuming all 13,636,364 Common Shares are issued pursuant to the Offering and before deducting expenses of the Offering, which are estimated to be US$200,000 and which will be paid from the proceeds of the Offering

No underwriter has been involved in the preparation of, or has performed any review of, this Prospectus Supplement or the Base Shelf Prospectus. No offers have been made and none of the purchasers are resident in Canada. See Plan of Distribution .

Investing in Common Shares of NovaGold Resources Inc. (NovaGold or the Company) involves risks. See Risk Factors in this Prospectus Supplement and beginning on page 29 of the Base Shelf Prospectus.

The Offering is made by a Canadian issuer that is permitted, under a multi-jurisdictional disclosure system adopted by the United States and Canada, to prepare this Prospectus Supplement and the Base Shelf 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 incorporated by reference in the Base Shelf Prospectus have been prepared in accordance with Canadian generally accepted accounting principles, 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 common shares may have tax consequences both in the United States and in Canada. Prospective investors should read the tax discussion in this Prospectus Supplement and the Base Shelf Prospectus and consult their own tax advisors with respect to their own particular circumstances. This Prospectus Supplement and the Base Shelf Prospectus may not describe these tax consequences fully.

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

Neither the United States Securities and Exchange Commission (the SEC) nor any state or provincial securities regulator has approved or disapproved of these securities or determined if this Prospectus Supplement and the Base Shelf Prospectus are truthful or complete. Any representation to the contrary is a criminal offense.

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PROSPECTUS

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 Base Shelf Prospectus and the documents incorporated by reference therein. The second part is the 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 Base Shelf Prospectus solely for the purpose of this Offering.

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

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.

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 the Base Shelf Prospectus have been prepared in accordance with generally accepted accounting principles in Canada, and the financial statements for the year ended November 30, 2009 are reconciled to generally accepted accounting principles in the United States as described in note 18 to the Company s audited consolidated annual financial statements for such fiscal year.

CAUTIONARY NOTE TO UNITED STATES INVESTORS

This Prospectus Supplement and the 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 in the 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.

Canadian standards, including NI 43-101, differ significantly from the requirements of the SEC, and reserve and resource information contained in or incorporated by reference into the 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. 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 contained in or incorporated by reference into the Base Shelf Prospectus 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, 2009, dated February 17, 2010 (the AIF), which is incorporated by reference into the Base Shelf Prospectus, for a description of certain of the mining terms used in the Base Shelf Prospectus and the documents incorporated by reference therein.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement, the Base Shelf Prospectus and the documents incorporated by reference therein contain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of Canadian securities laws 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 stating that certain or results may , could , would , might or will be taken, occur or be achieved, or the negative of any of these ter 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 Offering

- the volatility of the price of NovaGold s common shares;
- the possibility of dilution to current shareholders as the result of the issuances of common shares pursuant to future equity financings; and
- the discretion of management concerning the use of proceeds of the Offering.

Risks relating to the Company s business

- uncertainty of whether there will ever be 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 third parties on which the Company depends for its exploration 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;
- credit, liquidity, interest rate and currency risks;
- risks related to governmental regulation and permits, including environmental regulation;
- 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;
- risks related to market events and general economic conditions;

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- uncertainties relating to the assumptions underlying the Company s resource and reserve estimates;
- risks related to the need for reclamation activities on the Company s properties and uncertainty of cost estimates related thereto;
- 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;
- 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 potential new acquisitions into the Company s existing operations;
- uncertainty as to the outcome of litigation pending against the Company;
- 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;
- the possibility of an event of default under the Company s unsecured senior convertible notes which may significantly reduce the Company s liquidity and adversely affect the Company s business;
- the significant influence of the Company s majority shareholder;
- the Company s need to attract and retain qualified management and technical personnel;
- 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;
- uncertainty as to the Company s ability to acquire additional commercially mineable mineral rights;
- 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*; and
- risks related to the success of U.S. investors bringing actions and enforcing judgments under U.S. Securities Laws.

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 and the accompanying Base Shelf Prospectus 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

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:

	Year Ended November 30,		
	2009	2008	2007
	US$	US$	US$
Rate at end of period	0.9494	0.8115	1.0063
Average rate based on last day each month	0.8640	0.9545	0.9205
High for period	0.9716	1.0289	1.0905
Low for period	0.7692	0.7726	0.8437

On March 3, 2010, the exchange rate based on the Bank of Canada noon rate was $1.00 per US$0.9721.

RISK FACTORS

An investment in the Common Shares 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 therein, prospective investors should carefully consider the factors set out below and under the heading Risk Factors in the Base Shelf Prospectus and in the Company s AIF, which is incorporated by reference into the Base Shelf Prospectus.

Common Share Price Volatility

Securities of mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the securities of the Company is also likely to be significantly affected by short-term changes in commodity prices, other precious metal prices or other mineral prices, currency exchange fluctuations, financial condition or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to the performance of the Company that may have an effect on the price of the securities of the Company include the following: the extent of analytical coverage available to investors concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company s securities; lessening in trading volume and general market interest in the Company s securities may affect an investor's ability to trade significant numbers of securities of the Company; and the size of the Company s public float may limit the ability of some institutions to invest in the Company s securities; If an active market for the securities of the Company does not continue, the liquidity of an investor s investment may be limited and the price of the securities of the Company may decline below the price of the Offering. As a result of any of these factors, the market price of the securities of the Company at any given point in time may not accurately reflect the long-term value of the Company.

Dilution from Further Equity Financings

In order to finance future operations, the Company may raise funds through the issuance of common shares or the issuance of debt instruments or other securities convertible into common shares. The Company cannot predict the size of future issuances of common shares or the size and terms of future issuances of debt instruments or other securities convertible into common shares or the effect, if any, that future issuances and sales of the Company s securities will have on the market price of the common shares. Any transaction involving the issuance of previously authorized but unissued shares, or securities convertible into common shares, would result in dilution, possibly substantial, to present and prospective security holders.

Discretion in the Use of Proceeds

Management will have discretion concerning the use of the proceeds of the Offering as well as the timing of their expenditures. As a result, an investor will be relying on the judgment of management for the application of the proceeds of the Offering. Management may use the net proceeds of the Offering in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Company s results of operations may suffer.

Certain U.S. Tax Considerations Applicable to an Investment in Common Shares

Prospective purchasers of Common Shares who are U.S. taxpayers should consider that the Company could be considered to be a passive foreign investment company (PFIC) for U.S. federal income tax purposes. Although the Company believes it was not a PFIC for 2009 and does not expect to become a PFIC in 2010 or in the foreseeable future, the tests for determining PFIC status depend upon a number of factors, some of which are beyond the Company s control and can be subject to uncertainties. Thus, the Company cannot assure any holder that it will not be a PFIC during the time in which such holder holds Common Shares. The Company undertakes no obligation to advise holders of its Common Shares as to its PFIC status for any year, except as discussed under CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS in the Base Shelf Prospectus. For a more complete discussion of the consequences of owning and disposing of shares in a PFIC as well as certain elections that may be available to mitigate such consequences, please see CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS in the Base Shelf Prospectus.

RECENT DEVELOPMENTS

On March 4, 2010 NovaGold announced a non-brokered offering of 18,181,818 common shares of the Company at a price of US$5.50 per common share for gross proceeds of US$99,999,999 (the Paulson Offering) to several investment funds managed by Paulson & Co. Inc. The Paulson Offering was made pursuant to a prospectus supplement dated March 4, 2010 to the Base Shelf Prospectus. The Paulson Offering is expected to close on or about March 9, 2010 and is subject to certain conditions including approval of the TSX and the NYSE AMEX.

NovaGold announced on March 4, 2010 that Donlin Creek LLC (DCLLC) and Calista Corporation (Calista) have approved certain amendments to the lease for subsurface and surface rights entered into between them in connection with the Donlin Creek property as described at page 9 of NovaGold s AIF. The existing lease covers the subsurface rights for the entire Donlin Creek mineral reserves and resources. Among other things, these amendments provide for (i) the lease of certain additional lands that may be required for the development of the property, (ii) an extension of the term of the lease to April 30, 2031 and automatically year to year thereafter, so long as either mining or processing operations are carried out on or with respect to the property in good faith on a continuous basis in such year, or DCLLC pays to Calista an advanced minimum royalty of US$3,000,000 (subject to adjustment for increases in the Consumer Price Index) for such year, (iii) the elimination of Calista s option to acquire a 5% to 15% participating operating interest in the project and replacement with the payment to Calista of a net proceeds royalty equal to 8% of the net proceeds realized by DCLLC at the project after deducting certain capital and operating expenses (including an overhead charge, actual interest expenses incurred on borrowed funds and a 10% per annum deemed interest rate on investments not made with borrowed funds), and (iv) an increase in the advanced minimum royalties payable to Calista under the lease to US$500,000 for the year ending April 30, 2010, increasing on an annual basis thereafter until reaching US$1,000,000 for each of the years 2015 to 2024 inclusive and US$2,000,000 for each of the years 2025 to 2030 inclusive. All advance minimum royalties paid to Calista continue to be recoverable as a credit against Calista s existing net smelter royalty under the lease agreement, which remains unchanged. It is anticipated that the parties will execute the amendment agreement shortly.

On February 16, 2010 the Company announced that it entered into a memorandum of understanding to settle outstanding securities class action lawsuits in both the United States and Canada, in which NovaGold and certain of its directors and officers were named as defendants. On December 22, 2008, a consolidated class action lawsuit was filed in the United States District Court for the Southern District of New York consolidating similar complaints of violations of U.S. Securities laws. On October 14, 2009, a similar notice of action was filed in the Ontario Superior Court of Justice in Canada and on October 28, 2009, the same parties were named as defendants in a class action lawsuit in the Supreme Court of British Columbia. All three actions alleged misrepresentations, misstatements and omissions in various public statements and filings concerning NovaGold s Galore Creek Property. The settlement will be covered by NovaGold s insurance, and the Company does not anticipate having to pay out any of its cash under the terms of the settlement. The memorandum of understanding is subject to agreement on formal documentation and both U.S. and Canadian court approval after public notice.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the 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 that 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) the AIF;

(b) audited comparative consolidated financial statements of the Company for the years ended November 30, 2009 and 2008 together with the notes thereto and the auditors report thereon, including management s discussion and analysis for the year ended November 30, 2009;

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(c) management information circular of the Company dated April 23, 2009 prepared in connection with the Company s annual and special meeting of shareholders held on May 26, 2009;

(d) material change report, dated December 10, 2009, announcing the filing of the preliminary short form base shelf prospectus dated December 7, 2009;

(e) material change report, dated January 7, 2010 announcing the appointment of a senior advisor, an update on the Company s projects, and a table showing updated reserve and resource estimates;

(f) material change report, dated March 3, 2010 announcing the entering into of a memorandum of understanding to settle outstanding class action lawsuits; and

(g) material change report, dated March 5, 2010 announcing the Paulson Offering.

Any material change reports (excluding confidential material change reports), any interim and annual consolidated financial statements and related management discussion and analysis, information circulars (excluding those portions that, pursuant to National Instrument 44-101 of the Canadian Securities Administrators, are not required to be incorporated by reference herein), any business acquisition reports, any news releases or public communications containing financial information about the Company for a financial period more recent than the periods for which financial statements are incorporated herein by reference, and any other disclosure documents required to be filed pursuant to an undertaking to a provincial or territorial securities regulatory authority that are filed by the Company with various securities commissions or similar authorities in Canada after the date of this Prospectus Supplement and prior to the termination of the Offering, shall be deemed to be incorporated by reference in the Base Shelf Prospectus. In addition, to the extent that any document or information incorporated by reference into the Base Shelf Prospectus is included in any report on Form 6-K, Form 40-F, Form 20-F, Form 10-K, Form 10-Q or Form 8-K (or any respective successor form) that is filed with or furnished to the SEC after the date of this Prospectus Supplement, such document or information shall be deemed to be incorporated by reference as an exhibit to the registration statement of which this Prospectus Supplement forms a part. In addition, we may incorporate by reference into the Base Shelf Prospectus information from documents that we file with or furnish to the SEC pursuant to Section 13(a) or 15(d) of the U.S. Exchange Act.

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 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 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 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.

USE OF PROCEEDS

The net proceeds from the Offering will be used to fund general exploration and development on the Company s advanced properties including Donlin Creek, Galore Creek and Rock Creek, its early-stage Ambler property and for general corporate purposes, including funding potential future acquisitions.

Although the Company intends to use the net proceeds from the Offering for the purposes set forth above, the Company reserves the right to use such net proceeds for other purposes to the extent such circumstances, including results obtained or other sound business reasons, make such use necessary or prudent.

PLAN OF DISTRIBUTION

The Company is proposing to issue 13,636,364 Common Shares at a price of US$5.50 per Common Share. The Common Shares will be issued and sold by the Company directly to Quantum, a private investment fund managed by Soros, pursuant to a subscription agreement dated March 8, 2010 between the Company and Quantum. The closing of the Offering is expected to occur on or about March 11, 2010.

No underwriter has been involved in the preparation of, or has performed any review of, this Prospectus Supplement or the accompanying Base Shelf Prospectus.

The Offering is being made solely in the United States. No offers have been made and none of the purchasers are resident in Canada.

The offering price of the Common Shares was determined by negotiation between the Company and Soros having reference to the recent trading price of the Company s common shares on the TSX and NYSE AMEX.

The expenses of the Offering are estimated to be US$200,000 and are payable by the Company from the proceeds of the Offering.

Application is being made to list the Common Shares on each of the TSX and NYSE AMEX. Listing will be subject to the Company fulfilling any requirements of the TSX and NYSE AMEX.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of the principal Canadian federal income tax considerations generally applicable under *Income Tax Act* (Canada) (the Tax Act) to a holder who acquires common shares of the Company (Common Shares) as beneficial owner pursuant to this Offering and who, at all relevant times, for the purposes of the Tax Act, holds such Common Shares as capital property, deals at arm s length with the Company, is not affiliated with the Company and, 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 Common Shares in or in the course of carrying on business in Canada (a Non-Resident Holder). 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 Common Shares will generally be considered capital property to a Non-Resident Holder unless either (i) the Non-Resident Holder holds the Common Shares in the course of carrying on a business of buying and selling securities or (ii) the Non-Resident Holder has acquired the Common Shares in a transaction or transactions considered to be an adventure in the nature of trade.

The term US Holder, for the purposes of this summary, means a Non-Resident Holder who, for purposes of the *Canada-United States Income Tax Convention* (1980), (the Canada-U.S. Convention), is at all relevant times and for all relevant purposes a resident of the United States and is a qualifying person within the meaning of the Canada-U.S. Convention and does not use or hold and is not deemed to use or hold the Common Shares in connection with carrying on a business in Canada through a permanent establishment in Canada. US Holders are urged to consult with their own tax advisors to determine their entitlement to benefits under the Canada-U.S. Convention based on their particular circumstances.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the Regulations), the current provisions of the Canada-U.S. 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 Common Shares 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 Common Shares including interest, dividends, adjusted cost base and proceeds of disposition must be converted into Canadian dollars based on the relevant exchange rate applicable on the effective date (as determined in accordance with the Tax Act) of the related acquisition, disposition or recognition of income.

Disposition of Common Shares

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition of the Common Shares, unless the Common Shares constitute taxable Canadian property (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention. As long as the Common Shares are then listed on a designated stock exchange (which currently includes the TSX and the NYSE Amex), the Common Shares generally will not constitute taxable Canadian property of a Non-Resident Holder, unless at any time during the 60-month period immediately preceding the disposition the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm s length, or the Non-Resident Holder 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 the Canadian federal budget released on March 4, 2010, the Minister of Finance (Canada) proposed that after March 4, 2010, shares that are listed on a designated stock exchange will generally not constitute taxable Canadian property of a Non-Resident Holder unless at any time during the 60 month period immediately preceding the disposition (i) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm s length, or the Non-Resident Holder 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, and (ii) more than 50%.of the fair market value of the shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the Tax Act), timber resource properties (as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property exists).

Even if the Common Shares constitute taxable Canadian property to a Non-Resident Holder, it is possible in the case of certain Non-Resident Holders (other than US Holders) that 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 Holder. **A Non-Resident Holder whose shares are taxable Canadian property should consult their own advisors.**

Dividends on Common Shares

Under the Tax Act, dividends on shares paid or credited to a Non-Resident Holder 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 Holder. Under the Canada-U.S. Convention, a Non-Resident Holder 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 Canada-U.S. 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.

CONSOLIDATED CAPITALIZATION

Other than the issuance of shares pursuant to the exercise of stock options, warrants and stock appreciation rights (SAR), and the issuance of shares in connection with a property acquisition, there have been no material changes in the Company s share capital since November 30, 2009. The following table sets forth the consolidated capitalization of the Company as at the dates indicated before and after completion of the Offering. This table should be read in conjunction with the audited comparative consolidated financial statements of the Company for the years ended November 30, 2009 and 2008 together with the notes thereto and the auditors report thereon, including management s discussion and analysis for the year ended November 30, 2009, incorporated by reference into the Base Shelf Prospectus. See Documents Incorporated by Reference .

	As at November 30, 2009 before giving effect to the Offering (in thousands)	As at November 30, 2009 after giving effect to the Offering(1)(2)(3) (in thousands) (unaudited)	As at November 30, 2009 a giving effect to the Pauls Offering and the Offering(2 (in thousands) (unaudited)
Shareholders Equity			
Share Capital (1,000,000,000 shares authorized, no par value; 187,142,000 shares issued and outstanding)	$878,086	$955,033	$1,057,646
Equity Component of Convertible Notes	$43,352	$43,352	$43,352
Contributed Surplus	$9,994	$9,994	$9,994
Stock-Based Compensation	$31,838	$31,838	$31,838
Warrants	$31,065	$31,065	$31,065
Deficit	$(672,258)	$(672,258)	$(672,258)
Accumulated other comprehensive income	$495	$495	$495
TOTAL CAPITALIZATION	**$322,572**	**$399,519**	**$502,132**

Notes:

(1) Assumes all 13,636,364 Common Shares are issued pursuant to the Offering and after deducting expenses of the Offering, which are estimated at US$200,000, which will be paid from the proceeds of the Offering, the net proceeds to the Company from the Offering will be US$74,800,002.

(2) Assumes no exercise of stock options or warrants.

(3) As adjusted based on the offering price of US$5.50 per common share converted to Canadian dollars based on the noon buying rate as reported by the Bank of Canada on March 3, 2010.

