NOVAGOLD RESOURCES INC
Form F-10
March 19, 2007

As filed with the Securities and Exchange Commission on March 19, 2007.

Registration No. 333-

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form F-10
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

NOVAGOLD RESOURCES INC.
(Exact name of Registrant as specified in its charter)

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

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

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

Copies to:

Rick Van Nieuwenhuyse NovaGold Resources Inc. Suite 2300 200 Granville Street Vancouver, BC V6C 1S4 Canada (604) 669-6227	**Bob Wooder Blake, Cassels & Graydon LLP 595 Burrard Street, Suite 2600 Three Bentall Centre Vancouver, BC V7X 1L3 Canada (604) 631-3330**	**Christopher J. Barry Dorsey & Whitney LLP 1420 Fifth Avenue Suite 3400 Seattle, WA 98101 USA (206) 903-8800**	**Michael G. Urbani McCarthy Tétrault LLP Suite 1300, Pacific Centre 777 Dunsmuir Street Vancouver, BC V7Y 1K2 Canada (604) 643-7100**	**Riccardo Leofanti Skadden, Arps, Slate, Meagher & Flom LLP 222 Bay Street, Suite 1750 Toronto, ON M5K 1J5 Canada (416) 777-4700**

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

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

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

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

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

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Aggregate Offering Price(2)(3)	Amount of Registration Fee
Debt Securities			
Preferred Shares			
Common Shares			
Warrants to Purchase Equity Securities			
Warrants to Purchase Debt Securities			
Share Purchase Contracts			

Share Purchase or Equity Units			
Total	U.S.$500,000,000	U.S.$500,000,000	$15,350

(1) There are being registered under this registration statement such indeterminate number of debt securities, preferred shares, common shares, warrants to purchase equity securities, warrants to purchase debt securities, share purchase contracts, and share purchase or equity units of the Registrant as shall have an aggregate initial offering price of U.S.$500,000,000. Any securities registered by this registration statement may be sold separately or as units with other securities registered under this registration statement. The proposed maximum initial offering price per security will be determined, from time to time, by the Registrant in connection with the sale of the securities under this registration statement.

(2) In United States dollars or the equivalent thereof in Canadian dollars.

(3) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457 of the Securities Act of 1933.

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

PART I

INFORMATION REQUIRED TO BE DELIVERED TO OFFEREES OR PURCHASERS

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

SUBJECT TO COMPLETION, DATED MARCH 19, 2007

PROSPECTUS

NOVAGOLD RESOURCES INC.

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

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

Investing in our securities involves a high degree of risk. You should carefully read the Risk Factors section beginning on page 31 of this Prospectus.

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

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

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

Neither the Securities and Exchange Commission, nor any state securities regulator has approved or disapproved the Securities offered hereby or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offence.

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

Warrants will not be offered for sale separately to any member of the public in Canada unless the offering is in connection with, and forms part of, the consideration for an acquisition or merger transaction or unless the Prospectus Supplement describing the specific terms of the Warrants to be offered separately is first approved for filing by each of the securities commissions or similar regulatory authorities in Canada where the Warrants will be offered for sale. In addition, NovaGold has filed an undertaking with each of the securities commissions or similar regulatory authorities in Canada that it will not distribute share purchase contracts or share purchase or equity units that, at the time of distribution, are novel specified derivatives or novel asset-backed securities, 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 American Stock Exchange (AMEX) under the symbol NG . Unless otherwise specified in the applicable Prospectus Supplement, Securities other than the common shares of NovaGold will not be listed on any securities exchange. The offering of Securities hereunder is subject to approval of certain legal matters on behalf of NovaGold by Blake, Cassels & Graydon LLP, with respect to Canadian legal matters, and Dorsey & Whitney LLP, with respect to U.S. legal matters.

The earnings coverage ratio of NovaGold for the fiscal year ended November 30, 2006 was less than one-to-one. See Earnings Coverage .

TABLE OF CONTENTS

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

Unless stated otherwise or the context otherwise requires, all references to dollar amounts in this Prospectus and any Prospectus Supplement are references to Canadian dollars. References to $ or Cdn$ are to Canadian dollars and references to US$ are to U.S. dollars. See Exchange Rate Information . The Company s financial statements that are incorporated by reference into this Prospectus and any Prospectus Supplement have been prepared in accordance with generally accepted accounting principles in Canada (Canadian GAAP), and are reconciled to generally accepted accounting principles in the United States (U.S. GAAP) as described therein.

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

CAUTIONARY NOTE TO UNITED STATES INVESTORS

This Prospectus has been, and any Prospectus Supplement will be, prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of United States securities laws. Unless otherwise indicated, all reserve and resource estimates included in this Prospectus and any Prospectus Supplement have been, and will be, prepared in accordance with Canadian National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) and the Canadian Institute of Mining and Metallurgy Classification System. NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. NI 43-101 permits the disclosure of an historical estimate made prior to the adoption of NI 43-101 that does not comply with NI 43-101 to be disclosed using the historical terminology if the disclosure: (a) identifies the source and date of the historical estimate; (b) comments on the relevance and reliability of the historical estimate; (c) states whether the historical estimate uses categories other than those prescribed by NI 43-101, and (d) includes any more recent estimates or data available. Such historical estimates are presented concerning the Company s Ambler project and the Saddle mineralization adjacent to the Rock Creek property.

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

See Preliminary Notes Glossary and Defined Terms in the Company s Annual Information Form for the fiscal year ended November 30, 2006, which is incorporated by reference herein, for a description of certain of the mining terms used in this Prospectus and any Prospectus Supplement and the documents incorporated by reference herein and therein.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus and the documents incorporated by reference into this Prospectus contain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 concerning the Company s plans at the Galore Creek, Donlin Creek, Nome Operations and Ambler projects, production, capital, operating and cash flow estimates and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning mineral reserve and resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using

words or phrases such as expects , anticipates , plans , estimates , intends , strategy , goals , objectives or sta
certain actions, events or results may , could , would , might or will be taken, occur or be achieved, or the negative
any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation:

commodity price fluctuations;

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

risks related to the Company s ability to commence production and generate material revenues or obtain adequate financing for its planned exploration and development activities;

the risk that permits and governmental approvals necessary to develop and operate mines on the Company s properties will not be available on a timely basis or at all;

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

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

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

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

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

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

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

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

uncertainty of production at the Company s mineral exploration properties;

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

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

risks related to governmental regulation, including environmental regulation;

risks related to reclamation activities on the Company s properties;

uncertainty related to title to the Company s mineral properties;

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

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

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

currency fluctuations;

increased competition in the mining industry; and

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

This list is not exhaustive of the factors that may affect any of the Company s forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in this Prospectus under the heading Risk Factors and elsewhere in this Prospectus, in any applicable Prospectus Supplement, and in the documents incorporated by reference herein and therein. The Company s forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management s beliefs, expectations or opinions should change. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

EXCHANGE RATE INFORMATION

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

	Fiscal Year Ended November 30		
	2006	**2005**	**2004**
Rate at the end of period	0.8760	0.8566	0.8401
Average rate during period	0.8846	0.8259	0.7674
Highest rate during period	0.9099	0.8613	0.8493
Lowest rate during period	0.8522	0.7872	0.7159

On March 16, 2007, the exchange rate based on the Bank of Canada noon rate was $1.00 per US$0.8518.

THE COMPANY

The following description of the Company is derived from selected information about the Company contained in the documents incorporated by reference into this Prospectus. This description does not contain all of the information about the Company and its properties and business that you should consider before investing in any Securities. You should carefully read the entire Prospectus and the applicable Prospectus Supplement, including the section titled Risk Factors that immediately follows this description of the Company, as well as the documents incorporated by reference into this Prospectus and the applicable Prospectus Supplement, before making an investment decision. This Prospectus contains forward-looking statements concerning the Company s plans at its properties, production, capital costs, operating costs and cash flow estimates and other matters. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause the Company s results to differ from those expressed or implied by the forward-looking statements. See Cautionary Statement Regarding Forward-Looking Statements .

Summary Description of NovaGold s Business

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

Galore Creek is a large copper-gold deposit located in northwestern British Columbia with proven and probable reserves of 5.3 million ounces of gold, 92.6 million ounces of silver and 6.6 billion pounds of copper. In addition to the reserves, the project also contains measured and indicated resources of 2.1 million ounces of gold, 24.5 million ounces of silver and 1.9 billion pounds of copper, and additional inferred resources of 4.9 million ounces of gold, 73.6 million ounces of silver and 3.6 billion pounds of copper.

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

The Nome Operations include the Rock Creek, Big Hurrah and Nome Gold projects (Nome Operations). Construction on Rock Creek commenced in the summer of 2006. Anticipated production from Rock Creek and Big Hurrah is expected to be at an average annual production rate of approximately 100,000 ounces of gold with production starting in late 2007 subject to the successful resolution of litigation regarding permitting.

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

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

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

Project Reserve and Resource Estimates Summary(7)

Galore Creek Reserves(1)

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

Total Project Resources

	Measured(3)			**Indicated(3)**			**Measured and Indicated(3)**			**Inferred(3)**		
	Au Million ozs.	**Ag Million oz.**	**Cu Billion lbs.**	**Au Million ozs.**	**Ag Million oz.**	**Cu Billion lbs.**	**Au Million ozs.**	**Ag Million oz.**	**Cu Billion lbs.**	**Au Million ozs.**	**Ag Million oz.**	**Cu Billion lbs.**
Galore Creek(2)	3.0	50.0	3.6	4.4	67.1	4.9	7.4	117.1	8.5	4.9	73.6	3.6
Donlin Creek(2)	1.6			15.0			16.6			17.1		
Nome Operations(5)	0.8			1.4			2.2			0.4		
Ambler(6)										0.8	64.1	3.2
Total Project Resources	5.4	50.0	3.6	20.8	67.1	4.9	26.2	117.1	8.5	23.1	137.7	6.8

NovaGold Net Share of Projects(4)

	Measured(3)			**Indicated(3)**			**Measured and Indicated(3)**			**Inferred(3)**		
	Au Million ozs.	**Ag Million oz.**	**Cu Billion lbs.**	**Au Million ozs.**	**Ag Million oz.**	**Cu Billion lbs.**	**Au Million ozs.**	**Ag Million oz.**	**Cu Billion lbs.**	**Au Million ozs.**	**Ag Million oz.**	**Cu Billion lbs.**
Galore Creek (100%)(2)	3.0	50.0	3.6	4.4	67.1	4.9	7.4	117.1	8.5	4.3	66.0	3.4
	1.1			10.5			11.6			12.0		

Donlin Creek (70%)(2)												
Nome Operations (100%)(5)	0.8			1.4			2.2			0.4		
Ambler (51%)(6)										0.4	32.7	1.6
Total NovaGold Share	4.9	50.0	3.6	16.3	67.1	4.9	7.4	117.1	8.5	17.0	98.7	5.0

Notes:

(1) Cutoff grade of 0.25% copper equivalent (CuEq). CuEq calculation is based on net smelter return and uses metal prices of US$1.25/lb of copper, US$450/oz of gold and US$7/oz of silver.