(4) Assumes all 18,181,818 common shares are issued pursuant to the Paulson Offering and that all 13,636,364 Common Shares are issued pursuant to the Offering and after deducting expenses of the Paulson Offering and the Offering which are estimated to aggregate US$450,000, which will be paid from the proceeds of the Paulson Offering and the Offering, the net proceeds to the Company from the Paulson Offering and the Offering will aggregate US$174,550,001.

PRIOR SALES

Prior Sales

Set forth below is information with respect to the securities of the Company issued during the 12-month period prior to the date of this Prospectus Supplement.

<u>Common Shares</u>

Date of Issuance	Number of Common Shares Issued	Price per Common Share (CDN$)	Reason for Issuance
March 11, 2009	5,000	2.45	Option Exercise
April 13, 2009	1,667	2.45	Option Exercise
May 1, 2009	678,125	1.53	Warrant Exercise
May 15, 2009	1,000	2.45	Option Exercise
May 19, 2009	5,133	2.45	Option Exercise
May 20, 2009	186,875	1.53	Warrant Exercise
May 22, 2009	11,000	2.45	Option Exercise
May 25, 2009	5,000	2.45	Option Exercise
May 29, 2009	11,000	2.45	Option Exercise
June 1, 2009	9,000	2.45	Option Exercise
June 3, 2009	6,999	2.45	Option Exercise
June 4, 2009	8,000	2.45	Option Exercise
June 5, 2009	14,800	2.45	Option Exercise
June 9, 2009	11,668	2.45	Option Exercise
June 9, 2009	20,000	1.01	Option Exercise

Date of Issuance	Number of Common Shares Issued	Price per Common Share (CDN$)	Reason for Issuance
June 17, 2009	10,000	2.45	Option Exercise
June 18, 2009	6,000	2.45	Option Exercise
June 19, 2009	1,000	2.45	Option Exercise
June 29, 2009	782,777	1.74	Warrant Exercise
June 30, 2009	10,000	2.45	Option Exercise
June 30, 2009	1,843	5.48	SAR Exercise
July 9, 2009	714,563	1.75	Warrant Exercise
July 17, 2009	982	4.81	SAR Exercise
August 7, 2009	3,333	2.45	Option Exercise
August 19, 2009	9,507	2.45	Option Exercise
August 19, 2009	671	4.09	SAR Exercise
August 28, 2009	798	1.62	Warrant Exercise
August 31, 2009	5,000	2.45	Option Exercise
September 2, 2009	665	4.20	SAR Exercise
September 8, 2009	10,000	2.45	Option Exercise
September 10, 2009	1,673	4.90	SAR Exercise
September 16, 2009	20,000	2.45	Option Exercise
September 16, 2009	1,725	5.25	Option Exercise
September 16, 2009	844	5.55	SAR Exercise
September 16, 2009	20,000	1.01	Option Exercise
September 17, 2009	5,585	5.58	SAR Exercise
September 17, 2009	5,521	5.45	SAR Exercise
September 21, 2009	2,887	5.90	SAR Exercise
September 21, 2009	2,958	6.00	SAR Exercise
September 24, 2009	744	5.52	SAR Exercise
September 29, 2009	135,000	1.53	Warrant Exercise
October 9, 2009	3,795	5.68	SAR Exercise
October 14, 2009	2,042	5.99	SAR Exercise
October 16, 2009	902	6.15	SAR Exercise
October 16, 2009	6,080	6.25	SAR Exercise
October 16, 2009	3,290	6.07	SAR Exercise

October 16, 2009	3,055	6.32	SAR Exercise
October 16, 2009	912	6.25	SAR Exercise
October 16, 2009	16,432	6.20	SAR Exercise
November 13, 2009	1,443	5.75	SAR Exercise
November 13, 2009	2,341,099	1.58	Warrant Exercise
November 18, 2009	2,824	5.63	SAR Exercise
November 20, 2009	2,800	5.79	SAR Exercise
November 23, 2009	42,345	1.60	Warrant Exercise

Date of Issuance	Number of Common Shares Issued	Price per Common Share (CDN$)	Reason for Issuance
November 27, 2009	2,891	5.81	SAR Exercise
November 30, 2009	5,847	5.90	SAR Exercise
November 30, 2009	600	6.13	SAR Exercise
December 1, 2009	774	6.00	SAR Exercise
December 1, 2009	2,696	6.00	SAR Exercise
December 3, 2009	253	5.92	SAR Exercise
December 4, 2009	1,096	6.10	SAR Exercise
December 4, 2009	800	6.25	SAR Exercise
December 7, 2009	6,080	6.41	SAR Exercise
December 7, 2009	2,809	6.41	SAR Exercise
December 7, 2009	15,223	6.70	SAR Exercise
December 7, 2009	7,065	6.85	SAR Exercise
December 7, 2009	3,094	6.43	SAR Exercise
December 7, 2009	3,135	6.57	SAR Exercise
December 7, 2009	920	6.41	SAR Exercise
December 7, 2009	212	6.78	SAR Exercise
December 8, 2009	3,201	6.81	SAR Exercise
December 18, 2009	156,880	1.60	Warrant Exercise
December 30, 2009	6,494	6.99	SAR Exercise
December 30, 2009	3,115	6.50	SAR Exercise
December 30, 2009	3,198	6.80	SAR Exercise
December 31, 2009	1,300	7.10	SAR Exercise
December 31, 2009	974	7.00	SAR Exercise
January 7, 2010	931,098	5.56	Consideration for Property Acquisition
January 8, 2010	3,171	6.70	SAR Exercise
January 11, 2010	277	6.82	SAR Exercise
January 11, 2010	797	6.70	SAR Exercise
January 11, 2010	2,833	6.75	SAR Exercise
January 13, 2010	2,137	6.84	SAR Exercise
January 13, 2010	961	6.82	SAR Exercise
January 14, 2010	541	7.01	SAR Exercise

January 28, 2010	5,896	6.05	SAR Exercise
January 29, 2010	4,078	6.31	SAR Exercise
February 12, 2010	4,094	6.32	SAR Exercise
February 12, 2010	154	6.40	SAR Exercise
February 23, 2010	22,889	6.14	SAR Exercise

Stock Award Grants

Date of Issuance	Number of Securities Issued	Exercise Price (CDN$)	Reason for Issuance
May 29, 2009	4,543,750	5.25	Stock Award Grant
June 10, 2009	10,000	5.50	Stock Award Grant
August 14, 2009	100,000	4.28	Stock Award Grant
September 10, 2009	10,000	4.75	Stock Award Grant
October 9, 2009	75,000	5.77	Stock Award Grant
December 17, 2009	30,000	5.76	Stock Award Grant
January 21, 2010	1,207,100	6.40	Stock Award Grant

PRICE RANGE AND TRADING VOLUME

NovaGold s common shares are listed on the TSX and NYSE AMEX under the symbol NG . The following table sets forth the price range and trading volume for the Common Shares on the TSX and NYSE AMEX for the periods listed below:

Toronto Stock Exchange					NYSE Amex LLC				
	High	Low	Close	Volume		High	Low	Close	Volume
March 1-5, 2010	6.56	6.07	6.56	4,386,800	March 1-5, 2010	6.35	5.78	6.35	11,493,393
February 2010	6.58	5.32	6.07	7,410,972	February 2010	6.30	4.96	5.82	49,584,162
January 2010	7.20	5.55	5.60	6,868,306	January 2010	6.98	5.20	5.26	53,861,999
December 2009	7.17	5.40	6.37	9,032,638	December 2009	6.81	5.04	6.13	85,744,025
November 2009	6.17	4.56	5.91	9,643,981	November 2009	5.90	4.22	5.59	56,801,255
October 2009	6.35	4.42	4.63	7,573,120	October 2009	6.15	4.09	4.30	67,929,004
September 2009	6.12	4.06	5.50	12,524,825	September 2009	5.74	3.68	5.12	75,064,795
August 2009	4.58	3.70	4.27	6,075,385	August 2009	4.28	3.33	3.89	32,432,723
July 2009	5.19	4.03	4.44	5,672,859	July 2009	4.66	3.54	4.07	34,238,926
June 2009	6.46	4.44	4.98	11,888,835	June 2009	5.97	3.05	4.28	58,812,349
May 2009	5.76	3.17	5.65	9,582,242	May 2009	5.30	2.66	5.13	37,611,080
April 2009	3.74	2.67	3.25	10,779,338	April 2009	3.02	2.15	2.73	26,546,265
March 2009	3.84	2.66	3.53	18,752,344	March 2009	2.98	2.11	2.76	41,204,163

On March 5, 2010, the closing price of the Company s Common Shares on the TSX was CDN$6.56 per common share and on the NYSE AMEX was US$6.35 per common share.

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. The partners and associates of Blake, Cassels & Graydon LLP as a group beneficially own, directly or indirectly, less than 1% 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 s common shares in Canada is Computershare Investor Services Inc. at its principal offices in Vancouver, British Columbia and Toronto, Ontario and the registrar for the Company s common shares in the United States is Computershare Trust Company Inc. at its office in Denver, Colorado.

INTEREST OF EXPERTS

Kevin Francis, Vice President, Technical Services of the Company, being a person who has prepared reports relating to the Company s mineral properties 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, Mr. Francis owns, directly or indirectly, in the aggregate, less than 1% of the securities of the Company.

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

None of 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 an associate or affiliate of the Company, other than Mr. Kevin Francis, who is Vice President, Technical Services of the Company.

DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT

In addition to the documents listed in the Base Shelf Prospectus under the heading Documents Filed as Part of the Registration Statement , the following additional documents have been or will be filed with the SEC as part of the registration statement of which this prospectus forms a part: the documents referred to under the heading Documents Incorporated by Reference in this Prospectus Supplement and the form of subscription agreement.

PROSPECTUS **December 30, 2009**

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 29 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 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 determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offence.

(cover page continues on next page)

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.

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, 2008 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.

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, Metallurgy and Petroleum Definition Standard 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) 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.

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 th 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, 2008, 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 concerning the Company s plans at the Donlin Creek project, the Galore Creek project and Nome Operations (comprising Rock Creek, Big Hurrah and Nome Gold), estimated production, capital and operating 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 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 , is expected , anticipates , plans , projects , estimates , assumes , intends , strategy , goals , variations thereof or stating that certain actions, events or results may , could , would , might or will be taken, o 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;

- 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 third parties on which the Company depends for its exploration 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;
- credit, liquidity, interest rate and currency risks;
- 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;
- risks related to market events and general economic conditions;
- uncertainties relating to the assumptions underlying the Company s resource and reserve estimates;
- 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;
- the Company s need to attract and retain qualified management and technical personnel;
- 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;
- 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 potential 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, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal;
- 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;
- uncertainty as to the Company s ability to acquire additional commercially mineable mineral rights;
- uncertainty as to the completion of the purchase of a 100% interest in the Ambler property;
- uncertainty as to the outcome of litigation pending against the Company; and
- 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*.

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,		
	2008	**2007**	**2006**
Rate at the end of period	0.8083	0.9992	0.8760
Average rate during period	0.9559	0.9300	0.8844
Highest rate during period	1.0289	1.0905	0.9099
Lowest rate during period	0.7726	0.8437	0.8522

On December 29, 2009, the exchange rate for the Canadian dollar, as expressed in U.S. dollars based on the Bank of Canada noon rate was $1.00 per US$0.9611.

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 growth-focused precious metals 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 also have significant copper and silver resources. The Company s portfolio of properties includes:

- Donlin Creek, a feasibility-stage project located in Alaska (Donlin Creek). Donlin Creek is operated by the Donlin Creek LLC, 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 (together Barrick). Donlin Creek is one of the largest known undeveloped gold deposits in the world with proven and probable reserves estimated at 29.3 million ounces of contained gold with additional measured and indicated resources of 6.0 million ounces of gold and inferred resources of 4.0 million ounces of gold.
- Galore Creek, a large copper-gold-silver project located in northwestern British Columbia (Galore Creek). Galore Creek is held by a partnership in which NovaGold and Teck Resources Limited (Teck) each have a 50% interest and is managed by the Galore Creek Mining Corporation (GCMC). Construction at the Galore Creek project was suspended in November 2007 in light of information indicating the possibility of increased capital costs and a longer construction schedule than originally contemplated. 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 owns 60%, held in trust for the Galore Creek Partnership), of 4.0 billion pounds of copper, 4.9 million ounces of gold and 80 million ounces of silver.
- Rock Creek, Big Hurrah and Nome Gold, located in Alaska (together, Nome Operations). Nome Operations has 0.5 million ounces of probable gold reserves with additional measured and indicated resources of 1.9 million ounces of gold and inferred resources of 0.3 million ounces of gold. Construction on the Rock Creek mine commenced in the summer of 2006. Commissioning start-up and systems testing began in September

2008 but the Company suspended those activities on November 24, 2008, as a result of unanticipated mechanical and environmental issues and higher than anticipated costs. The Company is evaluating the potential to recommence the start-up process at the Rock Creek mine or to possibly sell the property or an interest in the property to another company. The Company does not currently plan to recommence the start-up and commissioning process at the Rock Creek mine in the near term.

- Ambler, an exploration-stage property located in Alaska. In December 2009, NovaGold entered into an agreement to purchase a 100% interest in the Ambler property, which hosts the high-grade copper-zinc-gold-silver Arctic deposit. The Ambler property comprises 36,670 hectares (90,614 acres) of Federal patented and unpatented mining claims and State of Alaska mining claims, covering a major portion of the precious-metal-rich Ambler volcanogenic massive sulfide ("VMS") belt. A resource estimate for the Arctic deposit totals indicated resources of 2.2 billion pounds of zinc, 1.5 billion pounds of copper, 450,000 ounces of gold, 32 million ounces of silver and 350 million pounds of lead, with additional inferred resources of 1.3 billion pounds of zinc, 937 million pounds of copper, 260,000 ounces of gold, 19 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. For the purposes of NI 43-101, NovaGold s material properties are Donlin Creek and Galore Creek.

The following table sets forth the reserves and resources at the Company s mineral projects.

NovaGold Resources Inc.
Proven and Probable Reserves, Measured, Indicated and Inferred Resources for Gold (Au), Silver (Ag), Copper (Cu), Zinc (Zn) and Lead (Pb)
As at April 1, 2009

Reserves

Property	**Resource**	**Tonnes**	**In Situ Grade**					**Total Contained Metal**					**NovaGold Share Net After Earn-Ins**					
% Ownership	**Category**	**Millions**	**Au g/t**	**Ag g/t**	**Cu %**	**Zn %**	**Pb %**	**Moz Au**	**Moz Ag**	**Mlbs Cu**	**Mlbs Zn**	**Mlbs Pb**	**Moz Au**	**Moz Ag**	**Moz AuEq**	**Mlbs Cu**	**Mlbs Zn**	**Mlbs Pb**
Donlin Creek (1) approximately 0.87 g/t Au Cutoff	Proven	8.4	2.59					0.70					0.35		0.35			
50% Ownership - 50% Owned by Barrick Gold U.S. Inc.	Probable	375.4	2.37					28.57					14.29		14.29			
	Total P&P	**383.8**	**2.37**					**29.27**					**14.64**		**14.64**			
Rock Creek (2) 0.6 g/t Au Cutoff	Proven																	
100% Ownership	Probable	7.8	1.30					0.32					0.32		0.32			
Big Hurrah (2) 1.33 g/t Au Cutoff	Proven																	
100% Ownership	Probable	1.2	4.82					0.19					0.19		0.19			
Total Proven Reserves		**8.4**	**2.59**					**0.70**					0.35		0.35			
Total Probable Reserves		**384.4**	**2.35**					**29.08**					**14.80**		**14.80**			
Total Proven and Probable Reserves		**392.8**	**2.36**					**29.78**					**15.15**		**15.15**			

Resources (exclusive of Reserves)

Property	**Resource**	**Tonnes**	**In Situ Grade**					**Total Contained Metal**					**NovaGold Share Net Aft**			
% Ownership	**Category**	**Millions**	**Au g/t**	**Ag g/t**	**Cu %**	**Zn %**	**Pb %**	**Moz Au**	**Moz Ag**	**Mlbs Cu**	**Mlbs Zn**	**Mlbs Pb**	**Moz Au**	**Moz Ag**	**Moz AuEq**	**Mlbs Cu**

Donlin Creek (3)(4) approximately 0.87 g/t Au Cutoff	Measured	1.2	2.19			0.08			0.04		0.04	
50% Ownership - 50% Owned by Barrick Gold U.S. Inc.	Indicated	93.4	1.97			5.92			2.96		2.96	
	Total M&I	**94.6**	**1.97**			**6.01**			**3.00**		**3.00**	
	Inferred	54.5	2.29			4.02			2.01		2.01	
Galore Creek (3)(5) 0.21% CuEq Cutoff	Measured	4.7	0.37	4.41	0.52	0.06	0.67	54.1	0.03	0.34	0.04	27.0
50% Ownership - 50% Owned By Teck Cominco Limited	Indicated	781.0	0.29	4.88	0.52	7.21	122.42	8,872.3	3.61	61.21	4.64	4,436.1
	Total M&I	**785.7**	**0.29**	**4.87**	**0.52**	**7.27**	**123.09**	**8,926.3**	**3.64**	**61.55**	**4.68**	**4,463.2**
	Inferred	357.7	0.18	3.69	0.36	2.06	42.49	2,858.3	1.03	21.24	1.39	1,429.1
Copper Canyon (3)(6) 0.35% CuEq Cutoff 60% Ownership - NovaGold interest held in trust for	Inferred	164.8	0.54	7.15	0.35	2.86	37.91	1,160.0	1.72	22.75	2.10	696.0
the Galore Creek Partnership	**Total Inferred**	**522.5**	**0.29**	**4.79**	**0.35**	**4.92**	**80.40**	**4,018.3**	**2.74**	**43.99**	**3.49**	**2,125.1**
Rock Creek (3)(7) 0.6 g/t Au Cutoff	Measured											
100% Ownership	Indicated	7.7	1.21			0.29			0.29		0.29	
	Total M&I	**7.7**	**1.21**			**0.29**			**0.29**		**0.29**	
	Inferred	0.6	1.09			0.02			0.02		0.02	
Big Hurrah (3)(8) 1.0 g/t	Measured											

Au Cutoff																	
100% Ownership	Indicated	0.9	2.68					0.08					0.08		0.08		
	Total M&I	**0.9**	**2.68**					**0.08**					**0.08**		**0.08**		
	Inferred	0.2	2.97					0.02					0.02		0.02		
		m3	**g/m3**														
Nome Gold (3)(9) 0.20 g/m3 Au Cutoff	Measured	79.1	0.32					0.80					0.80		0.80		
100% Ownership	Indicated	83.8	0.28					0.76					0.76		0.76		
	Total M&I	**162.9**	**0.30**					**1.56**					**1.56**		**1.56**		
	Inferred	30.6	0.27					0.25					0.25		0.25		
Ambler (3)(10) $100 Gross Metal Value / Tonne Cutoff	Measured																
Earning 51% from Rio Tinto	Indicated	16.8	0.83	59.63	4.14	6.03	0.94	0.45	32.29	1,538.2	2,237.1	350.3	0.45	32.29	0.99	1,538.22	2,
	Total M&I	**16.8**	**0.83**	**59.63**	**4.14**	**6.03**	**0.94**	**0.45**	**32.29**	**1,538.2**	**2,237.1**	**350.3**	**0.45**	**32.29**	**0.99**	**1,538.22**	**2,**
	Inferred	11.9	0.67	48.37	3.56	4.99	0.80	0.26	18.57	936.9	1,313.1	210.0	0.13	9.47	0.29	477.83	
Total Proven & Probable Reserves Contained Metal								**29.78**					**15.15**		**15.15**		
Total Measured & Indicated Contained Metal (exclusive of Reserves)								**15.66**	**155.38**	**10,464.56**	**2,237.1**	**350.3**	**9.02**	**93.83**	**10.61**	**6,001.39**	**2,**
Total Inferred Contained Metal								**9.49**	**98.97**	**4,955.21**	**1,313.1**	**210.0**	**5.18**	**53.46**	**6.08**	**2,602.97**	

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Notes:

1. These reserve and resource estimates have been prepared in accordance with NI 43-101 and the CIM Definition Standards, unless otherwise noted. See "Cautionary Note to United States Investors".

2. See numbered footnotes below on reserve and resource information. Reserves and resources shown in the right-hand columns are reported as net values to NovaGold.

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

4. Sums may not agree due to rounding.

Reserve and Resource Footnotes:

(1) The basis for the cut-off grade was an assumed gold price of US$725/oz. The reserve and resource estimates for Donlin Creek are based on the technical report titled "Donlin Creek Gold Project, Alaska, USA, NI 43-101 Technical Report" dated April 1, 2009, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

(2) The basis for the cut-off grade was an assumed gold price of US$500/oz. The reserve estimates for Rock Creek and Big Hurrah are based on the technical report titled "Technical Report, Rock Creek and Big Hurrah Project" dated February 21, 2008, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

(3) Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred resources are in addition to measured and indicated resources. Inferred resources have a great amount of uncertainty as to their existence and whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred resources will ever be upgraded to a higher category. See "Cautionary Note to United States Investors".

(4) A variable cut-off grade has been estimated based on recent estimates of mining costs, processing costs (dependent upon sulfur content), selling costs and royalties. Resources are constrained within a Lerchs-Grossman (LG) open-pit shell using the long-term metal price assumption of US$850/oz of gold. Assumptions for the LG shell included pit slopes variable by sector and pit area: mining cost is variable with depth, averaging US$2.08/t mined; process cost is calculated as the percent sulfur grade x US$2.7948 + US$12.82; 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%. The reserve and resource estimates for Donlin Creek are based on the technical report titled "Donlin Creek Gold Project, Alaska, USA, NI 43-101 Technical Report" dated April 1, 2009, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

(5) 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. The resource estimate for Galore Creek is based on the technical report titled "Galore Creek Property NI 43-101 Technical Report" dated January 25, 2008, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

(6)

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. CuEq 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 95%; gold recovery = (Au g/t – 0.14)/Au g/t with a minimum of 30% and maximum of 80%; and silver recovery = 80%. The resource estimate for Copper Canyon is based on the technical report titled "Geology and Resource Potential of the Copper Canyon Property" dated February 9, 2005, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

(7) The basis for the cut-off grade was an assumed gold price of US$500/oz. The resource estimate for Rock Creek was completed by Kevin Francis, P.Geo., a qualified person as defined by NI 43-101 and an employee of the Company. This resource estimate was disclosed in a NovaGold press release dated April 15, 2009, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

(8) The basis for the cut-off grade was an assumed gold price of US$500/oz. The resource estimate for Big Hurrah is based on the technical report titled "Technical Report, Rock Creek and Big Hurrah Project" dated February 21, 2008, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

(9) 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. The resource estimate for Nome Gold is based on the technical report titled "Technical Report, Nome Placer Property" dated September 12, 2006, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

(10) Ownership subject to successful closing of a purchase agreement with Kennecott Exploration Company and Kennecott Arctic Company, scheduled to close by January 8, 2010. There can be no assurance that the closing will occur or that the purchase will be completed. US$100 gross metal value/tonne cutoff. Gross metal value was calculated based on metal prices of Cu US$2.25/lb, Zn US$1.05/lb, Au US$525/oz, Ag US$9.5/oz and Pb US$0.55/lb applied to each individual grade. The gross metal value is equal to the sum of each grade multiplied by the value of the metal unit. No metallurgical recovery has been applied. The resource estimate for the Arctic deposit is based on the technical report titled "NI 43-101 Technical Report on Resources, Ambler Project, Arctic Deposit" dated February 12, 2008 with an effective date of January 31, 2008, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Corporate Information

NovaGold Resources Inc. was incorporated by memorandum of association on December 5, 1984, under the Companies Act (Nova Scotia) as 1562756 Nova Scotia Limited. On January 14, 1985, the Company changed its name to NovaCan Mining Resources (l985) Limited and on March 20, 1987, the Company changed its name to NovaGold Resources Inc. The Company is in good standing under the laws of the Province of Nova Scotia. The registered office of the Company is located at 5151 George Street, Suite 1600, Halifax, Nova Scotia, Canada, B3J 2N9. The Company s principal office is located at Suite 2300, 200 Granville Street, Vancouver, B.C., Canada, V6C 1S4.

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

The following chart depicts the corporate structure of the Company together with the jurisdiction of incorporation of each of the Company s material subsidiaries and related holding companies. All ownership is 100%.

Recent Developments

Donlin Creek Feasibility Study

NovaGold commissioned AMEC Americas Limited (AMEC) to provide an independent Qualified Person s Review and Technical Report for the Donlin Creek project based on information contained in a feasibility study prepared for the Donlin Creek LLC and announced by the Company on April 28, 2009.

Based on the feasibility study, the Donlin Creek mine has been designed as a year-round, open-pit operation. Although the feasibility study contemplates plant start-up in 2015, actual timing, costs and economic returns may differ significantly from those set out in the feasibility study. With the current 29.3 million ounce gold reserve base, the anticipated life of mine (LOM) is 21 years with a mill throughput of 53,500 tonnes per day. During the first 5 full years, production is expected to average 1.6 million ounces with an average total cash cost of US$394/oz, which places Donlin Creek in the lower quartile for current global industry total cash costs. Gold production for the first 12 full years is expected to average nearly 1.5 million ounces annually at an average total cash cost of US$444/oz. LOM production is estimated at an average of 1.25 million ounces of gold annually, for total recovered gold of 26.2 million ounces. These production levels would make Donlin Creek one of the world s largest gold-producing mines.

Industry wide capital costs saw significant increases over the past two years and peaked in the latter half of 2008, which is when the Donlin Creek LLC was estimating costs for the project. As outlined in the feasibility study, the total estimated cost to design and build the Donlin Creek project is US$4,481 million, including an owner-provided mining fleet and self-performed pre-development costs. This represents an approximate 10% increase in the total estimated capital costs over the studies conducted in 2007 using a similar approach to the project with on-site power generation. Sustaining capital requirements total US$803 million over the 20+ year mine life. All costs are expressed in Q4-2008 US dollars with no allowances for interest during construction, taxes or duties. Recognizing the recent decrease in costs for construction inputs such as steel, concrete, diesel and labor, the Donlin Creek LLC is reviewing the capital cost estimates for the project. In addition, the Donlin Creek LLC is reviewing optimization scenarios for the project that may reduce power and processing costs.

As contemplated in the feasibility study, LOM operating costs, including allocations for mining, processing, administration and refining, are estimated at US$30.03/t milled and US$4.60/t mined. The operating cost estimates have been assembled by area and component, based on estimated staffing levels, consumables and expenditures, according to the mine plan and process design.

The project is expected to generate positive net cash flow at the base case gold price assumption of US$725/oz used for the reserve estimate. At a gold price of US$1,000/oz the project would generate US$8.4 billion in pre-tax cash flow and have a pre-tax net present value (NPV) (5%) of US$2.7 billion with a pre-tax internal rate of return (IRR) of 12.3% .

The feasibility study included a reserve/resource estimate in which a majority of the mineral resources were converted to mineral reserves. The project contains an estimated 29.3 million ounces of proven and probable gold reserves, with an additional 6.0 million ounces of measured and indicated gold resources and 4.0 million ounces of inferred gold resources. Mineral reserves and mineral resources have been estimated using a long-term gold price assumption of US$725/oz and US$850/oz, respectively.

Legal Actions

The Company, certain of its officers and directors, and Galore Creek Mining Corporation were named as defendants in a consolidated securities class action lawsuit filed on December 22, 2008 in the United States District Court for the Southern District of New York. This complaint consolidates similar complaints filed on August 7, September 9, and November 21, 2008. The plaintiff alleges violations of the U.S. Securities Exchange Act of 1934, as amended (the U.S. Exchange Act) and the Securities Act of 1933, as amended (the U.S. Securities Act), on the basis of alleged misstatements and omissions in various public statements and filings between October 25, 2006 and November 23, 2007, including the April 16, 2007 registration statement, concerning the Galore Creek property. The plaintiff seeks an unspecified amount of damages in an amount to be proven at trial. On June 5, 2009, the court granted the defendants motion to dismiss in part, dismissing all of the plaintiff s claims under the U.S. Securities Act, dismissing all claims against Galore Creek Mining Corporation, and dismissing certain claims against the Company and its officers and directors under the U.S. Exchange Act. The Company disputes the claims that remain and intends to contest the action vigorously. There can be no assurance that these proceedings will be resolved in favor of NovaGold and an unfavorable outcome of this litigation may have a material adverse impact on the Company s financial condition.

On October 14, 2009, NovaGold and certain of its directors and officers together with Hatch Ltd., the engineering firm that completed the October 2006 Galore Creek feasibility study, were named as defendants in a purported class action lawsuit commenced by a Notice of Action filed in the Ontario Superior Court of Justice in Canada (the Ontario Action). The Notice of Action alleges, among other things, that the defendants made, or were responsible for, misrepresentations in various public statements and filings made from October 25, 2006 through January 16, 2008 concerning NovaGold s Galore Creek project. The Ontario Action seeks general damages in the amount of $100 million. On October 28, 2009, the same parties were named as defendants in a class action lawsuit commenced in the Supreme Court of British Columbia (the BC Action). The Statement of Claim in the BC Action also alleges that the defendants made, or were responsible for, misrepresentations in various public statements and filings made from October 25, 2006 through January 16, 2008 concerning NovaGold s Galore Creek project. The BC Action is seeking special, general and punitive damages. The Company disputes these claims and believes that it has substantial and meritorious legal and factual defences, which it intends to pursue vigorously. There can be no assurance that these proceedings will be resolved in favor of NovaGold and an unfavorable outcome of this litigation may have a material adverse impact on the Company s financial condition.

On July 15, 2009, two claims were filed in the United States District Court for the District of Alaska by the personal representative of Tyler Thomas Kahle against NovaGold and Alaska Gold Company (AGC) arising out of an accident on July 19, 2007, where two employees of a contractor were killed in a construction-related accident at the Company s Rock Creek mine. The claims are seeking wrongful death damages in excess of US$2.5 million. The Company and AGC filed an answer to the complaint denying all allegations and asserting certain affirmative defences. The Company and AGC dispute these claims and believe they have substantial and meritorious legal and factual defences, which they intend to pursue vigorously.

Environmental

On July 2, 2009, AGC, a wholly-owned subsidiary of NovaGold, received a Notice of Violation (NOV) from the Alaska Department of Environmental Conservation (ADEC). In the NOV, ADEC alleged that AGC violated the terms of its Waste Management Permit at the Rock Creek mine by failing to comply with the water treatment and injection requirements of the mine s Temporary Closure Plan. On October 6, 2009, AGC entered into a Compliance Order by Consent (COBC) with ADEC resolving the NOV. As a part of the NOV, AGC will treat, inject, and apply water at an increased rate to reduce water levels behind the mine s tailings storage facility dam. If AGC does not comply with the requirements of the COBC, ADEC may assess financial penalties; however, no financial penalties have been assessed at this time.

On August 5, 2009, AGC received a Compliance Order from the U.S. Environmental Protection Agency (the EPA) containing a Clean Water Act § 308 Information Request. The Information Request directed AGC to submit an updated Stormwater Pollution Prevention Plan to the EPA and the Alaska Department of Environmental Conservation, to stabilize storm water diversion structures at the mine, and to provide other information regarding construction of these features. On August 11, 2009, AGC responded to the Information Request in writing, and requested clarification of the request. On October 15, 2009, AGC further responded to the Information Request and provided detailed responses to the request. Through conversations with the EPA regarding this request, AGC has agreed to update its existing Storm Water Pollution Prevention Plan to include additional details regarding the timing of construction of storm water measures.

Even though the Company currently has no near-term plans to recommence the start-up and commissioning process at its Rock Creek mine, it will continue to spend money, time and resources complying with Environmental Laws, its permits and temporary closure plans, as well as the October 6, 2009 COBC.

Sale of Murray Brook Mine

Effective October 16, 2009, the Company sold its wholly-owned subsidiary, Murray Brook Resources Inc., to Murray Brook Minerals Inc. (MBM). The Company received $150,000 on the sale and MBM assumed all reclamation liabilities on the Murray Brook property. The Company also subscribed for $500,000 of MBM shares at a price of $0.35 per share in cash. MBM also has early-stage mineral properties in Switzerland.

Purchase of Ambler Property

On December 18, 2009, NovaGold and its wholly-owned subsidiary, Alaska Gold Company entered into an agreement with Kennecott Exploration Company and Kennecott Arctic Company (collectively “Kennecott”), to purchase a 100% interest in the Ambler property in northern Alaska, which hosts the high-grade copper-zinc-gold-silver Arctic deposit. NovaGold has agreed to pay Kennecott a total purchase price of US$29 million for the Ambler property to be paid as: US$5 million by the issuance of 931,098 NovaGold shares and two instalments of US$12 million each, due on the first and second anniversaries of the closing date of the transaction, respectively. Kennecott will retain a 1% net smelter return royalty that can be purchased at any time for a one-time payment of US$10 million. The transaction is expected to close by January 8, 2010, subject to normal conditions including obtaining stock exchange approvals for the share issuance. The agreement terminates the exploration agreement between NovaGold and Kennecott dated March 22, 2004, as amended, under which NovaGold had the ability to earn a 51% interest in the Ambler property.

Properties

The following description summarizes selected information about the Company s Donlin Creek, Galore Creek and Nome Operations projects. Please refer to the Company s Annual Information Form for the fiscal year ended November 30, 2008, and the various NI 43-101 compliant reports referenced below for a further description of these properties, including their location, accessibility, climate, local resources, infrastructure, physiography, geological setting, mineralization, past drilling programs and history.

Donlin Creek Project, Alaska

Donlin Creek is an advanced-stage gold project held by the Donlin Creek LLC, a limited liability company that is owned 50% by the Company s wholly-owned subsidiary, NovaGold Resources Alaska, Inc. and 50% by Barrick s wholly-owned subsidiary, Barrick Gold U.S. Inc. On April 28, 2009, NovaGold announced the results of a feasibility study for the Donlin Creek project. Based on the feasibility study, the Donlin Creek mine has been designed as a year-round, open-pit operation. With the current 29.3 million ounce gold reserve base, the anticipated mine life is 21 years with a mill throughput of 53,500 tonnes per day. During the first five years, expected production averages 1.6 million ounces with an average total cash cost of US$394/oz. Gold production for the first 12 years is expected to average nearly 1.5 million ounces annually at an average total cash cost of US$444/oz. Life of mine production is estimated at an average of 1.25 million ounces of gold annually, for total recovered gold of 26.2 million ounces.

The feasibility study included a reserve/resource estimate in which a majority of the mineral resources were converted to mineral reserves. The project contains an estimated 29.3 million ounces of proven and probable gold reserves, with an additional 6.0 million ounces of measured and indicated gold resources and 4.0 million ounces of inferred gold resources. Mineral reserves and mineral resources were estimated using a long-term gold price assumption of US$725/oz and US$850/oz, respectively. Mineral resources have been classified using criteria appropriate under the CIM Definition Standards by application of a net smelter return based cut-off grade which incorporated mining and recovery parameters, and constraint of the resources to a pit shell based on commodity prices. Mineral reserves were estimated based on a series of Lerchs-Grossmann pit shells, established following a number of throughput rationalization studies. The pit shell considered measured and indicated resources only. Flotation recoveries in the pit optimization varied by rock type, domain, and degree of oxidation, and ranged from 86.66% to 94.17% .

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

Donlin Creek Property Description and Location

The Donlin Creek property is an advanced-stage gold project located in southwestern Alaska and is one of the largest known undeveloped gold deposits in the world. The property is under lease for subsurface and surface rights, respectively, from Calista Corporation (Calista) and The Kuskokwim Corporation (TKC), two Native Alaskan corporations. The leased land is believed to cover 10,858 hectares (26,830 acres). The Calista lease is in effect until 2015 and so long thereafter as mining or processing operations are carried out at the Donlin Creek property or good faith efforts are being made to place a mine on the property into production. Under the Calista lease, Calista has a right, within 90 days of issuance of a feasibility study on the Donlin Creek project and in the event the Donlin Creek LLC decides to proceed with a project to achieve commercial production, to elect to acquire between a 5% and 15% participating operating interest in the project covered by the feasibility study by delivering a notice of election and payment for the elected pro rata share of project capitalized costs incurred on the project to that date. As part of its payment, Calista would receive credit for any public funding or other funding sources it secures to deliver equipment, professional services or any other goods or services or infrastructure necessary to the Donlin Creek project. If a feasibility study is also issued on an additional stand-alone operation that does not rely on the facilities or economic viability of the original facility, then Calista will have an additional mutually exclusive back-in right on the same terms with respect to that facility.