(2) Assumes the following commodity prices: US$450/oz gold, US$7/oz silver and US$1.25/lb copper for the Galore Creek project, US$500/oz gold for the Donlin Creek project.

(3) Although Measured Resources , Indicated Resources and Inferred Resources are categories of mineralization that are recognized and required to be disclosed by Canadian regulations, the SEC does not recognize them. Disclosure of contained ounces is permitted under Canadian regulations, however, the SEC generally permits resources to be reported only as in place tonnage and grade. See Cautionary Note to United States Investors .

(4) Assumes net inventory to NovaGold of 70% at Donlin Creek, 100% Galore Creek (80% of Copper Canyon inferred resource), 100% Nome Operations and 51% of the Ambler project. Assumes (i) Barrick will not be able to earn an additional 40% interest in the Donlin Creek project, and (ii) no exercise of Calista s right to earn up to

15% of the Donlin Creek project. See Properties Donlin Creek Project and Risk Factors Barrick and Calista each retain back-in right on the Donlin Creek project which, if exercised, could dilute NovaGold s interest in the project .

(5) These resources do not include 260,000 ounces of gold at the Saddle deposit, which is an historical estimate and not NI 43-101 compliant.

(6) These resources are based on historical estimates and are not NI 43-101 compliant.

(7) Rounding differences may occur.

Based on the engineering reports and studies prepared on the Company s projects, and assuming the Company is successful in executing its business plan, the Company believes its annual production, assuming 100% ownership of each project (except for Donlin Creek for which a 70% interest is assumed) will grow from approximately 100,000 ounces of annual production of gold beginning in late 2007 to over 4.0 million ounces of silver and 400 million pounds of copper by 2012 and over 1.0 million ounces of gold by early 2013. The Company intends to enter into a joint venture agreement on the Galore Creek project which would reduce the Company s ownership and corresponding production profile. The Company also expects to advance the Ambler project to the pre-feasibility level during this period. None of these properties are currently in production. Prior to commencing production, studies which demonstrate the economic feasibility of the project must be completed, all necessary permits must be obtained, a production decision must be made by NovaGold s board of directors, financing for construction and development must be arranged and construction must be completed. In addition, in order to proceed to development, NovaGold may have to obtain additional rights including, without limitation, surface rights, access rights, rights of way and other easements. See Risk Factors NovaGold requires various permits and property rights in order to conduct its current and anticipated future operations and delays or a failure to obtain such permits and property rights, or a failure to comply with the terms of any such permits that NovaGold has obtained, could have a material adverse effect on NovaGold. .

Recent Developments

Galore Creek Project

Pre-construction activities related to tunnel and road infrastructure at the Galore Creek project started in the latter half of 2006. On February 23, 2007, NovaGold announced that it had received the Environmental Assessment Certificate from the Province of British Columbia. Mine production start-up is anticipated to begin in mid-2012 after three months commissioning. Prior to production commencing on the Galore Creek project, all additional permits must be received, financing for construction and development must be obtained and construction must be completed. A delay in any of the critical permits could result in a delay in construction and production. In particular, if the permits are not received in time to take full advantage of the summer construction period to construct roads, tunnels and bridges, the project s schedule could be negatively affected. See Galore Creek Project Construction and Galore Creek Project Environmental Assessment and Permitting .

As part of the current permitting process, NovaGold has filed an application with the Province of British Columbia to obtain a surface lease over a portion of the Grace claims, under option from Pioneer, which is now 100% owned by Barrick, where NovaGold intends to build a tailings and waste rock storage facility for the Galore Creek project. Pioneer is opposing the application. A final decision on granting the surface lease by the Province of British Columbia is expected in the second quarter of 2007. However, there can be no assurance that the surface lease will be granted at such time.

Donlin Creek Joint Venture

Effective July 14, 2001, the Company entered into an earn-in agreement with Placer Dome U.S. Inc. (Placer Dome), now Barrick Gold U.S., Inc. (referred to herein, interchangeably with Barrick Gold Corporation, as Barrick), a wholly owned subsidiary of Barrick, to acquire a 70% interest in the Donlin Creek project in southwestern Alaska, subject to a back-in right reserved by Barrick. To earn its interest, the Company was required to spend US$10 million on exploration and development on the project by July 14, 2011. On November 13, 2002, the Company completed US$10.6 million of expenditures on the Donlin Creek project and earned a 70% interest in the property from Barrick. On February 10, 2003, Barrick elected to exercise an option to earn an additional 40%

interest from the Company, for a total of 70%, in the Donlin Creek project by spending a total of US$31.9 million on the property, completing a bankable feasibility study, and making a board decision to construct a mine at Donlin Creek to produce not less than 600,000 ounces of gold per year, all by November 13, 2007. Under this option, Barrick may not earn any incremental interest in the project, above the 30% level, until, and unless, all of the above conditions are met by November 13, 2007. In February, 2003, Barrick elected to become manager of the joint venture and to initiate development work such that it would be in a position to exercise its back-in right. The Company was not required to contribute any additional funding until Barrick completed the US$31.9 million expenditure, and the Company had the right to elect that Barrick fund additional expenditures beyond the US$31.9 million, subject to accruing interest at prime rate plus 2% and granting a security interest on the property. All such funds would be repayable from 85% of the Company s cash flows from Donlin Creek. Barrick is also required to assist the Company with third party financing for the Company s share of construction costs. In May 2006, Barrick provided notice that it had met the required minimum US$31.9 million of expenditures effective March 31, 2006.

On August 25, 2006, NovaGold announced it had filed a lawsuit in Alaska alleging that Barrick had violated U.S. securities laws by making material misstatements in documents relating to a hostile takeover bid for NovaGold. In addition to the U.S. securities laws claims, NovaGold s lawsuit against Barrick alleges:

- breach of contract by Barrick under the back-in agreement; and
- breach of fiduciary duties owed by Barrick to NovaGold as joint venture partners;

and seeks, among other remedies:

- a declaratory judgement to clarify the requirements Barrick must satisfy to earn an additional 40% interest in Donlin Creek; and
- an order to the effect that it is impossible for Barrick to satisfy the requirements, in which case NovaGold is asking to be appointed as manager of the project.

Subsequent to the commencement of the lawsuit, Barrick sent supplementary information to NovaGold shareholders which the Alaska court found to be sufficient disclosure. However, the Alaska court found in an order filed September 13, 2006 that there is a genuine dispute as to the meaning of the terms of the back-in agreement and the possibility of Barrick. meeting the terms by November 13, 2007. NovaGold believes it will not be possible for Barrick to meet the requirements for it to earn an additional 40% interest in the Donlin Creek project. However, the outcome of the litigation and Barrick s ability to meet the requirements under the back-in agreement remains uncertain. See Risk Factors Barrick and Calista each retain back-in rights on the Donlin Creek project which, if exercised, could dilute NovaGold s interest in the project and Legal Proceedings Litigation Regarding the Donlin Joint Venture .

Rock Creek Project

Construction on Rock Creek commenced in the summer of 2006. On December 7, 2006, the U.S. Army Corps of Engineers (the Corps) announced that it was reviewing the permit evaluation and decision documents with regard to a permit issued on August 21, 2006 for NovaGold s Rock Creek project, and suspended the permit while it completed the review. The permit was issued to NovaGold s subsidiary, Alaska Gold Company (Alaska Gold), pursuant to Section 404 of the *Clean Water Act*, and authorized Alaska Gold to conduct dredging and fill operations at the Rock Creek and Big Hurrah sites. The Corps allowed NovaGold to continue work in uplands and areas previously disturbed.

A group of individuals from Nome, Alaska filed a lawsuit against the Corps in mid-November 2006, alleging that the Corps issued the Section 404 permit for Rock Creek in violation of the governing legislation. Although neither

NovaGold nor Alaska Gold are named as defendants, the Alaskan court has granted NovaGold s motion to intervene in the case. The case has been dismissed because the Corps suspended the permit, but NovaGold expects that the case may be re-filed. NovaGold received a modified permit on March 13, 2007, entitling it to resume work in areas where work was prohibited while the permit was suspended.

NovaGold is continuing to work on the plant site and the foundations for the shop and mill buildings as the Company has obtained the Air Quality permit. The Company has prepared the plant site for construction of the mill facilities and has cleared a significant portion of the wetlands covered by the permit in the areas of the tailings facility and waste dump, as part of normal construction activities. However, mine construction at the Rock Creek project may be impeded if the permit is challenged again and if a court enters an order in the litigation temporarily or permanently enjoining the project.

Takeover Bid by Barrick

In July 2006, Barrick initiated a hostile takeover bid to acquire all the outstanding common shares of the Company. The bid expired on December 6, 2006, and Barrick announced it had taken up and paid for approximately 14.8% of the Company s then issued and outstanding shares.

Shareholder Rights Plan

NovaGold s Board of Directors approved a new Shareholder Rights Plan (the Rights Plan), which took effect December 7, 2006, immediately upon the expiry of Barrick s hostile takeover bid. NovaGold originally adopted a shareholder rights plan on May 31, 2006, but waived its application to Barrick s bid on September 25, 2006.

The new Rights Plan, which includes substantially the same terms as the original shareholder rights plan, was adopted to ensure the fair treatment of shareholders in connection with future unsolicited takeover bids and other stock acquisitions above 20% that are not offered to all shareholders on the same terms. Shareholder approval of the Rights Plan will be sought at NovaGold s Annual General and Special Meeting of shareholders, scheduled for May 2007. If ratified by shareholders, the Rights Plan will expire at NovaGold s Annual General Meeting in 2010, unless terminated at an earlier date. The Rights Plan is subject to regulatory approval.

Acquisition of Coast Mountain Power Corp.

On August 3, 2006, NovaGold completed the acquisition of all of the outstanding common shares and stock options of Coast Mountain Power Corp. and its wholly owned subsidiaries (collectively, Coast Mountain) pursuant to a Plan of Arrangement between NovaGold and Coast Mountain. The Plan of Arrangement was approved by the Supreme Court of British Columbia on July 31, 2006. NovaGold issued approximately 2,512,000 common shares valued at $44.4 million in connection with the acquisition. See Legal Proceedings Litigation Regarding Dissenting Shareholder of Coast Mountain .

Coast Mountain is a green power company with planned run-of-river hydro-electric projects located near NovaGold s Galore Creek project in northwestern British Columbia. Coast Mountain s largest asset is the Forrest Kerr run-of river hydroelectric project which is designed to generate and transmit up to 115 megawatts (MW) of electricity into the British Columbia hydroelectric grid. Forrest Kerr qualifies as a green power project under B.C. Hydro s Green Power Initiative designed to encourage the development of renewable, low-impact and socially responsible power generation in the Province of British Columbia.