The Donlin Creek LLC holds a significant portion of the surface rights that will be required to support mining operations in the proposed mining area. Negotiations will be required for surface rights for additional lands including road rights-of-way, the proposed wind farm, airstrip, Crooked Creek, Anaconda Creek and Birch Tree Crossing (BTC) facilities and for a portion of the proposed tailings dam.

Donlin Creek Permits

The Donlin Creek LLC has maintained all of the necessary permits for exploration and camp facilities. These permits are active at the Alaska Department of Natural Resources (hard rock exploration, temporary water use), the Corp of Engineers (individual 404 and nationwide 26), Alaska State Department of Conservation (wastewater, drinking water, food handling), the Alaska Department of Fish and Game (title 16 fish), the Environmental Protection Agency (NPDES) and the Federal Aviation Administration (airport).

Current permits have allowed exploration and associated feasibility study supporting testwork to be conducted under appropriate state and federal laws. Development of Donlin Creek will require a considerable number of additional permits and authorizations from both federal and state agencies. Much of the groundwork to support a successful permitting effort is undertaken prior to the submission of permit applications, so that issues can be identified and resolved, supporting baseline data can be acquired and regulators and stakeholders can become familiar with the proposed project.

To support successful application for the more than 60 permits required, the project will likely require extensive baseline environmental information, supporting scientific analysis and detailed engineering design. The Donlin Creek LLC and predecessors have invested significant money, resources and time acquiring this information over the last five years, and in some cases over the last 12 years. Designing the project in line with baseline data in advance of filing permit applications has resulted in a project that affords due consideration to all environmental concerns and is designed to mitigate potential impacts on the environment wherever practicable.

The comprehensive permitting process for Donlin Creek can be divided into three categories, all of which are important to the successful establishment of a future mining operation:

- Exploration-stage permitting required to obtain approval for exploration drilling, environmental baseline studies and feasibility engineering studies.
- Pre-application phase conducted in parallel with feasibility engineering studies. This stage includes the collection of environmental baseline data and interaction with stakeholders and regulators to facilitate the development of a project that can be successfully permitted.
- The National Environmental Policy Act (NEPA) process and formal permit applications formal agency review and analysis of the project, resulting in the issuance or denial of construction and operation permits.

Permit review timelines are controlled by the requirements of the federal NEPA review and state requirements for meaningful public and agency participation to determine if the project is in the state s best interest.

Upon completion of the NEPA review, a positive Record of Decision (ROD) and final issuance of permits and authorizations, the Environmental Management System (EMS), consisting of a number of management and maintenance plans for the project, will be fully implemented. Each federal and state permit will have compliance stipulations that require scrutiny and negotiation that can typically be resolved within 60 days of the ROD. Project delays could occur as a result of public opposition, limitations in regulatory staff resources during regulator review or project changes made by the Donlin Creek LLC.

Donlin Creek Resource and Reserve Estimate

The mineral reserves for the Donlin Creek project were classified using criteria appropriate under the CIM Definition Standards and have an effective date of December 31, 2008. The mineral reserves are summarized in the table below.

Proven and Probable Mineral Reserve Statement, Effective Date December 31, 2008

Category	**Tonnes (millions)**	**Au (g/t)**	**Contained Au (Moz)**
Proven	8.4	2.59	0.70
Probable	375.4	2.37	28.57
Total	**383.8**	**2.37**	**29.27**

Notes:

1) Mineral reserves are reported using an approximately 0.87 g/t Au cut-off grade and an assumed gold price of US$725/oz.
2) Mineral reserves are reported on a 100% basis, of which NovaGold owns a 50% interest.
3) The reserve estimates for Donlin Creek are based on the technical report titled Donlin Creek Gold Project, Alaska, USA, NI 43-101 Technical Report dated April 1, 2009, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.
4) Sums may not agree due to rounding.

Mineral reserves were estimated based on a series of Lerchs-Grossmann pit shells, established following a number of throughput rationalization studies. The pit shell considered measured and indicated resources. The base case parameters used in the optimizations were:

- Throughput of 53.5 kt/d and 20+ year mine life;
- Conventional open-pit mining using a combined bulk mining (12 m benches) and selective mining (6 m benches) approach;

- A long-term gold price assumption of US$725/oz;
- Mill recoveries in the pit optimization varied by rock type, domain and degree of oxidation, and ranged from 86.66% to 94.17%;
- Slopes were determined by geotechnical domain, with bench face angle recommendations ranging from 43° to 65°, inter-ramp slope angles from 26° to 50°, and overall slope angles ranging between 26° and 47°;
- Refining, freight and marketing (selling costs) were US$0.573/oz recovered; and
- A royalty of 3.75%, based on the gold price minus the selling cost.

The base mining cost (before incremental mining cost with depth) was $1.68/t, the average processing cost was $15.97/t and the general and administrative cost was $1.61/t.

The Mineral reserves were subtracted from the total mineral resources reported from this pit optimization to determine the reported mineral resources that are exclusive of mineral reserves. During Whittle® pit optimization, incremental cut-offs can be applied to determine whether material within a pit shell is classed as potentially economic mineralization or as waste. The cut-offs assume that all material within a pit will be mined, but that at the top of the exit ramp of a pit, a choice must be made between what will report to the mill as potentially economic mineralization, and what will be sent to dumps as waste. To be considered potentially economic mineralization, the net smelter return (NSR) must pay back the incremental processing cost plus US$0.01/t.

Mineral resources were classified using criteria appropriate under the CIM Definition Standards by application of the NSR-based cut-off grade that incorporated mining and recovery parameters, and constraint of the mineral resources to a pit shell based on commodity prices. The mineral resources have an effective date of December 31, 2008. The mineral resources are summarized in the table below.

Mineral Resource Statement, Effective Date December 31, 2008

Category	Tonnage (Mt)	Au (g/t)	Contained Au (Moz)
Measured	1.2	2.19	0.08
Indicated	93.4	1.97	5.92
Total Measured and Indicated	**94.6**	**1.97**	**6.01**
Inferred	54.5	2.29	4.02

Notes:

1) Mineral resources are reported using an approximately 0.87 g/t Au cut-off grade and an assumed gold price of US$850/oz.
2) Mineral resources are exclusive of mineral reserves and are reported on a 100% basis, of which NovaGold owns a 50% interest.
3) The resource estimates for Donlin Creek are based on the technical report titled Donlin Creek Gold Project, Alaska, USA, NI 43-101 Technical Report dated April 1, 2009, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.
4) Mineral resources that are not mineral reserves do not have demonstrated economic viability. See Cautionary Note to United States Investors .
5) Inferred resources have a great amount of uncertainty as to their existence and whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred resources will ever be upgraded to a higher category. See Cautionary Note to United States Investors .
6) Sums may not agree due to rounding.

The mineral resource estimate for the Donlin Creek project was based on a Lerchs-Grossmann pit optimized for all measured, indicated and inferred blocks assuming:

- A gold selling price of US$850/oz;

- Mill recoveries in the pit optimization varied by rock type, domain and degree of oxidation, and ranged from 86.66% to 94.17%;
- Administrative costs estimated at US$1.56/t;
- Refining, freight and marketing (selling costs) were estimated at US$0.573/oz recovered; and
- A royalty of 3.75%, based on the gold price minus the selling cost.

In 2008, Barrick drilled 108 HQ/NQ core holes totaling 33,425 m, as well as auger holes and test pits for geotechnical studies, soil, stream sediment and stream concentrate geochemical samples. The 2008 drilling results are not included in the mineral resource estimate that is the basis of the feasibility study and it is unlikely that the 2008 drilling will have a material impact on the project. The 2009 drilling program at Donlin Creek comprised chilled brine geotechnical drilling to further assess permafrost in the Donlin Creek district.

Donlin Creek Financial Summary

The overall economic viability of the Donlin Creek project was evaluated by both discounted and undiscounted cash flow analyses. The project is expected to generate after-tax net cash flows of US$1.1 billion and yield an internal IRR of 2.3%, under a long-term gold price assumption of US$725/oz. The base case after-tax NPV (5%) of the Donlin Creek project is negative US$733 million.

At a gold price of US$1,000/oz the project would generate US$8.4 billion in pre-tax cash flow and have a pre-tax NPV (5%) of US$2.7 billion with a pre-tax IRR of 12.3% . The project is particularly sensitive to the gold price and for the purposes of the sensitivity analysis, it was assumed that the project sensitivity to changes in gold grades was mirrored by the sensitivity of the project to changes in the gold price.

The Donlin Creek project requires a gold price of US$670/oz to break even at an oil price of US$75/barrel. From the base case of gold at US$725/oz and oil at US$75/barrel, each US$1/barrel increase in the price of oil requires approximately a US$1.50/oz increase in the price of gold to offset the impact.

Project Sensitivity to Gold Price (US$)

Item	**Unit**	**Base Case**	**Alternative Case 1**	**Alternative Case 2**
Gold Price	$/oz	725	900	1,000
Oil Price	$/barrel	75	75	75
Undiscounted Cumulative Net Cash Flow Pre-tax	$	1,504	5,915	8,435
Undiscounted Cumulative Net Cash Flow After-tax	$	1,103	4,166	5,876
NPV (5%) Pre-tax	$	(592)	1,525	2,735
NPV (5%) After-tax	$	(733)	829	1,674
IRR Pre-tax	%	3.0	9.4	12.3
IRR After-tax	%	2.3	7.7	10.2
Payback	Years	15	7	5

Project Sensitivity to Oil Price (US$) (US$725/oz Au price)

Oil Price ($/barrel)	**Net Cash Flow ($M)**	**NPV @ 5% ($M)**	**IRR (%)**
35	2,106	(236)	4.2
50	1,744	(415)	3.5
75	1,103	(733)	2.3
100	430	(1,069)	0.9

Donlin Creek Project Financial Summary (US$) (Base Case US$725/oz)

Item	**Unit**	**LOM**	**$/oz**	**$/t milled**	**$/t mined**
Total Mined	Mt	2,567.7			
Ore Milled	Mt	383.8			
Strip Ratio (waste tonnes:ore tonnes)	t:t	5.69			

Gold Grade	g/t	2.37
Contained Gold	Moz	29.269
Gold Recovery	%	89.5
Recovered Gold	Moz	26.184
Mine Life	Years	21

Item	Unit	LOM	$/oz	$/t milled	$/t mined
Oil Price	$/barrel	75			
Revenue	$M	18,983	725		
Mining Costs	$M	5,226	200	13.62	2.08
Processing Cost	$M	5,664	216	14.76	2.26
G&A	$M	590	23	1.54	0.24
Refining	$M	44	2	0.11	0.02
Operating Costs	$M	11,524	440	30.03	4.60
Royalties	$M	693	26	1.81	0.28
Total Cash Costs	$M	12,217	467	31.84	4.87
Other Revenue	$M	(156)	(6)	(0.41)	(0.06)
Depreciation (Excluding Sunk Costs)	$M	5,242	200	13.66	2.09
Trust Fund	$M	179	7	0.47	0.07
Total Production Costs	$M	17,481	668	45.55	6.97
Cash Taxes	$M	402	15	1.04	0.16
Working Capital, Net	$M	(2)	-	(0.01)	0.00
Total Costs, Including Taxes and Working Capital	$M	17,881	683	46.59	7.13

Donlin Creek Planned Mining Operations

Throughput studies were performed during 2007 2008 and mine design and production schedules were developed for a nominal mill throughput of 19.5 Mt/a, or 53,500 t/d. Open pit mining on both 6 m and 12 m high benches provided the best project economics. Approximately 40% of the ore and 19% of the waste, or 22% of the total tonnage, is planned to be selectively mined on 6 m benches.

Mining operations are envisaged as 355 days per year, with ten days allowed for delays due to winter conditions; however, the plant is provisionally scheduled to operate 365 days per year. Maximum vertical advance per phase per year is sixteen 6 m benches. Where the vertical advance rate is more than ten 6 m benches per year, some or all benches will be 12 m high so that the combined vertical development rate does not exceed ten benches per year.

The ACMA pit has a top elevation of 268 m above sea level (masl), cuts across the American Creek drainage at 178 masl, and has a bottom elevation of 272 m below sea level (mbsl). The grade of the gold mineralization in ACMA is higher than in the Lewis area. The Lewis pit is on a hill directly above and to the northeast of the ACMA pit, at elevations ranging from 436 masl to 56 mbsl.

A set of fourteen mining phases were designed, eight in the ACMA pit and six in the Lewis pit. This sequence aims to deplete ACMA as early as possible to maximize use of the waste backfill dump designed inside the pit while minimizing deviation from the optimal economic mining sequence. The initial phases of the two pits are independent, but they partially merge later in the mine life.

Donlin Creek is envisaged to be mined by a conventional truck-and-shovel operation. Initial pioneering and pit development will be undertaken to remove overburden, develop mine access roads suitable for large mining equipment, and face-up the initial pit into productive set-ups for the large shovel and mining equipment.

Large hydraulic shovels mining the full 12 m benches will be the primary loading equipment in zones of waste and steeply dipping ore. The same primary shovels will be used on the 6 m split benches, thereby avoiding the need for a mixed fleet of hydraulic shovels. Large 360 t capacity haul trucks will be used for transporting both ore and waste out of the pit.

Haul roads are designed at 10% maximum grade for uphill loaded haulage and at a maximum of 8% for downhill loaded haulage. The final road width design is 40 m.

Blasting will be required. Blast hole drilling in predominantly waste areas will be performed with nominal 251 mm diameter production drills. Ore zones will be drilled on a single 12 m bench with 200 mm diameter holes or a single 6 m bench with 140 mm diameter holes, depending on the size and continuity of the ore blocks outlined by grade control drilling. All blasting will be based on 70% emulsion / 30% ammonium nitrate/fuel oil, which will be manufactured on site.

Support equipment will be used for road, bench, and dump maintenance and miscellaneous projects. Track dozers and rubber-tired dozers will spot loads and maintain the waste spoil dumps. A fleet of graders will maintain the roads. Crushed rock will be provided to help maintain good roads and improve truck tire life. Water trucks will spray roads and working areas during dry and dusty periods. Small backhoes will be used for ditch work and other dewatering projects. Dozers will be used on larger construction projects such as re-contouring waste dumps and spreading reclamation materials.

The projected total labor force complement for mine operations, maintenance, engineering and contractors is 442 at start-up, peaks at 646 in Year 11 and decreases to 83 in the final full year of pit operation.

Donlin Creek Proposed Production Plan and Schedule

The operating mine life is estimated to be 20+ years based on the nominal processing rate of 53,500 t/d. Mine startup is proposed for 2015, ceasing in 2034. The processing rate is variable from period to period as a function of sulphur grade and ore hardness. To maximize plant utilization, long-term ore stockpiling is required to balance sulphur feed grades. Short-term stockpiling will also be required to handle crusher downtime and production fluctuations in the pit.

Preproduction covers the first 15 months of the mine plan, when mining activities will focus on providing sufficient ore exposure for plant start-up. Ore mined during preproduction will be stockpiled and rehandled to the mill during operations. Average production during the production stage will be 335 kt/d. The peak rate of 425 kt/d is reached in Year 7. Mining is initially focused on the ACMA pit to access the highest-value ore.

Donlin Creek Geotechnical

BGC Engineering (BGC) provided feasibility-level slope design criteria for the Donlin Creek open pit. Slope design criteria for the bench scale (including bench face angle and berm widths), inter-ramp scale (inter-ramp angle) and overall slope scale (overall angle) were determined from geotechnical data collected and analyzed by BGC between 2004 and 2008.

Four geotechnical domains were identified:

- Domain I represents the moderately southwest dipping monocline that hosts the entire proposed Lewis pit. Major faults include the Rochelieu Ridge, Vortex and Lo Faults. Seven minor fault sets were identified, as well as a fault set that parallels the Vortex fault. Bench face angle recommendations range from 43° to 65°, inter-ramp slope angles from 32° to 46.5°, and overall slope angles range between 32° and 46°.
- Domain II includes the west syncline limb between syncline axial trace and anticline axial trace. Folding has resulted in complex bedding sets. Faults include the Lo and Vortex Faults. Bench face angle recommendations are 65°, inter-ramp slope angles from 26° to 35.5°, and overall slope angles range between 26° and 35.5°.
- Domain III comprises steeply-dipping sediments that have two bedding sets, and includes all of the sedimentary geotechnical units except the basal shale. The Lo and Vortex faults lie in the southern part of this domain, while the AC and ACMA faults divide Domain III from Domain IV. Bench face angle recommendations are 65°, inter-ramp slope angles from 28° to 47°, and overall slope angles range between 28° and 47°.
- Domain IV geotechnical units are the mid-shale, mid-greywacke, upper shale, and upper greywacke. The sediments occur as beds dipping moderately to the southwest. The mine-scale geological model interprets the bedding as dipping steeply at depth, similar to that observed in Domain III. The feasibility-level structural database, which is currently based on a limited number of exploration core holes, does not support this interpretation. Major faults identified in the areas of the two pits include the AC, ACMA, Vortex, Hello,

Upper Lo and Lo. Six minor fault sets were identified, as well as sets that parallel the AC

Fault and sub-parallel the Lo Fault. Bench face angle recommendations are 65°, inter-ramp slope angles from 30.5° to 50°, and overall slope angles range between 30.5° and 45°.

Two areas were noted that will require detailed geotechnical management: the northeast wall of the Lewis pit and the south-southwest wall of the ACMA pit. All slopes require depressurization. Those that need complete depressurization on the overall slope scale to minimize the potential of rock mass failures include: the South wall of the ACMA pit, the South wall of the Lewis pit and the Footwall slope of the Lewis pit.

Donlin Creek Waste Dumps

Waste rock from open pit mining will be placed in an ex-pit waste rock facility in the American Creek Valley, east of the pit area, or in a backfill dump in ACMA. The ultimate footprint of the facility covers an area of approximately 9.6 km^2. With the elevation of the top lift of the dump at approximately 550 masl, the maximum dump height will be about 350 m and the maximum thickness about 290 m. The waste rock facility will be developed entirely from the bottom up. Construction of the first lift will begin at the start of the preproduction period. Most of the waste rock facility will be constructed in 30 m lifts.

The potential magnitude of flow in the American Creek drainage, as well as discharge from springs in the valley floors, warrants the construction of an engineered rock drain system below the waste rock facility, including connecting secondary rock (finger) drains in the smaller contributing drainages. The rock drains were sized to contain the peak instantaneous flow associated with the 100-year return period, 24-hour duration rainfall event for American Creek.

Sufficient overburden will be stored separately for use in final site reclamation; the remainder will be dumped into the waste rock facility or used for construction and concurrent reclamation. A total of 1.69 Gt of waste will be stored in the waste rock facility and another 404 Mt in the ACMA backfill dump. Backfilling will commence in Year 15 and continue until the end of mine life.

A total of 38 Mt of in-pit overburden will be mined at Donlin Creek, of which 7.7 Mt of peat and loess and 9.6 Mt of colluvium/terrace gravel will be stockpiled over the LOM to meet site reclamation requirements. The remainder will be stored within the waste rock facility. Where overburden directly removed from the pit is unavailable, it will be reclaimed from the stockpiles. Some 17.3 Mt of overburden will stored in overburden stockpiles.

Waste rock was characterized by its potential for acid generation and was assigned reactivity categories. Categories 1 to 4 are non-acid-generating (NAG), and categories 5 to 7 are potentially acid-generating (PAG). Waste rock consists of NAG and PAG rock from the ACMA and Lewis pits. PAG-7 rock will potentially start producing acid in less than a few years, PAG-6 in less than a decade, and PAG-5 after several decades. PAG-5 rock will be blended with NAG rock when placed in the waste rock facility; the NAG rock has enough neutralizing potential to prevent the PAG-5 waste from producing acid. PAG-6 waste will initially be placed in encapsulated cells in the waste rock facility. Water infiltration into this cell will be minimized by a cover of compacted colluvium or terrace gravel.

The PAG-7 waste will ideally be used to construct the water reclaim structure in the tailings impoundment. This point will require addressing during detailed design and operational scheduling. Additional PAG-7 waste will be stockpiled in the long-term ore stockpile area. The stockpiled PAG-7 waste will then be rehandled into the ACMA pit below the final pit lake water level.

The waste rock facility was designed to meet or exceed a factor of safety (FS) of 1.5 under static loading conditions and an FS of 1.1 under seismic (pseudo-static) loading. The stability of the waste rock facility exceeds these design criteria.

Concurrent reclamation of the waste rock facility will be undertaken during operations as area becomes available.

Donlin Creek Hydrology

The main objectives of the water management plan for the project are to minimize or eliminate the need for treatment and discharge of contact water during mine construction, operations, and closure; to achieve the pit-slope depressurization requirements; and to provide adequate quantity and quality of water supply to the mill.

The project is expected to operate with an overall water surplus, based on the large catchment areas of the American Creek and Anaconda Creek drainage basins, which will yield large volumes of water during the spring and summer (April to October) from rainfall, snowmelt run-off and groundwater base flow.

ACMA pit will transect American Creek near its confluence with Crooked Creek in Year 1 of operations, and the waste rock facility will ultimately occupy a significant proportion of the remaining American Creek basin upstream from the pit. Contact water will be stored behind a dam in American Creek, and tailings will be stored in the adjacent Anaconda Creek basin. Staged diversion structures will be required to divert fresh water out of the project area during construction, operations, and closure.

Donlin Creek Proposed Tailings Storage

The tailings storage facility in the Anaconda Creek basin will be a fully lined impoundment with cross valley dams at both the upstream (upper dam, comprising upper north and upper south) and downstream (main dam) ends.

All tailings dams will be constructed of compacted rock fill using the downstream method with a composite liner on the upstream face. The tailings impoundment footprint will be lined with a linear low density polyethylene liner over a layer of broadly graded silty sand and gravel acting as low permeability bedding material and providing secondary containment. Material for construction will be sourced from the plant site and fuel farm during initial construction and from the open pit for the later raises during operations.

Based on the flood and tailings storage requirements, the starter dams are required to store one year of tailings, plus flood and freeboard, and will be 52 m high for the main dam, while the upper north and upper south dams will be 16 m and 12 m, respectively. Ultimate heights will be 144 m for the main dam and 105 m for the upper dam, measured from the downstream toe to the crest. The tailings storage facility will have an ultimate capacity of 311.43 Mm^3, corresponding to an ultimate impoundment surface area of 549 ha. The total catchment area of the tailings storage facility will be 705 ha.

The tailings storage facility was designed to meet appropriate dam safety guidelines. The tailings storage facility inflow design flood was the 200-year return period snowmelt and 24-hour probable maximum precipitation. The stability of the tailings dams yielded static and pseudo-static factors of safety of 1.5 and 1.15, respectively. The tailings storage facility was designed to withstand the maximum credible earthquake.

Water dams are required during the construction period and initial years of operation to protect the lined upstream faces of the upper north and south tailings starter dams from a significant flood event, to provide a reliable source of fresh water during operation of the process plant, and to minimize runoff to the tailings storage facility. The water dams will be incorporated into the downstream toe of the upper dams and are planned to be constructed simultaneously with the starter dams before tailings placement. The north and south freshwater reservoirs will reach maximum depths of 19 m and 8.5 m, respectively. Based on storage requirements, the north water dam will be 42 m high and the south water dam 33 m high.

Donlin Creek Infrastructure

Current site infrastructure comprises an all-season, soft-sided camp with facilities to house up to 150 people consisting of kitchen, living quarters, equipment shop, drill shack and other buildings required for support of year-round exploration activities.

There is sufficient area within the project to host an open-pit mining operation, including any proposed open pit, waste dumps, tailings and process facilities. The Donlin Creek LLC has secured the majority of the surface rights for the areas that may host these facilities.

Crooked Creek has approximately 140 residents and Aniak has a population of approximately 570. The workforce for the project would be sourced from the local area, and from Alaskan regional centres.

The project is a greenfields site. In addition to the proposed plant site at the mine, the main proposed development sites are the wind farm, an airstrip, barge terminals at Bethel and BTC and an access road connecting BTC to the mine site.

Planned Off-site Infrastructure

The entire road will be new construction in an untracked region, with no passage through or near any settlements or communities, and no junctions with any existing road system. Forty-three stream crossings were identified along the BTC route. Of these, eight require bridges directly along the road, and one more crosses Getmuna Creek to access the major Getmuna Flats material site. Bridge lengths vary from 10 m to 35 m.

The primary purpose of the road is to transport freight by mostly conventional highway tractors and trailers. However, critical elements of the design will be dictated by specific oversize and overweight loads associated with mine facility construction. Only mine support traffic will use the road, and the design assumes that mine operations will control and manage traffic on the road.

The fuel pipeline from the BTC port site to the mine site was incorporated into the road alignment. The pipeline will be buried where it passes though areas of thaw-stable ground and supported above ground on piled foundations where the ground is susceptible to instability.

Planned Site Infrastructure

Planned site infrastructure comprises: access roads, airstrip, accommodation camp, plant site and fuel storage, primary and pebble crushers, coarse ore conveyor and coarse ore stockpile, concentrator, water treatment plants, boiler house, utilidors and access walkways, waste and tailings storage facilities, truck shop, truck wash, workshops and vehicle repair facilities, assay laboratory, administration facilities and change rooms.

The plant site and fuel storage compound are located in the Anaconda Valley, above the tailings storage area. This arrangement contains the process areas within the Anaconda and American Creek Valleys, with essentially no impact on Crooked Creek.

The primary crusher is located on a ridge on the south side of American Creek. This location is compatible with the mining plan, haul road layouts, and ultimate pit limits as well as the location of the contact water dam and contact water pond. The crusher was orientated to make use of the southern slope of the ridge, minimize the length of the conveyor, and permit the design of the vertical and horizontal alignment to tie into the coarse ore stockpile at the plant site. The process plant was orientated on the plant site to take advantage of the natural topography, with the long axis of the plant following the slope of the rounded hill to the south.

Donlin Creek Power

The project is currently isolated from power and other public infrastructure and power is provided by diesel generators. Electric power for the project site is planned to be generated from a diesel oil-fuelled combined-cycle gas turbine power plant and a standby/peaking diesel power plant.

A wind farm consisting of 14 wind turbine generators, each with a nominal peak output of 2.5 MW, will also be installed. Under average conditions, the wind farm will contribute approximately 7.5% of the yearly energy requirements of the project.

Given their synergistic roles, the gas turbine and diesel power plants will be located adjacent to each other. To minimize electrical distribution costs and load losses, they will be near the two major process electrical loads: the oxygen plant and the grinding building. The wind farm will be installed on Juningguira Mountain, approximately 12 km southwest of the Donlin Creek mine site, and will be connected to the site with a 69 kV transmission line running to a substation located at the mine site.

Donlin Creek Water

Water requirements for the planned process facilities depend on mill feed rates and vary annually. Water will primarily be sourced from contact dam/pit dewatering. However, in years with average and below-average precipitation, the contact water pond and pit dewatering system will not be able to meet the year-round freshwater requirements for the plant. In this case, additional water will be obtained from the north and south freshwater reservoirs upstream of the tailings storage facility.

The source of water supply for the construction camp and, later, the plant site potable water systems is an array of eight deep wells south of Omega Gulch, near Crooked Creek. Potable water for the permanent accommodation complex will be supplied from another array of four wells approximately 2.4 km southwest of the camp.

Donlin Creek Proposed Mine Closure Plan

In its ongoing efforts at Donlin Creek, the Donlin Creek LLC recognizes that its responsibility to the communities of the Yukon-Kuskokwim Delta extends beyond exploration, development and operations to the even more critical stage of mine closure. Since the very inception of the Donlin Creek exploration program, there was a conscious effort to design exploration, development and operations for closure. By designing for closure at a very early stage in the life of a project, the potential cumulative impacts on the physical resources of the area and the post-closure impact on local communities can be addressed. Realizing that the project clearly has a role to play in contributing to the long-term sustainability of the communities surrounding the project, planning for closure in collaboration with state and local authorities is essential.

In addition to the basic goal to reclaim disturbances associated with mining, processing and ancillary support facilities in a manner compatible with the designated post-mining land use, careful planning will minimize the area affected by the operations. During operations, whenever possible, concurrent reclamation will be performed in those areas that are no longer required for active mining.

The Donlin Creek LLC expects to complete a Closure Social Impact Assessment, targeted for three years prior to closure of any operation. While appropriate planning of sustainable community projects support the long-term sustainability of nearby communities, the Closure Social Impact Assessment will focus on the net positive benefits from the operation and identify alternative uses for the skills and infrastructure that were developed during operations.

Closure planning also includes assisting employees with identifying new career opportunities as appropriate. Where possible, the goal is to offer continuing employment opportunities or, alternatively, offer out-placement services to employees who are not able to relocate.

Reclamation and closure of the project falls under the jurisdiction of the Alaska Department of Natural Resources (ADNR) Division of Mining, Land, and Water Management; the Alaska Department of Environmental Conservation; the U.S. Army Corps of Engineers; and the U.S. Environmental Protection Agency. The Alaska Reclamation Act (Alaska Statute AS 27.19) is administered by the ADNR and applies to state, federal, municipal, and private land and water subject to mining operations. Except as provided in an exemption for small operations, a miner may not engage in a mining operation until the ADNR has approved a reclamation plan for the operation.

The ADNR may enter into a cooperative management agreement with the federal government or other state agencies to implement a requirement of the Reclamation Act or a regulation adopted under it. The Closure and Reclamation Plan for a mining project that involves both federal and state permits requires joint approval. Financial surety for mine closure and reclamation is a requirement of federal and state agencies. ADNR has historically been the agency that holds the surety for both. The approved plan and associated surety are reviewed and revised at five-year intervals. The landowner participates in the planning process with regard to determining and concurring with the designated post-mining land use.

A modified version of the Barrick Reclamation Cost Estimator was used to develop reclamation and closure cost estimates. Estimated costs are based on the project as currently presented, with the realization that closure and reclamation plans and costs will be routinely updated throughout the detailed design phase and during operations.

The final reclamation cost estimate is US$96.1 million. This amount is included in a Reclamation, Closure and Post-Closure Maintenance Trust Fund model prepared to determine the funding that is required to generate sufficient cash flow to cover costs for tunnel construction from Anaconda Creek to Crevice Creek, capital to construct the water treatment plant (WTP), perpetual water treatment, and associated facility and access maintenance. The total amount to cover reclamation and closure costs and post-reclamation and closure maintenance is estimated at US$7.44 million, paid annually over the three-year construction and 20-year LOM.

Various pit-lake filling options were modeled to assess filling rates, physics, and geochemistry, with the intent of ultimately predicting the quality of water that would eventually discharge from the ACMA pit lake into the receiving environment, approximately 45 years after cessation of mining operations.

The WTP will use chemical precipitation technology to target dissolved elements such as arsenic, antimony and manganese. Since the water quality predictions also indicate elevated levels of selenium and sulphate, reverse osmosis technology will be used to decrease levels to below discharge limits. Reverse osmosis represents the best available technology for the removal of selenium. The sludge from the WTP will be a chemically stable material and will be sent to the bottom of the open pit for final storage. It is currently anticipated that the water stored in the pit after closure will not meet the water quality criteria for a few parameters and will require treatment before discharge into Crooked Creek.

Donlin Creek Markets

The marketing plan is for the members of the Donlin Creek LLC to take in kind their respective shares of the gold production, which they can then sell for their own benefit. Under the agreement, the manager shall give the members prompt notice in advance of the delivery date upon which their respective shares of gold production will be available.

Since there are a large number of available gold purchasers, the members should not be dependent upon the sale of gold to any one customer. Gold can be sold to various gold bullion dealers or smelters on a competitive basis at spot prices.

Spot prices are determined by open markets. The London Gold Fixing is the procedure by which the price of gold is set on the London market by five members of the London Gold Pool (who are all members of the London Bullion Market Association). The London Gold Fixing is designed to fix a price for settling contracts between members of the London bullion market but is internationally recognized as a benchmark for gold prices and is used in the pricing of the majority of gold products throughout the world s markets.

It is expected that selling contracts for NovaGold s share of the gold production will be typical of, and consistent with, standard industry practice, and be similar to contracts for the supply of doré elsewhere in the world.

Donlin Creek Taxation

Taxes that may be levied on the project can be summarized as follows:

- Federal Income Tax the greater of the U.S. Regular Tax of 35% or Alternative Minimum Tax of 20%.
- Alaska State Income Tax 9.4% of income over US$90,000.
- Alaska State Mining License Tax 7% of taxable mining income, less depletion. There is a 3.5-year tax holiday on the mining license tax.

Income tax becomes payable after deductions for capital allowances.

Donlin Creek Cost Estimates

The feasibility study capital cost estimate was developed in accordance with Association for the Advancement of Cost Engineering (AACE) Class 3 requirements, consisting of semi-detailed unit costs and assembly line items. The level of accuracy for the estimate is ±15% of estimated final costs, per AACE Class 3 definition.

Costs expressed in third-quarter (Q3) U.S. dollars were subsequently de-escalated using a de-escalation model to adjust the estimate to fourth-quarter (Q4) 2008 U.S. dollars. No allowances are included for escalation through construction, interest during construction, taxes or duties.

The de-escalation model determines potential savings to the project due to the global recession and downturn of the world economies since the Q3 2008 pricing. There was a significant reduction in world commodity prices in Q4 2008, particularly in metal prices within the mining industry. Costs in the estimate that were priced in either

Q4 2008 or January 2009 U.S. dollars were not included in the de-escalation model. The model provides a Monte Carlo-type simulation that also includes currency impacts. The model looks at the minimum line and the base line estimate (Q3 2008 U.S. dollars) as the maximum. The result, depending on which probability factor is used, will determine the outcome. A probability factor (P50) was used for de-escalation in the estimate.

The total estimated cost to design and build the project is US$4,481 million, including an owner-provided mining fleet and self-performed pre-production mine development. Sustaining capital requirements total US$803 million.

Donlin Creek Financial Analysis

The overall economic viability of the project was evaluated by both discounted and undiscounted cash flow analyses, based on the engineering studies and cost estimates discussed in this study. Assumptions in the model comprised:

- For discounted cash flow (or NPV) purposes, the model is based from January 1, 2009. Estimates were prepared for all the individual elements of cash revenue and cash expenditures for ongoing operations.
- Estimated cash flows from revenue are based on a gold price of US$725/oz as provided by the Donlin Creek LLC, which is the price used for reporting the 2008 mineral reserves. The pit has also been optimized at the same gold price of US$725/oz. At the effective date of the 2009 Donlin Technical Report, gold was trading at around US$950/oz.
- Recovery is estimated to average 89.5% over the LOM based on work and testing performed for feasibility study and feasibility study update purposes.
- Doré refining and shipping charges were estimated at US$0.95/oz based on actual refining charges for Barrick s Goldstrike operations and a quotation for transportation and insurance costs from the Donlin Creek mine site to a U.S.-based refinery. An additional 0.1% of gold produced from the mine is included in refining costs. This amount represents the refiner s estimate of the loss of gold that will occur during the refining process.
- The current hydrometallurgical process selection renders any contained silver into a greater refractory state, which provides less than 10% silver recovery through standard metal leaching. As a consequence, no silver credit was applied to the project.
- Assets will be sold over the course of the mine life, when they are no longer required for project-based work, as well as at the end of the mine life. Total recovered value from these sales is estimated at US$33 million.
- Reclamation and closure costs were estimated at US$96 million and are primarily incurred in the first five years after the mine closes (2035 to 2039), although some expenditures begin immediately after construction and during operations with concurrent reclamation. The funding amount that is required to generate sufficient cash flow to cover costs for tunnel construction from Anaconda Creek to Crevice Creek, employee severance payments, capital to construct the WTP for perpetual water treatment, and associated facility and access maintenance, as well as closure costs, is estimated at US$7.44 million provided annually over the three-year construction and 20+ year LOM, for a total of US$179 million.
- During the non-shipping season (October through May), the project-owned barging fleet will be leased for other haulage uses. The total net revenue determined from this leasing arrangement is estimated at US$166 million. Of this amount, US$10 million earned during preproduction was credited against initial capital costs. The remaining US$156 million is credited against operating costs.
- Inventory, including 85% of consumables, is included in the financial model as cash outflows in the year before start-up of operations. Other warehouse inventory, excluding capital spares, is estimated at approximately US$25.3 million by the Donlin Creek LLC and was developed from first principles based on the value and quantity drivers of warehouse inventory held by Barrick s Goldstrike operation.

The project is expected to generate net cash flows of US$1.1 billion and yield an IRR of 2.3%, under a long-term gold price assumption of US$725/oz. The base case NPV (5%) of the project is a negative US$733 million. At US$1,000/oz (Alternative Case 2) the project has an NPV (5%), after tax, of US$1,674 million and an after-tax IRR of 10.2% .