By acquiring Coast Mountain, NovaGold secured the rights to develop the Forrest Kerr run-of-river hydroelectric project and its associated electrical transmission infrastructure which is required to connect both the Galore Creek project and the Forrest Kerr generating facility to the B.C. Hydro grid. NovaGold is working with Hatch Energy to update and optimize the design of the Forrest Kerr generating facility and to evaluate the possibility of expanding its design capacity beyond Coast Mountain s previously designed 115MW capacity. In the event this expansion is deemed to enhance economics, additional permits will be required. NovaGold possesses, through Coast Mountain, all required permits and authorizations to construct a 138 kilovolts (kV) transmission line and interconnection facility extending from Bob Quinn, the eastern terminus of Galore Creek s proposed transmission line, south to Meziadin Junction, the northernmost extent of the existing B.C. Hydro grid. Under Galore Creek s current construction schedule, construction of this line is not required to commence until mid-2008 at the earliest.

While 138kV transmission infrastructure remains NovaGold s base case for planning, the Company was formally approached by the Government of the Province of British Columbia in late 2006 to explore the possibility of replacing this 138kV system with a larger 287kV system which would be built, owned and operated by the British

Columbia Transmission Commission and B.C. Hydro. As the construction and operation of transmission infrastructure is not NovaGold s core business, the Company is currently engaged in a dialogue with the Government of the Province of British Columbia to determine how NovaGold can support this initiative. Although these discussions are in early stages, if a formal agreement is reached and this initiative can obtain its required approvals, the Company believes that both its Forrest Kerr and Galore Creek projects could benefit from its development.

Financings

On February 8, 2006, the Company issued by way of a public offering 14,950,000 common shares at $13.43 (US$11.75) per common share for net proceeds of $188.5 million after commissions and expenses of $12.3 million.

Properties

The following description summarizes selected information about the Company s Galore Creek project, Donlin Creek project, Nome Operations and Ambler project. Please refer to the Company s Annual Information Form for the fiscal year ended November 30, 2006, 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.

Galore Creek Project

The Galore Creek property is an advanced stage copper-gold project located in northwestern British Columbia. NovaGold holds the Galore Creek project s known resources under two option agreements. The main Galore Creek property, which consists of the Southwest, Central, Junction and West Fork deposits, contains all the project s reserves and most of the project s known resources. Under an option agreement originally with subsidiaries of Rio Tinto plc and Anglo American plc, the then shareholders of the company that owned the main Galore Creek property, NovaGold can acquire 100% of such company by completing a pre-feasibility study and making payments to the shareholders totalling US$20 million by October 26, 2011. As of the date of this Prospectus, the Company has made US$7.8 million in payments to the shareholders. Payments of US$2.5 million are due on October 26th of each year between 2007 and 2011 inclusive. There are no royalties or back-in rights on the main Galore Creek property.

Under a second option agreement with Eagle Plains Resources Ltd. (Eagle Plains), NovaGold may acquire up to an 80% interest in the Copper Canyon property which is immediately east of the main Galore Creek property. An initial 60% interest may be earned by expending $3 million on the property, issuing 296,296 common shares of NovaGold (all of which have been issued), and making property payments of up to $0.25 million. An additional 20% interest may be earned by paying $1 million to Eagle Plains and completing a feasibility study by September 2011. The Copper Canyon property is subject to a 2% net smelter returns royalty which may be reduced to 0.5% by the payment of $2 million to the royalty holder.

In addition, under a further option agreement NovaGold may earn a 60% interest in the Grace claims which are immediately to the north of the main Galore Creek property pursuant to an option agreement with Pioneer by purchasing approximately $1 million of shares of Pioneer (which purchase was completed in 2004) and expending $5 million on the Grace claims over five years. Pioneer, which is now controlled by Barrick, is seeking to rescind the option agreement. See Legal Proceedings Litigation Regarding the Grace Claims .

The Company has also acquired mineral rights in the Galore Creek vicinity through staking. NovaGold now holds, or has an interest in, greater than 870 square kilometres in the Galore Creek area.

On February 13, 2006, the Company announced that it had entered into a comprehensive agreement with the Tahltan First Nation for their participation in, and support of, the development of the Galore Creek project. Financial contributions will be made by NovaGold to the Tahltan Heritage Trust Fund which will be used to mitigate any adverse social and cultural impacts of mine development. During mine operations, Trust Fund payments are guaranteed to be no less than $1 million annually. Upon reaching certain agreed financial targets, and subject to positive mine operating cash flow, the Trust Fund will receive the greater of $1 million or a 0.5% to 1.0% net smelter royalty each year.

Feasibility Study

In October 2006, Hatch Ltd., an independent engineering services company, together with a number of specialized consultants, completed a feasibility study (the Galore Creek Feasibility Study) for the Galore Creek project. This study confirms the economic viability of a conventional open-pit mining operation using long-term metals prices and provides the basis for the Company s first proven and probable reserves for copper, gold and silver. The Galore Creek Feasibility Study was completed under the direction of Bruce Rustad, P.Eng., Director of P&CM/Project Manager for Hatch Ltd. and an independent Qualified Person as defined by NI 43-101. An NI 43-101 compliant summary of the Galore Creek Feasibility Study has been filed on the System for Electronic Document Analysis and Retrieval (SEDAR), providing a complete description of the Galore Creek Feasibility Study results. The information set out below is a summary of information contained in the Feasibility Study and is subject to important qualifications, assumptions and exclusions, all of which are set out in the summary of the Galore Creek Feasibility Study. For a complete description of assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the Galore Creek Feasibility Study. Any information with respect to developments after the base date of the Galore Creek Feasibility Study is solely attributable to NovaGold and has not been verified by the authors of the Galore Creek Feasibility Study.

Using base case prices of US$1.50/lb of copper, US$525/oz of gold and US$8/oz of silver, estimates of annual production and cash costs for the Galore Creek project are summarized as follows.

First 5 Years of Production (Averages)		**Total Cash Costs (US$)**	**Copper (lbs)**	**Gold (ozs)**	**Silver (ozs)**
Average total cash costs (net precious metals credits)	$	0.38/lb Cu			
Average total cash costs (net copper and silver credits)	- $	889/oz Au			
Annual Production (Recovered Metal)			432 M	341,000	4.0 M

Life of Mine Production (Averages)		**Total Cash Costs (US$)**	**Copper (lbs)**	**Gold (ozs)**	**Silver (ozs)**
Average total cash costs (net precious metals credits)	$	0.62/lb Cu			
Average total cash costs (net copper and silver credits)	- $	874/oz Au			
Annual Production (Recovered Metal)			262 M	165,000	2.7 M
Total Recovered Metal (Life of Mine)			5.8 B	3.6 M	58.5 M

A financial analysis using the base case parameters set out below indicates that the Galore Creek project is expected to generate an after-tax internal rate of return of approximately 10.6% and have an undiscounted after-tax net present value of US$1.74 billion. An analysis has also been performed using spot prices, 3-year trailing average prices and a conservative metals price case. The Galore Creek Feasibility Study evaluated the capital costs, operating and processing costs, taxes and treatment charge for the project. Key project economic parameters and financial results are summarized below.

Galore Creek Summary Financial Results

	Units	Base Case
Mine Basis		
Mine Life	Years	22
Ore Tonnage milled	M tonnes	522
Strip Ratio (waste to ore)		1.64
Mill throughput (nominal)	Tonnes per day	65,000
Total capital cost (mine facilities + infrastructure)(1)	US $(millions)	1,805
Sustaining capital cost(1)	US $(millions)	122
Unit Operating Costs		
Mining cost per tonne mined(1)	US$/t	1.22
Milling / Process cost per tonne ore(1)	US$/t	3.05
G&A cost per tonne ore(1)	US$/t	0.80
Total Cash Cost First 5 Years (net of precious metal credits)(3)	US$/lb Cu	0.38
Total Cash Cost First 5 Years (net of copper and silver credits)(3)	US$/oz Au	(889)
Total Cash Cost Life of Mine (net of precious metal credits)(3)	US$/lb Cu	0.62
Total Cash Cost Life of Mine (net of copper and silver credits)(3)	US$/oz Au	(874)
Total Co-product Cost First 5 Years (copper)	US$/lb Cu	0.67
Total Co-product Cost First 5 Years (gold)	US$/oz Au	150
Total Co-product Cost Life of Mine (copper)	US$/lb Cu	0.82
Total Co-product Cost Life of Mine (gold)	US$/oz Au	200

	Units	Base Case	3-Year Trailing Average	Spot Case (Sept 1/06)	Conservative Case(2)
Metal price assumptions					
Copper	US$/lb	1.50	1.70	3.50	1.27
Gold	US$/oz	525	461	626	495
Silver	US$/oz	8.00	7.72	12.87	6.70
US$/CA$ exchange Rate		0.81	0.81	0.89	0.75
Financial Results					
Project IRR (pre-tax)	(%)	14.1	16.6	39.0	12.9
Project IRR (after-tax)	(%)	10.6	12.7	30.7	9.5
NPV 0% discount (pre-tax)	US $(millions)	2,935	3,689	13,822	2,101
NPV 0% discount (after tax)	US $(millions)	1,736	2,189	8,287	1,235
NPV 5% discount (pre-tax)	US $(millions)	1,187	1,604	7,224	833
NPV 5% discount (after tax)	US $(millions)	599	856	4,254	395
Payback	Years	4.0	3.7	1.5	3.9
Cashflow					
Annual Average After-tax Net Cashflow (years 1-5)(4)	US $(millions)	414	445	936	384

Cumulative After-tax Net Cashflow (years 1-5)(4)	US $(millions)	2,069	2,227	4,678	1,921

(1) Converted from Canadian dollars to U.S. dollars at the base case $1.00 = US$0.81 long-term exchange rate.

(2) Average metal price based on N. Seldon Marketing Report with long-term staggered metal prices.

(3) Cash cost is not a term recognized by Canadian GAAP or U.S. GAAP and includes mining costs, processing costs (including transportation and refining), and local production taxes and royalties but excludes end-of-mine reclamation accruals.

(4) After-tax net cash flow is defined as the revenue, less operating, capital costs and cash taxes.

The Galore Creek Feasibility Study was designed to assist the Company in making a decision as to whether to commence construction on the Galore Creek project. The Company has since updated its construction schedule which has lengthened the planned construction time and extended the start of production into 2012, assuming the timely receipt of all necessary permits and assuming the Company is able to raise adequate financing. The Company believes that this revised construction schedule will reduce overall project development risk. However, the revised schedule also results in an approximate US$130 million reduction in the base case after-tax net present value (at a 5% discount rate) and a reduction in the base case after-tax internal rate of return to approximately 9%, as of January 1, 2007. This reduction in net present value and internal rate of return has not affected the Company s decision to commence construction and the Company does not expect it will affect its decision to proceed to production.

Construction

As currently envisioned, the Galore Creek project capital estimates include Phase 1 infrastructure associated with providing road and power access to the Galore Creek Valley and Phase 2 construction of the mine facilities. The Phase 1 work represents approximately 20% of the overall capital costs for the project. Electrical power will be supplied from a connection to the B.C. Hydro grid where the project access road meets Highway 37.

Phase 1 construction is anticipated to take 24 months, with access to the Galore Valley in the second half of 2009. Significant activities during Phase 1 include the construction of approximately 128 kilometres of mine access roads, 40 small bridges and 13 large bridges, 4.5 kilometres of access tunnels, the design of concentrate and diesel fuel pipelines in the access road and the construction of an approximately 130 kilometre power transmission line from Bob Quinn to the Galore valley. Most of the Phase 1 work is scheduled to be completed during the summer months.