From the base case of gold at US$725/oz and oil at US$75/barrel, each US$1/barrel increase in the price of oil requires approximately a US$1.50/oz increase in the price of gold to offset the impact. The base case gold price assumed in the sensitivity analysis is US$725/oz. For the purposes of the sensitivity analysis, the Donlin Creek LLC assumed that the project sensitivity to changes in gold grades was mirrored by the sensitivity of the project to changes in the gold price.

Donlin Creek Interpretation and Conclusions

AMEC reviewed the information incorporated in the 2009 Donlin Technical Report, together with supporting data supplied by NovaGold, the Donlin Creek LLC and the Donlin Creek feasibility study update. As a result, AMEC concluded:

- The tenure and surface rights are valid for the Donlin Creek area, and can support declaration of mineral reserves and mineral resources. Additional surface rights will need to be acquired to support planned infrastructure at Bethel and BTC and for a portion of the proposed tailings dam. A right-of-way will be required from the State of Alaska for the road alignment where it crosses state lands. Negotiations will also be required for lands needed for the wind farm. Negotiations regarding the additional Native lands are ongoing with both TKC and Calista;
- Agreements exist between the Donlin Creek LLC and Calista and TKC, and between NovaGold and Barrick, and are sufficient to support development of the project. Two royalties will be in effect, to Calista and Lyman Resources;
- All exploration activities on leased lands are covered under the terms of the lease agreement with Calista and the surface use agreement with TKC. Activities on Native-owned lands not currently within the agreement, or on state and federal lands, are permitted on an individual basis as required. Drilling operations on the project are covered under the Alaska Placer Mining Application process and related permits;
- The proposed Donlin Creek operation will require a considerable number of permits and authorizations from both federal and state agencies. The Donlin Creek LLC is aware of the required permits, application procedures, and required time-frames for approvals;
- The geology of the Donlin Creek deposit is well understood. Mineralization types and extents are well-defined and can support declaration of mineral resources and mineral reserves. Geological interpretations for the area are based on surface exposures, trenches and drill information. Mineralogical interpretations are based on data returned from a number of research studies and metallurgical testwork programs, and support the planned process route;
- The exploration programs completed to date are appropriate to the style of the Donlin Creek deposits and have identified numerous zones of anomalous gold and copper grades. As the geochemical and trench analyses were superseded by the amount of drill data available, exploration-stage analytical data were not reviewed. Research work supports genetic and affinity interpretations for the deposits;
- The quantity and quality of the lithological, geotechnical, collar and downhole survey data collected in the exploration, drilling and infill delineation programs are sufficient to support mineral resource and mineral reserve estimation;
- Sampling methods are considered to be acceptable, are consistent with industry-standard practices and are adequate for supporting mineral resource and mineral reserve estimation and for mine planning purposes;
- The quality of the gold analytical data is reliable and sample preparation, analysis and security are generally performed in accordance with exploration best practices and industry standards;

- Data collected from the project adequately support the geological interpretations and the database quality, and therefore support the use of the data in mineral resource and mineral reserve estimation;
- Metallurgical testwork completed on the project was appropriate to establish the optimal processing route, and was performed using samples that are typical of the mineralization within the project. Recovery factors appear appropriate for the mineralization styles and planned process route. The process route is feasible and uses industry standard equipment and techniques;
- Mineral resources and mineral reserves were estimated in accordance with the CIM Definition Standards;
- The open-pit mine plan is appropriate to the style of mineralization. Production forecasts are achievable with the equipment and plant planned. There is some upside for the project if the inferred mineral resources that are identified within the LOM production plan can be upgraded to higher confidence mineral resource categories. The predicted mine life of 21 years is achievable based on the projected annual production rate and the mineral reserves estimated;
- The marketing plan assumes that each partner in the Donlin Creek LLC is responsible for marketing its share of the gold production. NovaGold has reviewed the gold spot market. Sale of production is not expected to be an issue;
- Doré refining contracts are expected to be typical of, and consistent with, standard industry practice, and be similar to contracts for the supply of doré elsewhere in the world;
- The EMS and permit review process will determine the precise number of management plans required to address all aspects of the project to ensure compliance with environmental design and permit criteria. The environmental impact of the operation, and subsequent closure and remediation requirements will be addressed in the proposed mine plan and environmental impact statement, following receipt of commentary that may be associated with project approvals. Management of the Crooked Creek waterway is noted as critical;
- Taxation considerations are limited to a review of the major applicable taxes for incorporation in the financial analysis;
- Capital and operating costs are based on 2008 estimates. Capital costs consist of semi-detailed unit costs and assembly line items to AACE Class 3 standards; operating costs were estimated by area and component, based on estimated staffing levels, consumables, and expenditures, according to the mine plan and process design. Costs are considered to be in line with Q3 2008 rates;
- The financial analysis shows that the project is positive using base case assumptions as detailed in the 2009 Donlin Technical Report;
- The project economics are particularly sensitive to the gold price, and to a lesser extent to the oil price. For the purposes of the sensitivity analysis, the Donlin Creek LLC assumed that the project sensitivity to changes in gold grades was mirrored by the sensitivity of the project to changes in the gold price.

Donlin Creek Recommendations

Mineralization continues below the proposed ACMA pit, but expansion is limited due the proximity of Crooked Creek on the west and south, and by the location of the planned process facilities to the west. Exploration potential is still open to the north. A small mineralized area approximately 1,000 m to the north of the Lewis pit was drilled on 40 m spacing, but was not included in the resource model. The area under the prominent ridge in the pit design (54,1000E, 6,879,500N) lacks drilling. AMEC recommends that this area should be explored, for if economic mineralization could be found, it could have a significant impact on the design and efficiency of the pit as well as the project economics.

The project remains open along the Donlin trend to the north. The discovery potential in the remaining 6 km geologic trend is high. An integrated exploration program, including mapping, geochemical characterization, geophysics, and drilling, would be required to test known targets and pit area extensions, and to identify new targets within the Donlin trend.

Donlin Creek Current Activities

With the feasibility study complete, work at the Donlin Creek project is focused on advancing the project through the permitting process. Work at site in 2009 has focused on geotechnical drilling for the location of mine facilities, environmental baseline data collection, pre-permitting community advisory meetings and various optimization studies. The Donlin Creek LLC is considering a drilling program with the goal of expanding the resource base and identifying non-refractory ore that can be mined with lower processing costs at the beginning of operations, and is also examining optimization alternatives that have the potential to reduce power costs for the project.

Galore Creek Project, British Columbia

Galore Creek Current Activities

Long-term demand for gold and copper is expected to remain strong and the Galore Creek property contains one of the world s largest undeveloped copper-gold resources. During 2008 and 2009, GCMC worked with the Tahltan Nation and government regulators to develop and implement a program to maintain the road, bridge and related infrastructure to a high standard so that adverse environmental impacts are minimized. Limited road construction during 2008 and 2009 connected portions of the access road to allow equipment to be driven out, greatly reducing the costs associated with project suspension. As a result, the access road is now complete up to kilometer 48 approximately half of the proposed access road an achievement that will improve access to the project and reduce construction costs should the project be restarted.

Under the direction of GCMC s new leadership team, studies were completed to evaluate numerous alternative development approaches. GCMC expects to release a go-forward plan for the project in 2010, including an alternative development strategy and updated economics for the project. GCMC is maintaining the infrastructure invested in the project to date so that construction can resume quickly if a new plan is approved. Given the continued strength of the copper market, GCMC is considering a more aggressive program in 2010 to advance the project toward a construction decision.

Nome Operations, Alaska

Rock Creek Update

See Recent Developments Environmental for a discussion of environmental issues at the Rock Creek mine.

In a press release dated April 15, 2009, the Company reported a 24% increase in Rock Creek resources. The resource estimate was completed by Kevin Francis, P.Geo., a qualified person as defined by NI 43-101 and employee of the Company. Current mineral resources for the Rock Creek project alone, exclusive of mineral reserves and resources at Big Hurrah and Nome Gold, are 7.7 million tonnes of indicated mineral resources at an average grade of 1.21 g/t gold using a 0.6 g/t gold cutoff for contained gold of 0.3 million ounces. The inferred resources are 0.6 million tonnes at an average grade of 1.09 g/t gold for contained gold of 0.02 million ounces. With the addition of Big Hurrah and Nome Gold, the resource estimate for Nome Operations as a whole totals 0.5 million ounces of probable reserves, 1.9 million ounces of measured and indicated resources and 0.3 million ounces of inferred resources, as summarized in the table below.

Nome Operations Mineral Reserve and Resource Estimate [1]

Project	**Resource Category**	**Tonnes (Millions)**	**Gold Grade**	**Gold (M ozs)**
Rock Creek	Probable reserves [2] Indicated resources [3] Inferred resources [3]	7.8 7.7 0.6	1.30 1.21 1.09	0.32 0.29 0.02
Big Hurrah	Probable reserves [4] Indicated resources [5] Inferred resources [5]	1.2 0.9 0.2	4.82 2.68 2.97	0.19 0.08 0.02
		m^3	**g/m^3**	**Gold (M ozs)**
Nome Gold	Measured resources [6] Indicated resources [6] Inferred resources [6]	79.1 83.8 30.6	0.32 0.28 0.27	0.80 0.76 0.25
Total Probable reserves				**0.51**
Total Measured & Indicated resources				**1.93**
Total Inferred resources				**0.29**

Note: Sums may not agree due to rounding.

1) Resources are exclusive of reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred resources are in addition to measured and indicated resources. Inferred resources have a great amount of uncertainty as to their existence and whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred resources will ever be upgraded to a higher category. See Cautionary Note to United States Investors .

2) Rock Creek reserves are reported with a 0.6 g/t Au cut-off grade using an assumed gold price of US$500/oz. The reserve estimates for Rock Creek are based on the technical report titled Technical Report, Rock Creek and Big Hurrah Project dated February 21, 2008, a copy of which is available on SEDAR at www.sedar.com and at EDGAR at www.sec.gov.

3) Rock Creek resources are reported with a 0.6 g/t Au cu-off grade using an assumed gold price of US$500/oz. The resource estimate for Rock Creek was completed by Kevin Francis, P.Geo., a qualified person as defined by NI 43-101 and employee of the Company. This resource estimate was disclosed in a NovaGold press release dated April 15, 2009, a copy of which is available on SEDAR at www.sedar.com and at EDGAR at www.sec.gov.

Legal Proceedings

Litigation Regarding Galore Creek Disclosure

The Company, certain of its officers and directors, and Galore Creek Mining Corporation were named as defendants in a consolidated securities class action filed on December 22, 2008 in the United States District Court for the Southern District of New York. This complaint consolidates similar complaints filed on August 7, September 9, and November 21, 2008, respectively. The plaintiff alleges violations of the U.S. Exchange Act and the U.S. Securities Act on the basis of alleged misstatements and omissions in various public statements and filings between October 25, 2006 and November 23, 2007, including the April 16, 2007 registration statement, concerning the Galore Creek property. The plaintiff seeks an unspecified amount of damages in an amount to be proven at trial.

On June 5, 2009, the court granted the defendants motion to dismiss in part, dismissing all of the plaintiff s claims under the U.S. Securities Act concerning the registration statement, dismissing all claims against Galore Creek Mining Corporation, and dismissing certain claims against the Company and its officers and directors under the U.S. Exchange Act. The Company disputes the claims that remain and intends to contest the action vigorously. There can be no assurance that these proceedings will be resolved in favour of NovaGold and an adverse outcome of this litigation may have a material adverse impact on the Company s financial condition. See Risk Factors .

On October 14, 2009, NovaGold and certain of its directors and officers together with Hatch Ltd., the engineering firm that completed the October 2006 Galore Creek feasibility study, were named as defendants in a purported class action lawsuit commenced by a Notice of Action filed in the Ontario Superior Court of Justice in Canada. The

Notice of Action alleges, among other things, that the defendants made, or were responsible for, misrepresentations in various public statements and filings made from October 25, 2006 through January 16, 2008 concerning NovaGold s Galore Creek project, and seeks general damages in the amount of $100 million. The Company disputes these claims and and believes that it has substantial and meritorious legal and factual defences, which it intends to pursue vigorously. There can be no assurance that these proceedings will be resolved in favor of NovaGold and an unfavorable outcome of this litigation may have a material adverse impact on the Company s financial condition.

Litigation Regarding Contractor Fatalities at Rock Creek

On July 15, 2009, two claims were filed in the United States District Court for the District of Alaska by the personal representative of Tyler Thomas Kahle against NovaGold and Alaska Gold Company (AGC) arising out of an accident on July 19, 2007, where two employees of a contractor were killed in a construction-related accident at the Company s Rock Creek mine. The claims are seeking wrongful death damages in excess of US$2.5 million. The Company and AGC filed an answer to the complaint denying all allegations and asserting certain affirmative defences. The Company and AGC dispute these claims and believe they have substantial and meritorious legal and factual defences, which they intend to pursue vigorously.

RISK FACTORS

An investment in any Securities is speculative and involves a high degree of risk due to the nature of the Company s business and the present stage of exploration and development of its mineral properties. The following risk factors, as well as risks not currently known to the Company, could materially adversely affect the Company s future business, operations and financial condition and could cause them to differ materially from the estimates described in forward-looking statements relating to the Company. Before deciding to invest in any Securities, investors should consider carefully the risks included herein and incorporated by reference in this Prospectus and those described in any Prospectus Supplement.

Risks Relating to NovaGold and its Industry

NovaGold has no history of commercially 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 commercially producing precious metals from its current portfolio of mineral exploration properties and the Company has no ongoing mining operations or revenue from mining operations. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The Company has only defined or delineated reserves at its Rock Creek and Donlin Creek projects. None of the Company s properties are currently under construction. The future development of any properties found to be economically feasible will require obtaining permits and financing and 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 labor 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;
- the availability of funds to finance construction and development activities;
- potential opposition from non-governmental organizations, environmental groups or local groups which may delay or prevent development activities; and

- potential increases in construction and operating costs due to changes in the cost of fuel, power, materials and supplies and foreign exchange rates.

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 or that the Company will successfully establish mining operations or profitably produce precious metals at any of its properties.

In addition, there is no assurance that the Company s mineral exploration activities will result in any discoveries of new bodies of ore. If further mineralization is discovered there is also no assurance that the ore body would be economical for commercial production. Discovery of mineral deposits is dependent upon a number of factors and significantly influenced by the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit is also dependent upon a number of factors which are beyond the Company s control, including the attributes of the deposit, commodity prices, government policies and regulation and environmental protection.

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 decisions to suspend commissioning at Rock Creek and construction at Galore Creek.

None of the Company s mineral properties 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 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.

NovaGold s ability 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 commence production and generate material revenues or to obtain suitable financing.

NovaGold has limited financial resources. The Company intends to fund its plan of operations from working capital, the proceeds of financings and revenue from land and gravel sales. In the future, the Company s ability to continue its exploration and development activities, if any, will depend in part on the Company s ability to obtain suitable financing.

There can be no assurance that the Company will re-commence production at Rock Creek, commence production at any of its other mineral properties 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. In addition, 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 materially different than the Company s estimates.

NovaGold will require external financing or may need to enter into a strategic alliance or sell property interests to develop its mineral properties.

The Company will need external financing to develop and construct the Galore Creek and Donlin Creek projects and to restart the Rock Creek project, if it is to be restarted, and to fund the exploration and development of the Company s other mineral properties. The mineral properties that the Company is likely to develop are expected to require significant capital expenditures. The sources of external financing that the Company may use for these purposes include project or bank financing, or public or private offerings of equity or debt. In addition, the Company may enter into a strategic alliance, may decide to sell certain property interests, or may utilize a combination of these alternatives. There can be no assurance that the financing alternative chosen by the Company will be available on acceptable terms, or at all. The failure to obtain financing could have a material adverse effect on the Company s growth strategy and results of operations and financial condition.

NovaGold is dependent on third parties that are responsible for exploration and development on its properties.

NovaGold s success may be dependent on the efforts and expertise of third parties with whom the Company has contracted. Most of the properties in which NovaGold holds interests are subject to third party contracts. With respect to each of Donlin Creek and Galore Creek, the Company s material properties for the purpose of NI 43-101, the Company holds a 50% interest and the remaining 50% interest is held by a third party that is not under NovaGold s control or direction. The Company is dependent on such third parties for accurate information relating to its mining properties and related assets and the progress and development of such properties and assets. A third party may also be in default of its agreement with NovaGold, without the Company s knowledge, which may put the property and related assets at risk.

On February 11, 2009, NovaGold and Teck agreed to amend certain provisions of the partnership agreement relating to the Galore Creek project. Under the amended agreement, Teck will fund 100% of Galore Creek costs until the total amount contributed by Teck equals $60 million. During the period of Teck s sole funding, Teck holds the casting vote on the Galore Creek Partnership s Management Committee with respect to the timing and nature of all costs incurred by the partnership.

NovaGold is exposed to credit, liquidity, interest rate and currency risk.

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company s cash equivalents and short-term investments are held through large Canadian financial institutions. Short-term and long-term investments (including those presented as part of cash and cash equivalents) are composed of financial instruments issued by Canadian banks and companies with high investment-grade ratings. These investments mature at various dates over the current operating period. The Company s GST and other receivables consist of general sales tax due from the Federal Government of Canada and amounts due from related parties. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company s maximum exposure to credit risk.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure and financial leverage. Accounts payable, accrued liabilities and coupon interest on the convertible notes are due within one year from the balance sheet date.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is limited because these investments, although available-for-sale, are generally held to maturity. In respect of financial liabilities, the bridge loan, convertible notes and capital leases are not subject to interest rate risk because they are at fixed rates. The promissory note owed to Barrick is variable with the US prime rate. Based on the amount owing on the promissory note as at August 31, 2009, and assuming that all other variables remain constant, a 1% change in the US prime rate would result in an increase/decrease of $0.7 million in the interest accrued by the Company per annum.

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and the United States and a portion of its expenses are incurred in U.S. dollars. A significant change in the currency exchange rates between the Canadian dollar relative to the U.S. dollar could have an effect on the Company s results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. Based on the Company s net exposures as at August 31, 2009, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the U.S. dollar would result in an increase/decrease of $9.1 million in the Company s net earnings.

Recent market events and conditions may adversely affect NovaGold s business and industry.

Recent market events and conditions, including disruptions in the Canadian, United States and international credit markets and other financial systems and the deterioration of Canadian, United States and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company s ability to fund its working capital and other capital requirements. In 2007 and into 2008, the U.S. credit markets began to experience serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market (particularly, sub-prime and non-prime mortgages) and a decline in the credit quality of mortgage-backed securities. These problems led to a slow-down in residential housing market transactions, declining house prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions continued and worsened in 2008 and early 2009, causing a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks and other financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions taken by the U.S. and other governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators, including employment levels, announced corporate earnings, economic growth and consumer confidence, have deteriorated. These unprecedented disruptions in the current credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies, particularly resource companies such as the Company. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company s access to additional capital may not be available on terms acceptable to the Company or at all.

In 2008 and early 2009, worldwide securities markets, particularly those in the United States and Canada, experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration- or development-stage companies, experienced unprecedented declines in price which were not necessarily related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share prices of junior natural resource companies experienced an unprecedented decline in value and there was a significant decline in the number of buyers willing to purchase such securities. In addition, significantly higher redemptions by holders of mutual funds has forced many of such funds (including those holding the Company s securities) to sell such securities at any price. As a consequence, despite the Company s past success in securing significant equity financing, market forces may render it difficult or impossible for the Company to secure placees to purchase new share issues at a price which will not lead to severe dilution to existing shareholders, or at all. Therefore, there can be no assurance that significant fluctuations in the trading price of the Company s common shares will not occur, or that such fluctuations will not materially adversely impact on the Company s ability to raise equity funding without significant dilution to its existing shareholders, or at all.

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 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 geologic 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;
- reserve, resource or other mineralization figures will be accurate; or
- this mineralization could be mined or processed profitably.

Because the Company has not commenced commercial production at any of its properties, mineralization estimates for the Company s properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. 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 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 established the presence of proven and probable reserves only at its Donlin Creek and Rock Creek properties. 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.

Lack of infrastructure could delay or prevent NovaGold from developing advanced projects.

Completion of the development of the Company s advanced projects is subject to various requirements, including the availability and timing of acceptable arrangements for power, water and transportation facilities. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay development of the Company s advanced projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that:

- the development of the Company s projects will be commenced or completed on a timely basis, if at all;
- the resulting operations will achieve the anticipated production volume; or
- the construction costs and ongoing operating costs associated with the development of the Company s advanced projects will not be higher than anticipated.

Mining is inherently dangerous and subject to conditions or events beyond NovaGold s control, which could have a material adverse effect on NovaGold s business.

Mining involves various types of risks and hazards, including:

- environmental hazards;
- industrial accidents;
- metallurgical and other processing problems;
- unusual or unexpected rock formations;
- structural cave-ins or slides;
- flooding;
- fires;
- metals losses; and
- periodic interruptions due to inclement or hazardous weather conditions.

These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties; personal injury; environmental damage; delays in mining; increased production costs; monetary losses; and possible legal liability. The Company may not be able to obtain insurance to cover these risks at economically feasible premiums. Insurance against certain environmental risks, including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from production, is not generally available to the Company or to other companies within the mining industry. The Company may suffer a material adverse impact on its business if it incurs losses related to any significant events that are not covered by its insurance policies. On July 19, 2007, two employees of a contractor were killed in a construction-related accident at the Company s Rock Creek project. Two legal actions were filed in respect of this accident which are described under Recent Developments Legal Actions .

NovaGold requires various permits to conduct its current and anticipated future operations, and delays or a failure to obtain such permits, or a failure to comply with the terms of any such permits that NovaGold has obtained, could

have a material adverse impact on NovaGold.

The Company s current and anticipated future operations, including further exploration and development activities and commencement of production on the Company s properties, require permits from various United States and Canadian federal, state, provincial, territorial and local governmental authorities. There can be no assurance that all permits that the Company requires for the construction of mining facilities and to conduct mining operations will be obtainable on reasonable terms, or at all. Delays or a failure to obtain such permits, or a failure to comply with the terms of any such permits that the Company has obtained, could have a material adverse impact on the Company.

The Company is subject to significant governmental regulation.

The Company s operations and exploration and development activities in Canada and the United Stated are subject to extensive federal, state, provincial, territorial and local laws and regulations governing various matters, including:

- environmental protection;
- management and use of toxic substances and explosives;
- management of tailings and other wastes generated by the Company s operations;
- management of natural resources;
- exploration and development of mines, production and post-closure reclamation;
- exports;
- price controls;
- taxation;
- regulations concerning business dealings with native groups;
- labor standards and occupational health and safety, including mine safety; and
- historic and cultural preservation.

Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities enjoining or curtailing operations or requiring corrective measures, installation of additional equipment or remedial actions, any of which could result in the Company incurring significant expenditures. The Company may also be required to compensate private parties suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or a more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspensions of the Company s operations and delays in the development of the Company s properties.

NovaGold s activities are subject to environmental laws and regulations that may increase the Company s costs of doing business and restrict its operations.

All of the Company s exploration and production activities in Canada and the United States are subject to regulation by governmental agencies under various environmental laws. To the extent that the Company conducts exploration activities or undertakes new mining activities in other foreign countries, the Company will also be subject to environmental laws and regulations in those jurisdictions. These laws address emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species, and reclamation of lands disturbed by mining operations. Environmental legislation in many countries is evolving and the trend has been toward stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company s intended activities. There can be no assurance that future changes in environmental regulations will not adversely affect the Company s business, and it is possible that future changes in these laws or regulations could have a significant adverse impact on some portion of the Company s business, causing the Company to re-evaluate those activities at that time. For a description of a Notice of Violation received by AGC, see Recent Developments Environmental .

NovaGold has ongoing reclamation on some of its mineral properties and may be required to fund additional work that could have a material adverse effect on its financial position.

The Company s Rock Creek, Galore Creek, Ambler and Nome Gold properties have been subject to either historical mining operations or exploration activities by prior owners. AGC carried out mining operations for many years in the Nome area before NovaGold acquired the company. On acquisition, the Company set up a provision for reclamation work and the Company has been actively remediating the property against prior activities. The Company has also been carrying out certain remediation against previous exploration activities at both its Galore Creek and Ambler properties. There can be no assurance, however, that the Company will not be required to fund additional reclamation work at these sites that could have a material adverse effect on the Company s financial position.

Title and other rights to NovaGold s mineral properties cannot be guaranteed, are subject to agreements with other parties and may be subject to prior unregistered agreements, transfers or claims and other defects.

The Company cannot guarantee that title to its properties will not be challenged. Title insurance is generally not available for mineral properties and the Company s ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. The Company s mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. The Company has not conducted surveys of all of the claims in which it holds direct or indirect interests. A successful challenge to the precise area and location of these claims could result in the Company being unable to operate on its properties as permitted or being unable to enforce its rights with respect to its properties.

The Company s subsurface and surface rights at the Donlin Creek property are subject to a lease from Calista and TKC, two Native Alaskan corporations. The Calista lease is in effect until 2015 and so long thereafter as mining or processing operations are carried out at the Donlin Creek property or good faith efforts are being made to place a mine on the property into production. If, by 2015, mining or processing are not carried out or good faith efforts are not being made to place a mine on the property into production, the lease would terminate pursuant to its current terms which may have a material adverse effect on the Company s operations and financial position. Under the Calista lease, Calista has a right, within 90 days of issuance of a feasibility study on the Donlin Creek project and in the event the Donlin Creek LLC decides to proceed with a project to achieve commercial production, to elect to acquire between a 5% and 15% participating operating interest in the project covered by the feasibility study by delivering a notice of election and payment for the elected pro rata share of project capitalized costs incurred on the project to that date. As part of its payment, Calista would receive credit for any public funding or other funding sources it secures to deliver equipment, professional services or any other goods or services or infrastructure necessary to the Donlin Creek project. If a feasibility study is also issued on an additional stand-alone operation that does not rely on the facilities or economic viability of the original facility, then Calista will have an additional mutually exclusive back-in right on the same terms with respect to that facility.

There is uncertainty related to unsettled aboriginal rights and title in British Columbia and this may adversely impact NovaGold s operations and profit.

Native land claims in British Columbia remain the subject of active debate and litigation. The Galore Creek project lies within the traditional territory of the Tahltan Nation and the Tahltan like the majority of British Columbia s First Nations have not concluded a comprehensive treaty or land claims settlement regarding their traditional territories. There can be no guarantee that the unsettled nature of land claims in British Columbia will not create delays in project approval or unexpected interruptions in project progress, or result in additional costs to advance the project.

NovaGold has a history of losses and expects to incur losses for the foreseeable future.

The Company has incurred losses since its inception and the Company expects to incur losses for the foreseeable future. The Company incurred the following losses during each of the following periods:

- $51.4 million for the nine months ended August 31, 2009;
- $195.0 million for the year ended November 30, 2008; and
- $109.0 million for the year ended November 30, 2007 (restated due to change in accounting policy).

The Company had an accumulated restated deficit of $403.9 million as of November 30, 2007, and an accumulated deficit of $598.9 million as of November 30, 2008 and an accumulated deficit of $650.3 million as of August 31, 2009.

The Company expects to continue to incur losses unless and until such time as one or more of its properties enter into commercial production and generate sufficient revenues to fund continuing operations. The development of the Company s properties will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, including the progress of ongoing exploration and development, the results of consultant analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, and the Company s acquisition of additional properties, some of which are beyond the Company s control. There can be no assurance that the Company will ever achieve profitability.

NovaGold is currently, and in the future may be, subject to legal proceedings.

NovaGold is currently the subject of two class-action lawsuits. Due to the nature of its business, the Company may be subject to numerous regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to the 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. There can be no assurances that these matters will not have a material adverse effect on the Company s business. See The Company Legal Proceedings .

An event of default under the Company s unsecured senior convertible notes (the Notes) may significantly reduce NovaGold s liquidity and adversely affect NovaGold s business.

Under the base indenture and supplemental indenture governing the Notes, NovaGold made various covenants to the trustee on behalf of the holders of the Notes, including to make payments of interest and principal when due and, upon undergoing a fundamental change, to offer to purchase all of the outstanding Notes. The indenture is available for review on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

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. If such an event occurs, NovaGold could lose its properties and NovaGold s shareholders could lose their entire investment.

The Company s majority shareholder has significant influence on the Company.

Electrum Strategic Resources LLC (Electrum) is the single major shareholder of the Company, controlling approximately 28% of the outstanding voting securities and warrants exercisable for 46,153,847 Company common shares which if exercised would increase their holdings a further 15%. Electrum also has certain rights to participate in any future equity offerings by the Company. Accordingly, Electrum will have significant influence in determining the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including mergers, consolidations and the sale of all or substantially all of the Company s assets and other significant corporate actions. Unless full participation of all shareholders takes place in such shareholder meetings, Electrum may be able to approve such matters itself. Additionally, while Electrum agreed to vote its common shares at the 2009 annual general meeting of the Company in favor of management s nominees to the Company s Board of Directors or to abstain from voting on such matter, in the years following 2009, Electrum will have significant influence in determining the members of the Board of Directors. Without the consent of Electrum, the Company could be prevented from entering into transactions that are otherwise beneficial to the Company. The interests of Electrum may differ from the interests of the Company s other shareholders.

Recent high metal prices have encouraged mining exploration, development and construction activity, which has increased demand for and cost of contract mining services and equipment.

Recent increases in gold prices have encouraged increases in mining exploration, development and construction activities, which have resulted in increased demand for and cost of contract exploration, development and construction services and equipment. Increased demand for and cost of services and equipment could cause project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and increased potential for scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs, result in project delays, or both. Increased costs were a significant factor in the decisions to suspend commissioning at Rock Creek and construction at Galore Creek and there can be no assurance that increased costs may not adversely affect the Company s development of Donlin Creek and other properties.

Increased competition could adversely affect NovaGold s ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

The mining industry is intensely competitive. Significant competition exists for the acquisition of properties producing or capable of producing gold or other metals. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. The Company may also encounter increasing competition from other mining companies in its efforts to hire experienced mining professionals. Competition for exploration resources at all levels is currently very intense, particularly affecting the availability of manpower, drill rigs and helicopters. Increased competition could adversely affect the Company s ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

NovaGold may experience difficulty attracting and retaining qualified management and technical personnel to meet the needs of its anticipated growth, and the failure to manage NovaGold s growth effectively could have a material adverse effect on the Company s business and financial condition.

The Company is dependent on the services of key executives including the Company s President and Chief Executive Officer and other highly skilled and experienced executives and personnel focused on managing the Company s interests and the advancement of the Donlin Creek, Galore Creek, Rock Creek and Nome Gold projects, as well as the identification of new opportunities for growth and funding. Due to the Company s relatively small size, the loss of these persons or the Company s inability to attract and retain additional highly skilled employees required for the development of the Company s activities may have a material adverse effect on the Company s business or future operations.

Changes in the market price of gold and other metals, which in the past have fluctuated widely, affect the profitability of NovaGold s operations and financial condition.

The Company s profitability and long-term viability depend, in large part, upon the market price of gold and other metals and minerals produced from the Company s mineral properties. The market price of gold and other metals is volatile and is impacted by numerous factors beyond the Company s control, including:

- expectations with respect to the rate of inflation;
- the relative strength of the U.S. dollar and certain other currencies;
- interest rates;
- global or regional political or economic conditions, including interest rates and currency values;
- supply and demand for jewellery and industrial products containing metals; and
- sales by central banks and other holders, speculators and producers of gold and other metals in response to any of the above factors.

A decrease in the market price of gold and other metals could affect the Company s ability to finance the development of the Donlin Creek, Galore Creek, Rock Creek and Nome Gold projects and the exploration and development of the Company s other mineral properties, which would have a material adverse effect on the Company s financial condition and results of operations. There can be no assurance that the market price of gold and other metals will remain at current levels or that such prices will improve. There is no assurance that if commercial quantities of gold, copper and other metals are discovered, that a profitable market may exist or continue to exist for a production decision to be made or for the ultimate sale of the metals. As the Company is not currently in production, no sensitivity analysis for price changes has been provided or carried out.

Because NovaGold does not currently intend to use forward sales arrangements to protect against low commodity prices, NovaGold s operating results are exposed to the impact of any significant drop in commodity prices.

The Company does not currently intend to enter into forward sales arrangements to reduce the risk of exposure to volatility in commodity prices. Accordingly, NovaGold s future operations are exposed to the impact of any significant decrease in commodity prices. If such prices decrease significantly at a time when the Company is producing, the Company would realize reduced revenues. While it is not the Company s current intention to enter into forward sales arrangements, the Company is not restricted from entering into forward sales arrangements at a future date.

There can be no assurance that NovaGold will successfully acquire additional mineral rights.

Most exploration projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any particular level of recovery of ore reserves will be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

NovaGold s future growth and productivity will depend, in part, on its ability to identify and acquire additional mineral rights, and on the costs and results of continued exploration and development programs. Mineral exploration is highly speculative in nature and is frequently non-productive. Substantial expenditures are required to:

- establish ore reserves through drilling and metallurgical and other testing techniques;
- determine metal content and metallurgical recovery processes to extract metal from the ore; and
- construct, renovate or expand mining and processing facilities.

In addition, if the Company discovers a mineral deposit, it would take several years from the initial phases of exploration until production is possible. During this time, the economic feasibility of production may change. As a result of these uncertainties, there can be no assurance that the Company will successfully acquire additional mineral rights.

NovaGold may experience problems integrating new acquisitions into existing operations, which could have a material adverse effect on NovaGold.

The Company may make selected acquisitions in the future, with a focus on late-stage development projects. The Company s success at completing any acquisitions will depend on a number of factors, including, but not limited to:

- identifying acquisitions that fit NovaGold s business strategy;
- negotiating acceptable terms with the seller of the business or property to be acquired; and
- obtaining approval from regulatory authorities in the jurisdictions of the business or property to be acquired.

If the Company does make further acquisitions, any positive effect on the Company s results will depend on a variety of factors, including, but not limited to:

- assimilating the operations of an acquired business or property in a timely and efficient manner;
- maintaining the Company s financial and strategic focus while integrating the acquired business or property;
- implementing uniform standards, controls, procedures and policies at the acquired business, as appropriate; and
- to the extent that the Company makes an acquisition outside of markets in which it has previously operated, conducting and managing operations in a new operating environment.

Acquiring additional businesses or properties could place increased pressure on the Company s cash flow if such acquisitions involve a cash consideration. The integration of the Company s existing operations with any acquired business will require significant expenditures of time, attention and funds. Achievement of the benefits expected from consolidation would require the Company to incur significant costs in connection with, among other things, implementing financial and planning systems. The Company may not be able to integrate the operations of a recently acquired business or restructure the Company s previously existing business operations without encountering difficulties and delays. In addition, this integration may require significant attention from the Company s management team, which may detract attention from the Company s day-to-day operations. Over the short-term, difficulties associated with integration could have a material adverse effect on the Company s business, operating results, financial condition and the price of the Company s common shares. In addition, the acquisition of mineral properties may subject the Company to unforeseen liabilities, including environmental liabilities, which could have a material adverse effect on NovaGold. There can be no assurance that any future acquisitions will be successfully integrated into NovaGold s existing operations.

In addition, the Company anticipates that as it brings its mineral properties into production and as the Company acquires additional mineral rights, the Company will experience significant growth in its operations. The Company expects this growth to create new positions and responsibilities for management and technical personnel and to increase demands on its operating and financial systems. There can be no assurance that the Company will successfully meet these demands and effectively attract and retain additional qualified personnel to manage its anticipated growth. The failure to attract such qualified personnel to manage growth effectively could have a material adverse effect on the Company s business, financial condition and results of operations.

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 its internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act (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. As at November 30, 2008, management concluded that the Company s internal control over financial reporting was effective. The Company may in the future 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 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, should the Company expand in the future, 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 compliance, the Company cannot be certain that it will be successful in complying with Section 404 on an ongoing basis.

Certain U.S. Tax Considerations Applicable to Equity Securities and Rights to Acquire Equity Securities

Prospective purchasers of Equity Securities and/or rights to acquire Equity Securities who are U.S. taxpayers should consider that the Company could be considered to be a “passive foreign investment company” (“PFIC”) for U.S. federal income tax purposes. Although the Company believes it was not a PFIC for 2008 and does not expect to become a PFIC in 2009 or in the foreseeable future, the tests for determining PFIC status depend upon a number of factors, some of which are beyond the Company’s control and can be subject to uncertainties. Thus, the Company cannot assure any holder that it will not be a PFIC. The Company undertakes no obligation to advise holders of its Equity Securities or rights to acquire Equity Securities as to its PFIC status for any year, except as noted below.