Phase 2 construction will focus on mine facilities, with the largest portion of the capital expenditures in the last two years of construction. Phase 1 and Phase 2 construction activities will overlap in the latter stages of Phase 1. Mine production start-up is anticipated to begin in mid-2012 after three months of commissioning. Significant activities during Phase 2 include the construction of mine infrastructure, the diversion of Galore Creek, the completion of the concentrate and fuel pipeline, construction of the tailings dam structure, construction of the process plant, construction of the mine infrastructure and completion of the power transmission line.

The completion of the tailings dam in Phase 2 will require three summer seasons. Core dam material can only be placed during optimum conditions as excessive moisture and inclusion of frozen materials is unacceptable. Therefore, work during the winter months will be limited accordingly.

The mine is envisioned as a conventional open-pit operation with a 65,000 tpd processing plant based on crushing, grinding, flotation, thickening and filtrating of a copper concentrate, which would be shipped to the Port of Stewart for off-site smelting and refining of the copper, gold and silver.

As at November 30, 2006, NovaGold had commitments outstanding in the amount of $30.8 million for pre-construction activities related to tunnel and road infrastructure at the Galore Creek project, which started in the latter half of 2006. These goods and services are anticipated to be delivered by the end of 2007. Subsequent to November 30, 2006, NovaGold awarded contracts for road, tunnel and support activities related to the Galore Creek project with minimum commitments of $31.7 million. As of February 27, 2007, NovaGold made payments of $5.0 million under certain of these Galore Creek commitments entered into before and after November 30, 2006.

NovaGold is considering financing alternatives for the development of the Galore Creek project including a sale of a significant interest in the project, project debt, a strategic alliance with a company involving the sale of copper concentrates from the property, equity finance or a combination of some or all of these alternatives. Depending upon the financing alternative ultimately chosen, NovaGold may have less control over the management of the Galore Creek project then it currently possesses. While NovaGold ultimately intends to enter into a joint venture or other strategic alliances in connection with the development of this project, NovaGold may also issue Securities as described herein in order to make certain that adequate funds are in place to ensure the development plans proceed as scheduled. See Risk Factors NovaGold will require external financing or may need to enter into a strategic alliance or sell property interests, to develop its mineral properties.

Prior to production commencing on the Galore Creek project, all additional permits must be received and financing for construction and development must be obtained and construction must be completed. Based on the provincial and federal permitting schedule, the project is on target to receive permits in the second quarter of 2007. However, there can be no assurance that all of the required permits will be received in accordance with the schedule. NovaGold believes that completion of the first phase of construction will add substantial value to the project and reduce overall project development risk by providing road access and power to the Galore Creek mine site in preparation for the second larger phase of actual mine construction.

Environmental Assessment and Permitting

The Galore Creek environmental assessment process was initiated in February 2004. As part of the environmental assessment review process, a series of public meetings were held in various communities in the Galore Creek region, with the public and regulator comment periods running from July 10, 2006 to September 8, 2006 and September 22, 2006, respectively. The Galore Creek team has prepared responses to the comments, with consultation with regulators and the Tahltan First Nation on the process. The Tahltan Central Council submitted their comments to the British Columbia Environmental Assessment Office on October 18, 2006 supporting NovaGold s application for an Environmental Assessment Certificate.

As part of the concurrent permitting process, NovaGold has filed an application with the British Columbia Government to obtain a surface lease over a portion of the Grace claims, under option from Pioneer which is now controlled by Barrick, where NovaGold intends to build a tailings and waste rock storage facility for the Galore Creek project. Pioneer is opposing the application. A recent report from the British Columbia Ministry of Energy, Mines and Petroleum Resources has concurred that NovaGold s drilling on the Grace property is sufficient to confirm that there is no economic mineralization in the area proposed for the tailings and waste storage facility. A final decision on granting a surface lease from the British Columbia government is expected in the second quarter of 2007. However, there can be no assurance that the surface lease will be granted at such time.

On February 23, 2007, NovaGold announced that it had received from the Province of British Columbia, the Environmental Assessment Certificate for the Galore Creek project. The current provincial and federal environmental assessment process is targeted to be concluded in the second quarter of 2007, with construction targeted to begin in the second quarter of 2007 upon issuance of appropriate permits. A delay in any of the critical permits could result in a delay in construction and in production. In particular, a delay in the permits to construct roads, tunnels and bridges could negatively impact the construction schedule. There can be no assurance that all of the required permits will be received in accordance with this schedule. See Risk Factors NovaGold requires various permits and property rights in order to conduct its current and anticipated future operations and delays or a failure to obtain such permits and property rights, or a failure to comply with the terms of any such permits that NovaGold has obtained, could have a material adverse effect on NovaGold. .

Reserve and Resource Estimates

The Galore Creek Feasibility Study estimates proven and probable reserves for the Galore Creek project as set out in the NI 43-101 report by Hatch Ltd. in October 2006, and as summarized below.

Galore Creek Reserve Estimate(1)

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

(1) Cutoff grade of 0.25% copper equivalent (CuEq). CuEq calculation is based on net smelter return and uses metal prices of US$1.25/lb of copper, US$450/oz of gold and US$7/oz of silver.

The project reserves have been estimated using a C$3.82/t net smelter return (net of offsite concentrate and smelter charges and onsite plant recovery) as a cutoff for break-even ore/waste selection and for the grade bins for cashflow optimization. Detailed pit phases were engineered from the results of a Lerchs-Grossman sensitivity analysis and yielded phase reserves using a 3.6% dilution for all material above the 0.25% CuEq cut-off grade and assuming mining losses of 2.4%. Reserves have been estimated assuming metal recoveries based on detailed metallurgical recovery program results, specific to each individual pit area, ranging from 88 92% recovery for copper, 68 76% recovery for gold and 57 71% recovery for silver, and a copper concentrate grade ranging from 26 28% copper. Proven and probable reserves are considered to be ore , which by definition is economically recoverable.

The updated resource estimate used for the Galore Creek Feasibility Study was filed on SEDAR on September 12, 2006 which was reviewed by Mike Lechner, Registered Professional Geologist of Resource Modeling Inc., an NI 43-101 Qualified Person.

Galore Creek Measured, Indicated and Inferred Resource Estimate(1)

Resource Category	**Tonnes (Millions)**	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**	**CuEq(2) (%)**	**Copper (B lbs)**	**Gold (M ozs)**	**Silver (M ozs)**
Measured	263.6	0.62	0.35	5.9	0.81	3.6	3.0	50.0
Indicated	485.3	0.46	0.28	4.3	0.63	4.9	4.4	67.1
Measured + Indicated	748.9	0.52	0.30	4.9	0.69	8.5	7.4	117.1
Inferred(3)	431.9	0.36	0.31	4.8	0.58	3.4	4.3	66.0

(1) Measured and Indicated Resources include Proven and Probable Reserves.

(2) Copper-equivalent (CuEq) calculations use metals prices of US$1.25/lb of copper, US$450/oz of gold and US$7/oz of silver. Copper-equivalent calculations (CuEq%) reflect gross metal content that has been adjusted for metallurgical recoveries based on the metallurgical domain testwork completed by Hatch Ltd. Copper recovery is expressed as a formula unique to each metallurgical domain necessary to derive copper concentration grades. Gold and silver recoveries of each metallurgical domain are expressed as a proportion of copper recovery.

(3) Includes the Copper Canyon Inferred Resource on an 80% basis calculated using a 0.35% CuEq cut-off grade, as stated in the technical report titled Geology and Resource Potential of the Copper Canyon Property issued in February 2005. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred Resources have a great amount of uncertainty as to their existence and whether they can be mined legally or economically. It cannot be assumed that all or any part of the Inferred Resources will ever be upgraded to a higher category. Although Measured Resources , Indicated Resources and Inferred Resources are categories of mineralization that are recognized and required to be disclosed by Canadian regulations, the SEC does not recognize them. Disclosure of contained ounces is permitted under Canadian regulations, however, the SEC generally permits resources to be reported only as in place tonnage and grade. See Cautionary Note to United States Investors .

The current reserve and resource model was based on all data available through the 2005 season and constructed by Kevin Francis, P.Geo. and Resource Manager for NovaGold s and Mike Lechner, Registered Professional Geologist of

Resource Modeling Inc., who are both NI 43-101 Qualified Persons. The reserve and resource estimates are based on a 3-D computer block model with copper, gold and silver block grades estimated into 25 metre x 25 metre x 15 metre high blocks using 5-metre-long drill hole composites. Prior to compositing the drill hole grades, high-grade outlier values were cut based on an analysis of cumulative probability plots. The grade models were validated by visual and statistical methods and are deemed to be globally unbiased. The blocks were then classified into Measured, Indicated and Inferred Mineral Resource categories using the number of data and distance to data method. No environmental, permitting, legal, title, taxation, sociopolitical, marketing or other issues are expected to materially affect the above estimates of mineral reserves or resources.

An updated resource estimate incorporating the results of the 2006 exploration drill campaign is scheduled for completion by April 2007. The estimate is anticipated to result in added inferred resource in light of the success of the wide-spaced drilling in 2006 in the Bountiful Zone and the high-wall of the Central deposit.

Future Work

Drilling in 2007 will likely focus on: (i) high-grade breccia mineralization known to exist at the Saddle prospect just to the east of the Central deposit; (ii) recently discovered mineralization at the Butte prospect lying roughly between the Junction and Southwest deposits; and (iii) the scoping of potential higher grade underground scenarios to augment and optimize the long term mine production scheduling. The Company currently expects to drill in excess of 15,000 metres in 2007.

Donlin Creek Project

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, based on publicly reported resources. The Donlin Creek property contains a measured and indicated resource estimated at 16.6 million ounces of gold and an additional inferred resource estimated at 17.1 million ounces of gold. The property is under lease from Calista and the Kuskokwim Corporation, two Alaska native corporations. The Calista lease is in effect until 2015 and so long thereafter as mining operations are carried out at the Donlin Creek property. Under the Calista lease, Calista, the owner of the subsurface rights of the property, has a right, within 90 days of issuance of a bankable feasibility study on the Donlin Creek project, 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.

Effective July 14, 2001, the Company entered into an earn-in agreement with Placer Dome, now Barrick to acquire a 70% interest in the Donlin Creek project, subject to a back-in right reserved by Barrick. To earn its interest, the Company was required to spend US$10 million on exploration and development on the project by July 14, 2011. On November 13, 2002, the Company completed US$10.6 million of expenditures on the Donlin Creek project and earned a 70% interest in the property from Barrick. On February 10, 2003, Barrick. elected to exercise an option to earn an additional 40% interest from the Company, for a total of 70%, in the Donlin Creek project by spending a total of US$31.9 million on the property, completing a bankable feasibility study, and making a board decision to construct a mine at Donlin Creek to produce not less than 600,000 ounces of gold per year, all by November 13, 2007. Under this option, Barrick may not earn any incremental interest in the project, above the 30% level, until, and unless, all of the above conditions are met by November 13, 2007. The Company was not required to contribute any additional funding until Barrick completed the US$31.9 million expenditure, and the Company had the right to elect that Barrick fund additional expenditures beyond the US$31.9 million, subject to accruing interest at prime rate plus 2% and granting a security interest on the property. All such funds would be repayable from 85% of the Company s cash flows from Donlin Creek. Barrick is also required to assist the Company with third party financing for the Company s share of construction costs. In February 2003, Barrick elected to become manager of the joint venture and to initiate development work such that Barrick would be in a position to exercise its back-in right. If Calista exercises its back-in right under the Calista Lease, Barrick s and the Company s interest will be proportionately reduced to provide for the Calista interest. In May 2006, Barrick provided notice that it had met the required minimum US$31.9 million of expenditures effective March 31, 2006. If construction is commenced, Barrick agreed to assist NovaGold in obtaining third party financing for NovaGold s share of the costs of the construction. If both the Barrick and Calista rights are exercised in full, the Company s interest in the Donlin Creek project would decrease to 25.5%. NovaGold does not believe it will be possible for Barrick to meet the requirements for it to earn an additional 40%. See Legal Proceedings Litigation Regarding the Donlin Joint Venture and Risk Factors Barrick and Calista each retain back-in rights on the Donlin Creek project which, if exercised, could dilute NovaGold s interest in the project .

An advance minimum royalty (AMR) on the Donlin Creek property of US$200,000 is payable by the joint venture to Calista annually until a feasibility study is completed, after which the AMR will increase to US$500,000 per year. Upon commencement of production, a net smelter return royalty on production equal to the greater of 1.5% of the revenues from valuable minerals production and US$500,000 is payable to Calista, until the earlier of the expiry of five years or the payback of all pre-production expenses incurred by Barrick and the Company. Thereafter, the annual net smelter return royalty on production will be increased to the greater of 4.5% of the revenues from valuable minerals production and US$500,000.

Resource Estimate

In January 2006, a new resource estimate was completed by the Donlin Creek joint venture which supersedes previous resource estimates on the Donlin Creek project. The new resource estimate was based on an updated geologic and mineralization model that integrated 28,240 metres of drilling completed by Placer Dome in 2005 and 193,598 metres of drilling previously completed by Placer Dome and NovaGold. The model contained a total of 109,595 assay intervals from 221,838 metres of drilling and trenching.

The resource estimate was prepared in accordance with NI 43-101 by Kevin Francis, P.Geo., Resource Manager of the Company, Stanton Dodd, P.Geo., an employee of the Company, and Lynton Gormely, Ph.D., P.Eng. of AMEC Americas Limited, each of whom is a Qualified Person under NI 43-101.

In September 2006, in support of a preliminary economic assessment (PEA) by SRK Consulting (SRK), an updated tabulation of the January 2006 resource estimation was completed for a pit using metal prices of US$500/oz of gold and US$8.30/oz of silver and a base case of 0.76 g/t gold cut-off grade assuming a 60,000 tpd. The PEA was prepared in accordance with NI 43-101 by Kevin Francis, P.Geo., Resource Manager of the Company, Stanton Dodd, P.Geo., an employee of the Company, and Gordon Doerksen, P.E. of SRK, each of whom is a Qualified Person under NI 43-101. Unless stated otherwise the following information is summarized from the PEA which has been filed on SEDAR. SRK conducted a preliminary review of Placer Dome s data and found the methodology to be satisfactory and possibly conservative in terms of contained metal at the 0.76 g/t gold cut-off grade. An NI 43-101 compliant technical report for the resource estimate, relied upon as the basis for this study, was filed in January 2006. Based on a 0.76 g/t cut-off grade, the Donlin Creek resource estimates as at September 2006 are as follows.

Total Resources(1) at 0.76 g/t cut-off Donlin Creek Project

	Tonnes(1)(2) (Millions)	**Grade (g/t)**	**Contained Ounces(1)((2) (Millions)**
Measured	20	2.56	1.6
Indicated	196	2.39	15.0
Total Measured and Indicated	215	2.40	16.6
Inferred	227	2.34	17.1

(1) Although Measured Resources , Indicated Resources and Inferred Resources are categories of mineralization tha are recognized and required to be disclosed by Canadian regulations, the SEC does not recognize them.

Disclosure of contained ounces is permitted under Canadian regulations; however, the SEC generally permits resources to be reported only as in place tonnage and grades. See Cautionary Note to United States Investors .

(2) Rounding differences may occur.

In February 2007, Barrick published an initial interim resource model to meet its year-end reporting requirements. The estimates in this resource model are not based on a published NI 43-101 compliant Technical Report. The interim resource model was based on the results of 39,000 metres of drilling (out of the total 82,000 metres of drilling) carried out in 2006. The 39,000 metres of drilling results in the interim model were primarily from the Acma area and the 43,000 metres of drilling not reflected in the interim model were primarily in the Lewis area. In preparing the interim resource model, Barrick used a more restrictive estimation methodology that had previously been used by Placer Dome and which formed the basis of the January 2006 report. Compared with the January 2006 report, this interim update shows an increase of 4.9 million ounces in Measured and Indicated Resource for the project from 14.9 million ounces to 19.8 million ounces, representing a 33% increase. At the Acma deposit, the Measured and Indicated Resources increased by 2.9 million ounces from 8.2 million ounces to 11.1 million ounces. The Barrick interim resource model shows an overall decrease in the Inferred Resource from 13.6 million ounces to 1.6 million ounces, with 4.9 million ounces being converted to the Measured and Indicated category and a decrease of 7.1 million ounces largely due to the change in methodology used by Barrick to define Inferred Resources. The January 2006 resource estimates were updated in the September 2006 Report as set forth in the table above.

Of the decrease in Inferred ounces, 6.0 million were in the Lewis area where the vast majority of the remaining 43,000 metres of 2006 drilling not included in Barrick s interim update took place. NovaGold anticipates that additional Measured and Indicated Resources and Inferred Resources will be added to those shown in Barrick s interim estimate once the full results from the Lewis area are included.

NovaGold anticipates that the final 2006 drill assays and a complete 2006 resource estimate will be released in the second quarter of 2007. See Risk Factors The figures for NovaGold s reserves and resources are estimates based on interpretation and assumptions .

Preliminary Economic Assessment

The September 2006 Preliminary Economic Assessment (the PEA) by SRK confirmed the economics of a conventional open-pit mining operation at a production rate of 60,000 tpd with the potential to produce on average 1.4 million ounces of gold per year over the 22-year life of the project. Costs, appropriate with this level of the PEA, have been estimated and form the foundation of the economic analysis of the project on a 100% basis. The PEA prepared by SRK was based on a technical and economic review by a team of consultants who are specialists in the fields of mineral exploration, mineral resource estimation and classification, open-pit mining, mineral processing and mineral economics. The PEA was completed under the direction of Gordon Doerksen, P.E., an independent Qualified Person as defined by NI 43-101.

It is important to note that the PEA is preliminary in nature, and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied that would allow them to be categorized as mineral reserves, and there is no certainty that the conclusions reached in the PEA will be realized. 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 resource will ever be upgraded to a higher category.

SRK also completed a sensitivity analysis to determine the economic effects of changes to the capital and operating costs and the gold price, to determine the economic potential of the Donlin Creek project. In the first seven years, the analysis projects an average annual production of approximately 1.885 million ounces of gold at an average cash cost of US$223/oz of gold. The project would generate an average annual pre-tax cash flow of approximately US$482 million for the first seven years using a long-term gold price of US$500/oz, resulting in payback of all mine capital in less than five years.

SRK s analysis indicates that using a gold price of US$500/oz, Donlin Creek could generate a pre-tax rate of return of 12.1% and a net present value at a 5% discount rate (NPV5%) of US$1,001 million, resulting in a capital cost payback period of less than 5 years. A sensitivity analysis on the project shows that the NPV is most sensitive to changes in the gold price, followed by changes to operating costs and capital costs. For example, a gold price of US$550/oz increases the after-tax NPV5% to US$1,453 million, and a gold price of US$450/oz decreases the after-tax NPV5% to

US$554 million.

This financial analysis includes capital costs to construct a powerline connecting the Donlin Creek project site to the existing Anchorage/Fairbanks power grid. This analysis also includes Inferred 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. Inferred Resources are excluded from estimates forming the basis of a feasibility study.

Assumptions Used in the Preliminary Economic Analysis

Parameter	Units	Value
Metal Price		
Gold	US$/oz	500.00
Silver	US$/oz	8.30
Production		
Pre-Production Period (Pre-strip)	Years	2
Mine Start Date		2013
Mine Life (after Pre-Production)	Years	22
Life of Mine Ore Tonnage	Million tonnes	482.3
Life of Mine Mill Head Grade (diluted)	Gold g/t	2.17
Contained Gold	Million oz	33.5
Metallurgical Recovery	%	90.6
Recovered Gold	Million oz	30.3
Recovered Silver	Million oz	7.2
Target Production Rate	Tonnes per day	60,000
Average Annual Gold Production (Years 1-7)	Million oz per year	1.885
Average Annual Gold Production (Life of Mine)	Million oz per year	1.379

Estimated Life of Mine Operating Costs

Parameter	Units	Estimate (US$)	
Mining	$/tonne mined	$	0.92
Processing	$/ore tonne milled	$	9.58
Mine Consumables	$/ore tonne milled	$	0.41
G&A	$/ore tonne milled	$	1.06
Refining and shipping	$/recovered oz	$	5.25
NSR (royalties)	$/tonne milled	$	1.12

Total life of mine operating costs are estimated at US$17.44 per tonne milled and US$276/oz of recovered gold.

Estimated Project Capital Costs

Description		**Estimate (US$)**
Direct Construction Capital (ex. Power Line)	$	976M
Indirect Construction Capital	$	423M
Contingency @ 15%	$	210M
Subtotal Construction (ex Power Line)	$	1,609M
Intertie Power Line	$	408M
Total Construction	$	2,017M
Permitting, Exploration, Studies, 1st Fills, Spares(1)	$	113M
Life of Mine Sustaining	$	427M

(1) Capital costs in 2006 for exploration, EIS/permitting and studies are assumed to be sunk costs and are not included.

Estimated Cash Costs(1)

Average Total Cash Costs	Years 1 7	US$	223/oz of gold
(total operating expense per recovered ounce of production)	Life of mine	US$	276/oz of gold
Total Costs	Years 1 7	US$	303/oz of gold
(total operating expense plus depreciation per recovered ounce of production)	Life of mine	US$	362/oz of gold

(1) Cash costs is not a term recognized by Canadian GAAP or U.S. GAAP and includes mining costs, processing costs (including transportation and refining), local production taxes and royalties, but excludes end of mine reclamation accruals.

The following table shows 100% of Donlin Creek s NPV from the PEA at varying discount rates, as well as project payback for the base case scenario. It should be noted that the NPV calculation uses cash flows from January 1, 2007 onward, including the three years (2007 2009) of pre-construction costs such as an Environmental Impact Study, permitting, a final bankable feasibility study, engineering design, and similar items.

Gold Price Sensitivity After Tax (US$ millions)

Gold Price ($/oz)	**$450**	**(Base Case) $500**	**$550**	**$600**	**$700**
NPV0%	2,123	3,009	3,930	4,821	6,615

NPV5%	554	1,001	1,453	1,888	2,761

Mine Plan

SRK, with the assistance of other professionals, performed the open-pit mine design, scheduling and costing for the project. The basic assumptions used in the Mine Plan are summarized below.

Basic Assumptions Used in the Mine Plan (US$)

Parameter	Unit/Comments	Value
Run of Mine production rate	Tonnes per Day	60,000
Gold price	Per oz of gold	$500
Mine operating costs(1)	Per tonne of rock mined	$0.88
Marketing, refining, shipping	Per tonne milled	$0.34
Process costs	Per tonne milled	$9.58
G&A costs	Per tonne milled	$1.06
Mining & Processing Break-even Cost (Pit Rim costs)	Per tonne milled	$10.99
Process recovery average	Variable, depending on mineralization type	90.6%
Mining dilution	Waste grade at 0.61 g/t gold	12.8%
Mining loss	Of total ore tonnes	3%
Pit slopes	Depends on various geotechnical domains	30 to 48

(1) Mine operating costs exclude the additional cost incurred for rehandling ore once it has been mined from the pit.

These assumptions were used to determine the 0.76 g/t gold cut-off grade. It should be noted that due to the complex nature of the correlation between resource types and process recovery, an average recovery was assumed for the cut-off grade determination.

For the PEA, a 60,000 tpd processing rate was determined as optimal by SRK, in consultation with NovaGold, based on the size of the deposit, infrastructure requirements and the nature of the metallurgical process. Past reported throughput rates have not considered processing at this level due to the restrictions of onsite power capacity. These restrictions have been overcome through consultation with the regional power utility and by including the capital cost of the necessary power infrastructure in this study, such that Donlin Creek can tie in to the existing Anchorage-Fairbanks intertie powerline. The capital costs and financial results presented in the PEA reflect permitting and development timelines consistent with this processing rate and power delivery strategy.

The on-site mineral processing plant is envisioned to take the ore to a doré product. Difficult transportation logistics supported the decision to build a plant for complete ore processing, rather than shipping concentrate. The suggested processing unit operations include tertiary crushing, primary ball milling, single-stage flotation, autoclave oxidation, carbon in leach and refining to doré.

Future Work

In 2007, Barrick has advised NovaGold that it has continued environmental baseline studies and refining the layout and design of the mine facilities. Barrick is currently completing a pre-feasibility level study on the project in preparation for the final feasibility study and the start of the mine permitting process. Barrick had advised NovaGold that it has budgeted US$87 million for expenditures at Donlin Creek in calendar 2007, including 70,000 metres of in-fill and in-pit exploration drilling, environmental baseline studies, studies of alternative power sources, permitting work, and feasibility and engineering work.

Nome Operations

The Nome Operations consist of the Rock Creek and Big Hurrah open-pit gold deposits, the Nome Gold gold-in-gravel resource, the Nome sand-and-gravel resource, and various other gold deposits, all of which are located around the town of Nome, Alaska.

Rock Creek

In September 2006, Harry Parker, P.Geo. of AMEC Engineering and Construction Services Inc., a Qualified Person as defined by NI 43-101 prepared a NI 43-101 compliant report (the AMEC Technical Report). Unless stated otherwise the following information is summarized from the AMEC Technical Report which has been filed on SEDAR.

Rock Creek is the Company s first development stage project and is expected to be its first production project. The project is partly located on 5,700 hectares (14,000 acres) of patented private land that is 100% owned by the Company s wholly-owned subsidiary, Alaska Gold and partly on land owned by the Bering Straits Native Corporation (BSNC). Alaska Gold holds an exploration and mining lease on approximately 8,100 hectares (20,000 acres) of BSNC lands, as well as a surface use agreement with Sitnausak Native Corporation (Sitnausak), the local village corporation. These mineral surveys are fee simple and have no annual requirements. Based on the current preliminary mine plan, approximately 90% of the currently defined resources for the mine plan are located on lands owned by Alaska Gold.

Pursuant to an exploration and option agreement dated March 13, 2002, between Golden Glacier, Inc. (GGI), and the Company, the Company acquired the rights to explore and develop the lode deposits on an additional 15,000 acres of mineral claims held by GGI pursuant to four mining leases from BSNC to GGI. Pursuant to the exploration and option agreement, GGI granted the Company a five year option to acquire a mining sublease. In order to maintain the option in effect, the Company agreed to make annual payments to GGI ranging from US$15,000 to US$25,000 and to complete annual work commitments ranging from US$50,000 to US$150,000. The Company exercised its option and concluded a Mining Sublease in April 2006. The terms of the Sublease obligate the Company to pay an advance royalty of US$126,560 for each year that the mining Sublease is in place. The Company is also obligated to perform US$316,400 of exploration and development work per year, with excess work performed in any year able to be carried forward and applied in subsequent years. GGI is entitled to a 2.5% net smelter returns royalty and a 5% net proceeds royalty from production from BSNC lands. NovaGold is also a party to an exploration surface use agreement with Sitnasuak. In May 2006, the Company entered into a Surface Use Agreement with Sitnasuak. The agreement gives the Company exclusive use of the surface estate surrounding the Rock Creek Project for the purposes of conducting mining and milling operations. The agreement obligates the Company to pay an annual fee of US$70,000 for seven years or as long as mining, milling or marketing takes place, or until completion of active reclamation. The Company is also obligated to pay US$900 for each acre of disturbed lands.

Resource Estimate

Prior to the AMEC Technical Report, the Company completed an internal resource estimate for the Rock Creek project (including Rock Creek and the adjacent Saddle mineralization) in March 2000, which estimated Measured and Indicated Resources at Rock Creek of 6.4 million tonnes grading 2.7 grams per tonne gold (g/t) containing 555,000 ounces of gold. In 2003 and 2004, additional core drilling was carried out at Rock Creek. In comparing the various drilling campaigns in general, core drilling data yielded between 20% and 40% lower grades than reverse circulation data which made up a majority of the data for the March 2000 study.

Further resource estimation was undertaken in 2004 and 2005 prior to the AMEC Technical Report by the Company and various models and adjustment factors were employed by the Company s consultants that adjusted downwards the actual RC drilling data used in the models. Though little conclusive evidence of a systematic cause for the differences between the various reverse circulation and core drill campaigns was determined, resources were downgraded to reflect a conservative basis for contained gold. Norwest Corporation, using the same adjustment factors, revised the in-pit indicated estimated resource at Rock Creek (the 2005 Rock Creek Project Economic Update Review) that forms the basis of the above-mentioned internal resource estimate to 7.5 million tonnes grading 1.4 g/t containing 335,000 ounces of gold. NovaGold is using these reduced tonnages and grades for base case planning purposes. The Company is not yet able to determine the potential impact of such reduced tonnages and grades on the mine economics, but the impact is not expected to be material to the Company.

The current resource model was based on all data available through the 2004 season and constructed under the supervision of Harry Parker, P.Geo. of AMEC Engineering and Construction Services Inc., a Qualified Person as defined by NI 43-101. The resource estimate is based on a 3-D computer block model with gold block grades estimated into 10 metre x 10 metre x 5 metre high blocks using 5-metre-long drill hole composites. Prior to compositing the drill hole grades, high-grade outlier values were cut based on metal at risk analysis. Additionally, samples collected via reverse circulation drilling had their grades adjusted downward to match the expected grades indicated from core drilling. The grade estimation model was validated by visual and statistical methods and are deemed to be globally unbiased. The blocks were then classified into Indicated and Inferred Mineral Resource categories using the number of data and distance to data method. The reported resource has been constrained by a conceptual pit shell constructed by Mike Lechner of Resource Modeling Inc., using the base case resource estimate, a gold price of US$500/oz and other economic parameters from the 2005 Rock Creek Project Economic Update Review. No environmental, permitting, legal, title, taxation, sociopolitical, marketing or other issues are expected to materially affect the above estimates of mineral reserves or resources. The Rock Creek project gold resource estimate is as follows:

Total Resources(1) Rock Creek Project

0.6 g/t cut off grade

Resource Category	**Tonnes (Millions)**	**Grade (g/t)**	**Contained Ounces(2)**
Indicated	9.6	1.3	404,000
Inferred(3)	1.4	1.0	44,000

(1) Although Measured Resources , Indicated Resources and Inferred Resources are categories of mineralization tha are recognized and required to be disclosed by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. See Cautionary Note to United States Investors .

(2) Contained ounces are rounded to the nearest 1,000. Disclosure of contained ounces is permitted under Canadian regulations; however the SEC normally permits resources only to be reported as in place tonnage and grade.

(3) These resources do not include 260,000 ounces of gold at the Saddle deposit, which is an historical estimate and not NI 43-101 compliant.

Rock Creek Activities Subsequent to the AMEC Technical Report

Unless stated otherwise, the remaining Rock Creek sections describe activities by the Company subsequent to AMEC s Technical Report.

In late 2005, a study was designed to determine the optimal sampling method, sample preparation, and analytical method for the grade control program at Rock Creek. A 30 metre by 30 metre test site was selected (the equivalent of 18 model blocks) within the ore body for the location of the test. Base data for this test was derived from drilling 81 blastholes, 18 RC borings, and excavating three trenches. All sample cuttings were collected from blastholes and RC borings. Continuous chip channel samples were collected from the three trenches. All samples were shipped to McClelland Laboratories in Reno, Nevada for processing.

During 2006, the grade control samples were processed and analyzed. Based on the results of the grade control test, the grade control program at Rock Creek will include the collection of a 6 kg sample from blasthole cuttings. Sample preparation will include traditional crushing and pulverization techniques as well as gravity separation. Concentrates and a sample of the gravity tails will be fire assayed and a calculated head assay will be determined. Customized versions of MineSight and acQuire software will facilitate the classification and management of materials and destinations for the pit operations while allowing the validation and tracking of data from the exploration model to the short range model to recovered materials. A low-grade stockpile will be used to mitigate potential misclassification of material.

Work in 2006 included limited additional drilling along the northern high-wall of the deposit and immediate extension of the tension veins further to the south on the southern margin of the deposit and across the Sophie Gulch fault. An update to the resource is anticipated in 2007 once production reconciliation data is available. The deposit exhibits a strong nugget effect which has resulted in conservative downgrade of the resource pending actual production.

An updated economic assessment was completed in 2006 using the services of the independent engineering firm, Norwest Corporation. In August 2006, the Company received the permits to develop Rock Creek and Big Hurrah, and, following approval by the Board of Directors, construction commenced on a mine developing both projects. The main process facility and tailings will be located at Rock Creek and will process ore from Rock Creek and ore trucked from Big Hurrah.

Future Work

In 2007, approximately $37 million is budgeted to complete construction and start operations leading to gold production at an average rate of approximately 100,000 ounces of gold per year starting by late 2007.

A group of individuals filed a lawsuit contesting a permit under the U.S. Federal Clean Water Act (Clean Water Act) to conduct dredging and fill operations and the Corps suspended the permit pending review in December 2006. NovaGold is continuing work in uplands and areas disturbed before the permit was suspended. NovaGold received a modified permit on March 13, 2007, entitling it to resume work in areas where work was prohibited while the permit was suspended. NovaGold believes that the lawsuit contesting this permit may be refiled. Construction may be impeded if the permit is challenged again and the court enters an order in the litigation temporarily or permanently enjoining the project, see Legal Proceedings Litigation Regarding the Rock Creek Project and Risk Factors Current litigation in Alaska may impact NovaGold s ability to conduct dredging and fill operations at the Rock Creek and Big Hurrah project sites .

Big Hurrah

The Big Hurrah property is located 35 miles east of Nome, Alaska on the existing road system. The permitted operation calls for mining Big Hurrah ore three months out of the year and trucking run-of-mine ore to the Rock Creek mill facility year-round for processing. The Company has completed approximately 16,000 metres of drilling in 273 holes and 2,850 metres of continuous trench sampling within 60 trenches.

A NI 43-101 compliant technical report titled Big Hurrah Technical Report, Seward Peninsula, Alaska (the Big Hurrah Technical Report) dated August 25, 2006 has been filed on SEDAR. Unless otherwise indicated, the summary below is based on the Big Hurrah Technical Report. The resource model was based on all data available through the 2005 season and constructed by Mike Lechner, RPG of Resource Modeling Inc., a Qualified Person as defined by NI 43-101. The resource estimate is based on a 3-D computer block model with gold block grades estimated into 2.5 metre x 2.5 metre x 5 metre high blocks using 2.5-metre-long drill hole composites. Prior to compositing the drill hole grades, high-grade outlier values were cut based on examination of probability plots. The grade estimation model was validated by visual and statistical methods and are deemed to be globally unbiased. The blocks were then classified into Indicated and Inferred Mineral Resource categories using the number of data and distance to data method. No environmental, permitting, legal, title, taxation, sociopolitical, marketing or other issues are expected to materially affect the above estimates of mineral reserves or resources. The Big Hurrah project gold resource estimate is as follows:

Total Resources(1) Big Hurrah Project

<u>1.0 g/t cut off grade</u>

Resource Category	Tonnes (Millions)	Grade (g/t)	Contained Ounces(2)

Indicated	1.8	4.6	273,000
Inferred	0.6	3.1	56,000

(1) Although Measured Resources , Indicated Resources and Inferred Resources are categories of mineralization that are recognized and required to be disclosed by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. See Cautionary Note to United States Investors .

(2) Contained ounces are rounded to the nearest 1,000. Disclosure of contained ounces is permitted under Canadian regulations; however the SEC normally permits resources only to be reported as in place tonnage and grade.

Nome Gold

The Nome Gold project is located three miles north of Nome, Alaska on lands owned by the Company. The resources are hosted by near-surface unconsolidated sands and gravels and have been historically mined for over 100 years. The Company estimates that since 1900, more than four million ounces of gold have been extracted by various parties from the Nome Gold property. Mining was shut-down on the project in 1998 due to low gold prices at the time. In 2004, the Company commenced engineering studies to evaluate the viability of restarting mining operations at the property.

On August 28, 2006, Norwest Corporation completed a NI 43-101 compliance resource estimate and technical report for the property entitled Review and Technical Report on the Nome Placer Gold Property (the Nome Technical Report). Bruce Davis, Ph.D., FAusIMM, an employee of Norwest Corporation, and Robert Sim, P.Geo, an associate geologist with Norwest Corporation, served as the Qualified Persons responsible for the preparation of the Nome Technical Report. The resource estimate has been generated from churn and reverse circulation drill hole sample assay results and the associated thickness of gravel. The resource estimate is based on a 2-D computer gridded seam model with gold block grades estimated into 100 metre x 50 metre blocks using drill hole assays composited into single samples. Prior to compositing the drill hole grades, high-grade outlier values were cut based on examination of probability plots. The grade estimation model was validated by visual and statistical methods and are deemed to be globally unbiased. The blocks were then classified into Measured, Indicated and Inferred Mineral Resource categories using the number of data and distance to data method. No environmental, permitting, legal, title, taxation, sociopolitical, marketing or other issues are expected to materially affect the above estimates of mineral reserves or resources. The Nome Gold project gold resource estimate is as follows:

100% Owned Resources(1) Nome Gold Project 0.00484 oz/cuyd Cutoff Grade

	Cubic Yards (Millions)	Grade (oz/cuyd)	Contained Ounces(2) (Millions)
Measured	100.0	0.0078	0.8
Indicated	102.7	0.0070	0.7
Total Measured and Indicated	202.7	0.0074	1.5
Inferred	36.5	0.0064	0.2

Partially Owned Resources(1) Nome Gold Project 0.00484 oz/cuyd Cutoff Grade

	Cubic Yards (Millions)	Grade (oz/cuyd)	Contained Ounces(2) (Millions)
Measured	3.5	0.0063	0.0
Indicated	6.9	0.0063	0.0
Total Measured and Indicated	10.4	0.0063	0.1

Inferred	3.5	0.0056	0.0

(1) Although Measured Resources , Indicated Resources and Inferred Resources are categories of mineralization tha are recognized and required to be disclosed by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. See Cautionary Note to United States Investors .

(2) Contained ounces are rounded to the nearest 1,000. Disclosure of contained ounces is permitted under Canadian regulations; however the SEC normally permits resources only to be reported as in place tonnage and grade.

In 2007, the Company has budgeted $342,000 for completion of scoping and feasibility studies. In addition the Company has budgeted $605,000 to commence environmental baseline studies necessary for permitting.

Ambler Project

The Ambler project is located in the southern Brooks Range of northwestern Alaska, approximately 220 kilometres east of Kotzebue and 35 kilometres north of the village of Kobuk. The Ambler property consists of 35,000 acres (14,000 hectares) of patented and Alaska State mining claims covering a precious metal rich, volcanogenic massive sulphide district.

In March 2004, NovaGold signed a strategic alliance with subsidiaries of Rio Tinto plc on their 100% owned Ambler property located in northwestern Alaska. Under the terms of the agreement, the Company can earn a 51% interest in the project by expending US$20 million on the property before 2016. During the first five years of the agreement, the Company must spend a minimum of US$5 million on exploration and development, and obtain memoranda of understanding with land owners (State, Federal and private Native corporations) in the region necessary to provide access for mine development. During the second phase of the agreement, the Company must spend the balance of the earn-in funds (to total US$20 million) and complete a pre-feasibility study resulting in a positive net present value using a 10% discount rate. The Company is manager of the project through to the completion of a final positive feasibility study, at which time Kennecott, a subsidiary of Rio Tinto plc, has a one-time option to acquire an extra 2% interest in the project, and take over management of construction and operation of the mine by making a payment to the Company equivalent to 4% of the project s net present value using a 12.5% discount rate.

History and Exploration

In 1957 the property was optioned by Bear Creek Mining Company (Bear Creek), Kennecott s exploration subsidiary, and drilling commenced on the property. Bear Creek also conducted a regional exploration program covering the Cosmos Hills and the southern Brooks Range. Reconnaissance geologic mapping and stream sediment sampling of the south flank of the Brooks Range began in 1962. In 1965, while re-evaluating a 1400 ppm Cu geochemical anomaly from sampling completed in 1963, Bear Creek geologists discovered sulfides in float on the east side of Arctic Ridge a short distance below the crest of the ridge. Eight core holes were drilled in 1967 intersecting massive sulfide mineralization over a 1,500-foot strike length. Initial results were sufficiently encouraging that Bear Creek and Kennecott continued drilling at Arctic over the next several seasons. From August 1967 to July 1985, 86 holes were drilled (including 14 large diameter metallurgical test holes pre-collared using a reverse circulation drill), totaling 16,080 m (52,756 ft). No drilling was done on the property after 1985 until 1998.

In 1993, Kennecott minerals began a re-evaluation of the Arctic Ridge deposit. This included a review of the deposit geology and the assembly of a computer database. A new computer-generated block model was constructed in 1995 and an updated resource was calculated from the block model. The resulting estimated inferred resource totaled 36.3 million tonnes averaging 4.0% Cu, 5.5% Zn, 0.8% Pb, 54.9 g/t Ag and 0.7 g/t Au. This estimate pre-dated NI 43-101 and is therefore not compliant with NI 43-101, however NovaGold considers the estimate relevant.

In September 1997, Kennecott located a total of 2,035 State of Alaska claims covering most of the known Ambler schist belt rocks. In 1998, an airborne geophysical survey, covering the entire claim block, generated numerous electromagnetic anomalies. Also in 1998, Kennecott drilled six core holes totaling 1,492 m (4,895 ft) in the Arctic Ridge resource area testing for extensions of the known resource as well as infill to test for grade and thickness continuity. Drilling on the Arctic Ridge deposit by Bear Creek/Kennecott between 1966 and 1998 totals 92 core holes for a combined 17,572 m (57,651 ft). No additional exploration on the Arctic Ridge project was conducted between 1998 and 2004. Since 1998, Kennecott reduced their land position in the southern Brooks Range to 829 State of Alaska claims. In addition to the Alaska State claims, Kennecott maintains 15 unpatented federal mining claims surrounding 18 private patented claims.

The main focus of the 2004 NovaGold field program was to confirm interval grade and thickness as defined from previous drill programs within select areas of the Arctic Ridge deposit. Alternative geologic models for the deposit were investigated through surface mapping, drill core re-logging and re-interpretation of previous drill results. The 2004 drilling focused on the Arctic Ridge deposit area and was principally designed to verify the grade and continuity of the mineralized intercepts encountered in the previous drill campaigns. A few holes were drilled in potential extensions of mineralization and on an adjacent geophysical anomaly. Significant mineralized intervals were encountered in 8 of the 11 holes drilled in the program. The twin and infill drilling confirmed previously drilled intervals of base-metal mineralization.

Drilling in 2005 again focused on extending and confirming mineralization particularly in the lower limb of the Arctic antiform. Just over 3,000 metres of core drilling was completed and although good mineralization was encountered in several holes, structural discontinuities appear to limit expansion of mineralization to the south and east. Results suggest that the model remains open to the northeast and that the faulted off root zone has yet to be identified. Geophysical exploration using ground electromagnetic has targeted a significant anomaly of similar size and tenor a few kilometres to the northwest. Exploration will target this anomaly as well as several satellite airborne electromagnetic anomalies in close proximity to the Arctic Ridge deposit and in the same permissive stratigraphy

The 2006 exploration program focused on mapping, surface sampling, and completing ground follow-up and core drill testing of airborne geophysical anomalies in the central part of the Ambler district near the Arctic Ridge. The program succeeded in drill testing four geophysical anomalies with multiple drill holes and providing good geologic, geochemical, and geophysical support for continued drill testing of these areas. New mineralization was located at Red, a prospect about two miles east of the Arctic Ridge. This mineralization consists of crosscutting thin high grade Zn-Pb-Cu veins cutting the lower part of the Ambler sequence, and could represent a portion of a feeder system for stratigraphically higher mineralization as yet unlocated.

Resource Estimate

In 1995, based on Kennecott s interpretation of the mineralized horizons of the Arctic Ridge deposit as a series of stack sheets, a computer generated block model was constructed and a resource estimate compiled. The resulting estimated inferred resource totaled 36.3 million tonnes averaging 4.0% Cu, 5.5% Zn, 0.8% Pb, 54.9 g/t Ag and 0.7 g/t Au. The resource estimate is not NI 43-101 compliant and is only intended to represent a historical resource estimate but is considered relevant by the Company. The contained precious metals in this resource total 817,000 ounces of gold and 64 million ounces of silver, while the base metals total 3.2 billion pounds of copper, 4.4 billion pounds of zinc and 640 million pounds of lead. NovaGold plans to update the resource estimate in 2007 using the historical drilling and the 2004 and 2005 NovaGold drilling as well as NovaGold s reinterpretation of the deposit geology.

Future Work

For 2007 the Company, has budgeted $2 million for drilling on selected targets following up on the work conducted in 2006. In addition $1.3 million has been budgeted for completion of a scoping study, further studies on potential power generation including prospecting potential wind generation and hydro sites and beginning environmental baseline. Future work at Ambler and on the Arctic Ridge deposit is predicated on the results of the scoping study presently in progress.

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 it 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.

As at the end of its most recently completed financial year, the Company had the following material, direct and indirect, wholly owned subsidiaries: Alaska Gold Company, NovaGold Resources Alaska, Inc., NovaGold (Bermuda)

Alaska Limited and NovaGold Resources (Bermuda) Limited, NovaGold Canada Inc. (formerly SpectrumGold Inc.) and Coast Mountain.

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%.

Legal Proceedings

Litigation Regarding the Grace Claims

NovaGold Canada was served with a writ of summons on October 17, 2005 by Pioneer, now controlled by Barrick, related to NovaGold s option to earn a 60% interest in the Grace claims located one kilometre from the northernmost extension of NovaGold s Galore Creek project pursuant to an agreement between Pioneer and NovaGold dated March, 2004. Pioneer is seeking to rescind the option agreement and to receive unspecified damages for purported misrepresentations and breach of fiduciary duty. Pioneer is alleging that NovaGold failed to incur the expenditures on the Grace claims required by the option agreement and that NovaGold breached other terms of the option agreement. NovaGold believes it has met its obligations under the option agreement to date and is seeking an order that the option agreement is still in effect. See Risk Factors NovaGold is currently engaged in litigation with Pioneer and there is no certainty as to the outcome of this litigation .

Litigation Regarding the Donlin Joint Venture

Effective July 14, 2001, the Company entered into an earn-in agreement with Placer Dome, now Barrick, to acquire a 70% interest in the Donlin Creek project, subject to a back-in right reserved by Barrick. To earn its interest, the Company was required to spend US$10 million on exploration and development on the project by July 14, 2011. On November 13, 2002, the Company completed US$10.6 million of expenditures on the Donlin Creek project and earned a 70% interest in the property from Barrick. On February 10, 2003, Barrick elected to exercise an option to earn an additional 40% interest from the Company, for a total of 70%, in the Donlin Creek project by spending a total of US$31.9 million on the property, completing a bankable feasibility study, and making a board decision to construct a mine at Donlin Creek to produce not less than 600,000 ounces of gold per year, all by November 13, 2007. Under this option, Barrick, may not earn any incremental interest in the project, above the 30% level, until, and unless, all of the above conditions are met by November 13, 2007. The Company was not required to contribute any additional funding until Barrick completed the US$31.9 million expenditure, and the Company had the right to elect that Barrick fund additional expenditures beyond the US$31.9 million, subject to accruing interest at prime rate plus 2% and granting a security interest on the property. All such funds would be repayable from 85% of the Company s cash flows from Donlin Creek. Barrick is also required to assist the Company with third party financing for the Company s share of construction costs. In May 2006, Barrick provided notice that it had met the required minimum US$31.9 million of expenditures effective March 31, 2006.

On August 25, 2006, NovaGold announced it had filed a lawsuit in Alaska alleging that Barrick had violated U.S. securities laws by making material misstatements in documents relating to a hostile takeover bid for NovaGold. In addition to the U.S. securities laws claims, NovaGold s lawsuit against Barrick alleges:

- breach of contract by Barrick under the back-in agreement; and
- breach of fiduciary duties owed by Barrick to NovaGold as joint venture partners;

and seeks, among other remedies:

- a declaratory judgement to clarify the requirements Barrick must satisfy to earn an additional 40% interest in Donlin Creek; and
- an order to the effect that it is impossible for Barrick to satisfy the requirements, in which case NovaGold is asking to be appointed as manager of the project.

Subsequent to the commencement of the lawsuit, Barrick sent supplementary information to NovaGold shareholders which the court found to be sufficient disclosure. However, the court found in an order filed September 13, 2006 that there is a genuine dispute as to the meaning of the terms of the back-in agreement and the possibility of Barrick meeting the terms by November 2007. NovaGold believes it will not be possible for Barrick to meet the requirements for it to earn an additional 40% interest in the Donlin Creek project. However, the outcome of the litigation remains uncertain. See Risk Factors Current litigation in Alaska may impact NovaGold s interest in and ability to control the direction of the Donlin Creek Project .

Litigation Regarding the Rock Creek Project

On December 7, 2006, the Corps announced that it was reviewing the permit evaluation and decision documents with regard to a permit issued on August 21, 2006 for NovaGold s Rock Creek project, and suspended the permit while they completed the review. The Corps allowed NovaGold to continue work in uplands and areas previously disturbed. The permit was issued to NovaGold s subsidiary, Alaska Gold, pursuant to Section 404 of the *Clean Water Act*, and authorized Alaska Gold to conduct dredging and fill operations at the Rock Creek and Big Hurrah sites.

A group of individuals from Nome, Alaska filed a lawsuit against the Corps in mid-November, alleging that the Corps issued the Section 404 permit for Rock Creek in violation of the governing legislation. Although neither NovaGold nor Alaska Gold are named as defendants, the Alaskan court has granted NovaGold s motion to intervene in the case. The case has been dismissed because the Corps suspended the permit, but NovaGold expects that the case may be re-filed. NovaGold received a modified permit on March 13, 2007, entitling it to resume work in areas where work was prohibited while the permit was suspended.

NovaGold is continuing to work on the plant site and the foundations for the shop and mill buildings as the Company has obtained the air quality permit. The Company has prepared the plant site for construction of the mill facilities and has cleared a significant portion of the wetlands covered by the permit in the areas of the tailings facility and waste dump, as part of normal construction activities. However, mine construction at the Rock Creek project may be impeded if the permit is challenged again and if a court enters an order in the litigation temporarily or permanently enjoining the project. See Risk Factors Current litigation in Alaska may impact NovaGold s ability to conduct dredging and fill operations at the Rock Creek and Big Hurrah project sites .

Litigation Regarding Dissenting Shareholder of Coast Mountain

The former CEO of Coast Mountain exercised dissent rights in connection with the Plan of Arrangement transaction between NovaGold and Coast Mountain which was completed in August 2006, resulting in 225,880 common shares of the Company, valued at approximately $4 million, being returned to the Company treasury. In September 2006, this dissenting shareholder commenced an action in the British Columbia Supreme Court against the Company claiming that he be paid $15 million as the fair value for his Coast Mountain shares. The Company has included in accounts payable an amount of $4 million representing the value of the shares returned to treasury. A hearing is scheduled before the British Columbia Supreme Court in September 2007 for a determination of the fair value of the dissenting shareholder s Coast Mountain shares. The Company believes this claim for additional funds is without merit.

Other

NovaGold is subject to additional litigation arising from its business activities. See Note 11 Commitments and contingencies in the Company s consolidated financial statements for the year ended November 30, 2006. NovaGold does not believe that any of this litigation will have a material adverse affect on the Company.

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

Changes in the market price of gold and other metals, which in the past has fluctuated widely, will 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 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;
- 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 Galore Creek, Donlin Creek, Rock Creek and Nome Operations 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.

Recent high metal prices have encouraged increased mining exploration, development and construction activity, which has increased demand for, and cost of, exploration, development and construction 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, exploration, development and construction services and equipment. In order to keep its projects on schedule, NovaGold has made earlier commitments to contractors and suppliers to obtain their services at its properties, particularly Galore Creek. The costs of these services and equipment have increased with increased demand, and may continue to do so if current trends continue. Increased demand for 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 increase potential 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.

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, Donlin Creek and Nome Operations projects 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 debt, convertible notes and equity offerings. In addition, the Company may consider a sale of a significant interest in the Galore Creek property or may enter into a strategic alliance and may utilize one or a combination of all these alternatives. There can be no assurance that the financing alternative chosen by the Company will be available on acceptable terms, or at all. Depending upon the alternative ultimately chosen, NovaGold may have less control over the management of the Galore Creek project then it currently possesses. 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 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.

The Company had working capital of approximately $74.6 million as of November 30, 2006. At present, the Company intends to fund its plan of operations from external sources and working capital. The Company s ability to continue its exploration and development activities, if any, will depend in part on the Company s ability to commence production and generate material revenues or to obtain financing through joint ventures, debt financing, equity financing, production sharing arrangements or other means.

There can be no assurance that the Company will commence production on any of its projects or generate sufficient revenues to meet its obligations as they become due or obtain necessary financing on acceptable terms, if at all. The Company s failure to meet its ongoing obligations on a timely basis could result in the loss or substantial dilution of the Company s interests (as existing or as proposed to be acquired) in its properties. 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 significantly different than those included in this Prospectus.

NovaGold requires various permits and property rights in order to conduct its current and anticipated future operations and delays or a failure to obtain such permits and property rights, or a failure to comply with the terms of any such permits that NovaGold has obtained, could have a material adverse effect on NovaGold.

The Company s current and anticipated future operations, including further exploration, 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. The Company may also be required to obtain certain property rights to access, or use, certain of its properties in order to proceed to development. There can be no assurance that all permits or property rights which the Company requires for the construction of mining facilities and the conduct of mining operations will be obtainable on reasonable terms, or at all, or that the issuance of such permits will not be challenged by third parties. Delays in obtaining or a failure to obtain such permits or property rights, challenges to the issuance of such permits or property rights, whether successful or unsuccessful, or a failure to comply with the terms of any such permits or property rights that the Company has obtained, could have a material adverse impact on the Company.

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.

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

- anticipated tonnage, grades and metallurgical characteristics of the ore to be mined and processed;
- anticipated recovery rates of gold and other metals from the ore;

cash operating costs of comparable facilities and equipment; and

anticipated climatic conditions.

Capital and operating costs, production and economic returns, and other estimates contained in the Galore Creek feasibility study or other feasibility studies, if prepared, may differ significantly from those anticipated by NovaGold s current studies and estimates, and there can be no assurance that the Company s actual capital and operating costs will not be higher