If the Company is a PFIC for any year, any U.S. person for U.S. income tax purposes (a "U.S. Holder") who holds Equity Securities or rights to acquire Equity Securities and whose holding period for those Equity Securities or rights to acquire such Equity Securities includes any portion of a year in which the Company is a PFIC generally would be subject to a special adverse tax regime in respect of "excess distributions." Excess distributions include certain distributions received with respect to PFIC shares. Gain recognized by a U.S. Holder on a sale or other transfer of Equity Securities or rights to acquire such securities (including certain transfers that would otherwise be tax free) also would be treated as an excess distribution. Such excess distributions and gains would be allocated ratably to the U.S. Holder's holding period for the respective security. For these purposes, the holding period of Equity Securities acquired either through an exercise of warrants or other rights to acquire Equity Securities includes the holder's holding period in the warrant or other right to acquire the Equity Securities.

The portion of any excess distribution (including gains treated as excess distributions) allocated to the current year would be includible as ordinary income in the current year. The portion of any excess distribution allocated to prior years would be taxed at the highest marginal rate applicable to ordinary income for each such year (regardless of the taxpayer's actual marginal rate for that year and without reduction by any losses or loss carryforwards) and would be subject to interest charges to reflect the value of the U.S. income tax deferral.

Elections may be available to mitigate the adverse tax rules that would apply if the Company was a PFIC (the so-called "QEF" and "mark-to-market" elections), but these elections may accelerate the recognition of taxable income and may result in the recognition of ordinary income. The QEF and mark-to-market elections are not available to U.S. Holders with respect to warrants or other rights to acquire Equity Securities. The Company will make available to U.S. Holders, upon written request, timely and accurate information as to its status as a PFIC. If the Company is a PFIC, it will provide to a U.S. Holder all the information and documentation that the U.S. Holder needs to obtain to make a QEF Election with respect to the Company.

Additional special adverse rules also apply to U.S. Holders that own Equity Securities if the Company is a PFIC and has a non-U.S. subsidiary that is also a PFIC. Special adverse rules that impact certain estate planning goals could apply to the Company's Equity Securities if it is a PFIC.

This brief summary is qualified in its entirety by the more complete discussion of U.S. tax rules under CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS in this Prospectus.

NovaGold is a Canadian company and U.S. investors may have difficulty bringing actions and enforcing judgments under U.S. securities laws.

Investors in the United States or in other jurisdictions outside of Canada may have difficulty bringing actions and enforcing judgments against NovaGold, its directors, its executive officers and some of the experts named in this Prospectus based on civil liabilities provisions of the federal securities laws or other laws of the United States or any state thereof or the equivalent laws of other jurisdictions of residence.

USE OF PROCEEDS

Unless otherwise specified in a Prospectus Supplement, the net proceeds from the sale of the Securities will be used for general corporate purposes, including funding potential future acquisitions and capital expenditures. Each Prospectus Supplement will contain specific information concerning the use of proceeds from that sale of Securities.

All expenses relating to an offering of Securities and any compensation paid to underwriters, dealers or agents, as the case may be, will be paid out of the Company s general funds, unless otherwise stated in the applicable Prospectus Supplement.

EARNINGS COVERAGE

The following consolidated financial earnings coverage figures and cash flow coverage ratios are calculated for the 12 months ended August 31, 2009 and year ended November 30, 2008 and give effect to all long-term financial liabilities of the Company and the repayment, redemption or retirement thereof since that date. The earnings coverage deficiencies, earnings and cash flow coverage ratios, cash flow coverage deficiencies and the amount of earnings, cash flows and interest expense set forth below do not purport to be indicative of earnings coverage deficiencies or ratios or cash flow 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, cash flows or interest expenses do not give effect to the issuance of any Debt Securities that may be issued pursuant to any Prospectus Supplement, since the aggregate principal amounts and the terms of such Debt Securities are not presently known.

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	Year Ended November 30, 2008 ($ amounts in millions)	12 Months Ended August 31, 2009 ($ amounts in millions)
Earnings coverage (deficiency) [1]	($185.9)	($234.7)
Earning coverage ratio	(36.9)	(18.6)
Cash flow coverage (deficiency)[2]	($127.2)	($93.2)
Cash flow coverage ratio	(25.3)	(7.4)

Notes:

(1) 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.

(2) Cash flow coverage (deficiency) is the dollar amount of cash flow required to attain a cash flow coverage ratio of one-to-one. Cash flow coverage ratio is equal to cash flow from operating activities before interest expense and income taxes divided by interest expense on all debt.

The Company's interest expense amounted to approximately $12.6 million for the 12 months ended August 31, 2009 and $5.0 million for the year ended November 30, 2008. The Company's loss before interest expense and income tax for the 12 months ended August 31, 2009 was approximately $234.7 million and $185.9 million for the year ended November 30, 2008, which results in an earnings coverage ratio of (18.6) for the 12 months ended August 31, 2009 and (36.9) for the year ended November 30, 2008.

If the Company offers any Debt Securities having a term to maturity in excess of one year under a Prospectus Supplement, the Prospectus Supplement will include earnings coverage ratios giving effect to the issuance of such Debt Securities.

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

As of the date of this Prospectus, there have been no material changes in the capital structure of the Company since November 30, 2008.

MANAGEMENT

Executive Officers, Senior Management and Directors

The following table sets forth information about the Company s directors, executive officers and certain key employees, and their respective positions as of the date of this Prospectus.

Name	Title
Executive Officers and Directors	
Rick Van Nieuwenhuyse	President, Chief Executive Officer and Director

Robert J. (Don) MacDonald	Senior Vice President and Chief Financial Officer
Tony S. Giardini	Director
Gerald J. McConnell	Director
Kalidas V. Madhavpeddi	Director
Clynton R. Nauman	Director
James L. Philip	Director

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Name	Title
Other Senior Management	
Kevin A. Francis	Vice President, Technical Services
Sacha A. Iley	Vice President, Human Resources
Gregory S. Johnson	Vice President, Strategic Development
Joseph R. Piekenbrock	Vice President, Exploration
Elaine M. Sanders	Vice President, Finance and Corporate Secretary

Rick Van Nieuwenhuyse is President and Chief Executive Officer of the Company. Mr. Van Nieuwenhuyse s vision and ability to follow through can be attributed to his 30 years of worldwide experience in the natural resource sector, including time as Vice President of Exploration at Placer Dome. He brings years of working experience and knowledge of Alaska, Western Canada, Africa and Asia, and has managed projects from grassroots discovery through to advanced feasibility studies and production. Mr. Van Nieuwenhuyse holds a Candidature degree in Science from the Universite de Louvain in Belgium and an M.Sc. in Geology from the University of Arizona.

Robert J. (Don) MacDonald joined the Company in January 2003, bringing with him 25 years of experience in mine development and financing. Prior to joining the Company, Mr. MacDonald was Senior Vice President and Chief Financial Officer of Forbes Medi-Tech Inc., a public biotech company, from 2001 to 2003, De Beers Canada Mining (formerly Winspear Diamonds) from 1999 to 2001, and Dayton Mining from 1991 to 1999, and Vice-President Finance of Granges Inc. from 1983 to 1991. During his career, Mr. MacDonald has been involved in the operation or development of ten mines in North and South America, and the completion of multiple mine financings and mergers and acquisitions transactions totalling over $2 billion. Mr. MacDonald is a chartered accountant and has Bachelors and Masters degrees in Engineering from Oxford University.

Tony S. Giardini is Chief Financial Officer of Ivanhoe Mines Ltd., an international mining company listed on the TSX and the NYSE, with operations focused in Central Asia and the Asia Pacific region. Prior to joining Ivanhoe, Mr. Giardini spent more than 10 years with Placer Dome Inc. as Vice-President and Treasurer, responsible for managing and overseeing the company s debt and capital market activities, including managing banking relationships with U.S., Canadian and international banks. During his time at Placer Dome, Mr. Giardini led the financing team that raised in excess of US$1 billion in debt and equity financings. Mr. Giardini is a CA and CPA and spent 12 years with accounting firm KPMG prior to joining Placer Dome.

Gerald J. McConnell has been a director of the Company since 1984. Mr. McConnell is also the Chairman, President and CEO of Etruscan Resources Inc., of which he has also been a director since June 1990. Mr. McConnell was called to the Bar in the Province of Nova Scotia in 1971 and became a partner in the law firm of Patterson Palmer Hunt Murphy, Halifax Regional Municipality, Nova Scotia, in 1978.

Kalidas V. Madhavpeddi is Chief Executive Officer of Aurizon Resources Ltd., a fully-owned subsidiary of China Molybdenum Inc., a Hong Kong listed company, and brings over 25 years of experience in business development, corporate strategy, global mergers and acquisitions, marketing, trading and sales to the Company s board of directors. After spending over 25 years with Phelps Dodge, at that time the world s largest publicly traded copper company, Mr. Madhavpeddi is also President of Azteca Consulting LLC, an investment and advisory company to the mining industry. Mr. Madhavpeddi has held various executive positions at Phelps Dodge including Senior Vice President, Business Development, President, Phelps Dodge Wire and Cable Co., and Senior Vice President, Phelps Dodge Sales Company.

Clynton R. Nauman is the Chief Executive Officer of Alexco Resource Corp. and Asset Liability Management Group ULC, and was formerly President of Viceroy Gold Corporation and Viceroy Minerals Corporation. Previously, Mr. Nauman was the General Manager of Kennecott Minerals from 1993 to 1998. Mr. Nauman has more than 25 years of diversified experience in the mining industry ranging from exploration and business development to operations and business management in the precious metals, base metals and coal sectors.

James L. Philip is President of Clan Chatton Finance Ltd., a private investment holding company. He has been a director of the Company since 2003. Mr. Philip joined Morgan & Company in May 1980 and became a partner in June 1981 and managing partner in August 1993, until 2005. Mr. Philip has over 25 years of accounting experience, servicing mainly companies listed on Canadian and United States stock exchanges. His clients include a significant number of public companies in the mining resource sector. The services Mr. Philip provides include assisting clients with the financial aspects of continuous disclosure reporting requirements in Canada and the United States.

Kevin A. Francis joined the Company in October 2005 and manages all aspects of resource estimation, direct resource estimate activities, supervision of mining professionals, corporate development activities and the development of internal audit standards. He has more than 20 years of experience in integrating computerized geology and other mining disciplines used to improve resource estimation and mine reconciliation. Before joining the Company he was the principal geologist at AMEC and also spent eight years working at two operating mines. Mr. Francis formal education includes a Bachelors degree in Geology and a Masters in Geology, both from the University of Colorado.

Sacha A. Iley joined the Company as Human Resources Manager in May 2006 and was promoted to Vice President in June 2007. Her Human Resources background is well suited to the Company, with a unique combination of experience in a head office environment and also managing construction, start-up and operational aspects of Human Resources at a mine site. Prior to joining the Company, Ms. Iley worked for Placer Dome for over 7 years. Her most recent assignment was with Placer Dome Canada as the Human Resources Superintendent at Musselwhite Mine, located north of Thunder Bay, Ontario. In addition, Ms. Iley s construction and start-up experiences have taken her to such culturally diverse locations as South Deep Mine in South Africa, North Mara Mine in Tanzania and Henty Mine in Tasmania. Ms. Iley holds a Bachelors Degree from the University of British Columbia.

Gregory S. Johnson joined Rick Van Nieuwenhuyse to establish the Company in 1998. With over 20 years of industry experience, Mr. Johnson is responsible for the Company s marketing and communication activities, and is involved in developing strategic growth opportunities. Prior to his role at the Company, Mr. Johnson was part of the management team responsible for overseeing the exploration and acquisition activities for Placer Dome s International Exploration Group in Africa and Eurasia. Mr. Johnson also worked with Mr. Van Nieuwenhuyse and Mr. Piekenbrock as part of the Alaska Exploration Group for Placer Dome in the late 1980s and early 1990s, where he played a key role in the multi-million-ounce Donlin Creek discovery in 1995. Mr. Johnson has been involved in all aspects of exploration and development, from grassroots discoveries to feasibility studies in the United States, Canada, Australia, Russia and Africa. Mr. Johnson holds an Honors B.Sc. in Geology from W. Washington University.

Joseph R. Piekenbrock joined the Company in 2002 with over 25 years experience in the minerals exploration and development sector. He has managed exploration projects from grassroots discovery through advanced acquisitions. Prior to joining the Company, Mr. Piekenbrock worked extensively in South America and he brings a wealth of northern experience through years of exploration for both Teck Cominco and Placer Dome in Alaska. Mr. Piekenbrock holds a B.A. in Geology from the University of Colorado and an M.Sc. in Geology from the University of Arizona.

Elaine M. Sanders joined the Company in 2003 and has more than 15 years of experience in audit, finance and accounting with public and private companies. She has been involved with numerous financings and acquisitions, and has listed companies on both the TSX and AMEX. Ms. Sanders is responsible for all aspects of financial services, financial reporting and corporate governance. She holds a Bachelor of Commerce degree from the University of Alberta and is a chartered accountant.

Conflicts of Interest

To the knowledge of the Company as of the date of this Prospectus, no existing or potential conflicts of interest exist between the Company and any of its officers or directors other than as set forth below.

In 2008, the Company provided exploration and management services totaling $503,000 to Alexco Resource Corp. (Alexco), and during the nine months ended August 31, 2009, the Company provided exploration and management services totaling $117,600 to Alexco. Alexco is a related party having two common directors, since Mr. Nauman is Alexco s President and Chief Executive Officer and Mr. Van Nieuwenhuyse is a director of Alexco. In January 2009, NovaGold sold its interest in Alexco.

In March 2009, TintinaGold Resources Inc. (TintinaGold) (formerly Mantra Mining Inc.) purchased five early-stage Alaskan base metal properties from the Company. In consideration for the sale of the five properties, the Company received 3,125,000 shares of TintinaGold common stock worth $1.6 million at deal closing and $2.5 million on August 31, 2009. Mr. Van Nieuwenhuyse is a significant shareholder and director on the board of TintinaGold. Electrum Strategic Resources LLC, NovaGold s largest shareholder, controls approximately 11% of TintinaGold s outstanding voting securities with warrants exercisable for 7,714,286 common shares which, if exercised, would increase Electrum s holdings to 22%. Electrum also controls approximately 11% of the outstanding voting securities for TintinaGold s wholly-owned subsidiary, AsiaBaseMetals, of which NovaGold s Vice President Exploration, Mr. Piekenbrock, is a Director.

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 December 29, 2009 , the Company had 187,189,638 million 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. See Dividend Policy .

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.

DESCRIPTION OF DEBT SECURITIES

In this section only, the term NovaGold refers only to NovaGold Resources Inc. without any of its subsidiaries. This description sets forth certain general terms and provisions that would apply to any debt securities that NovaGold may issue pursuant to this Prospectus. NovaGold will provide particular terms and provisions of a series of debt securities, and a description of how the general terms and provisions described below may apply to that series, in a Prospectus Supplement.

The debt securities will be issued under an indenture to be entered into between NovaGold as Issuer and one or more trustees (the Trustee) that will be named in a Prospectus Supplement to this Prospectus. The Indenture is subject to and governed by the U.S. Trust Indenture Act of 1939, as amended. A copy of the form of the Indenture has been filed as an exhibit to NovaGold s registration statement filed with the SEC. The following summary highlights some of the provisions of the Indenture, and may not contain all of the information that is important to you. Wherever this section refers to particular provisions or defined terms of the Indenture, such provisions or defined terms are incorporated in this Prospectus by reference as part of the statement made, and the statement is qualified by such reference. The term

Securities as used under this section, refers to all securities issued under the Indenture, including the debt securities.

NovaGold may issue debt securities and incur additional indebtedness otherwise than through the offering of any debt securities pursuant to this Prospectus.

General

The Indenture does not limit the amount of Securities which NovaGold may issue under the Indenture, and NovaGold may issue Securities in one or more series. Securities may be denominated and payable in any currency. NovaGold may offer no more than US$1 billion (or the equivalent in other currencies) aggregate principal amount of Securities pursuant to this Prospectus. Unless otherwise indicated in the applicable Prospectus Supplement, the Indenture permits NovaGold, without the consent of the holders of any Securities, to increase the principal amount of any series of Securities NovaGold has previously issued under the Indenture and to issue such increased principal amount.

The applicable Prospectus Supplement will set forth the following terms relating to the Securities offered by such Prospectus Supplement (the Offered Securities):

- the specific designation of the Offered Securities; any limit on the aggregate principal amount of the Offered Securities; the date or dates, if any, on which the Offered Securities will mature and the portion (if less than all of the principal amount) of the Offered Securities to be payable upon declaration of acceleration of maturity;
- the rate or rates at which the Offered Securities will bear interest, if any, the date or dates from which any such interest will accrue and on which any such interest will be payable and the record dates for any interest payable on the Offered Securities which are in registered form;
- the terms and conditions under which NovaGold may be obligated to redeem, repay or purchase the Offered Securities pursuant to any sinking fund or analogous provisions or otherwise;
- the terms and conditions upon which NovaGold may redeem the Offered Securities, in whole or in part, at its option;
- whether the Offered Securities will be issuable in registered form or bearer form or both, and, if issuable in bearer form, the restrictions as to the offer, sale and delivery of the Offered Securities which are in bearer form and as to exchanges between registered form and bearer form;
- whether the Offered Securities will be issuable in the form of registered global securities (Global Securities), and, if so, the identity of the depositary for such registered Global Securities;
- the denominations in which registered Offered Securities will be issuable, if other than denominations of US$1,000 and any multiple thereof, and the denominations in which bearer Offered Securities will be issuable, if other than US$1,000;
- each office or agency where payments on the Offered Securities will be made (if other than the offices or agencies described under Payment below) and each office or agency where the Offered Securities may be presented for registration of transfer or exchange;
- if other than U.S. dollars, the currency in which the Offered Securities are denominated or the currency in which NovaGold will make payments on the Offered Securities;
- the terms, if any, on which the Offered Securities may be converted or exchanged for other of NovaGold s Securities or securities of other entities;
- any index, formula or other method used to determine the amount of payments of principal of (and premium, if any) or interest, if any, on the Offered Securities; and
- any other terms of the Offered Securities which apply solely to the Offered Securities, or terms generally applicable to the Securities which are not to apply to the Offered Securities.

Unless otherwise indicated in the applicable Prospectus Supplement: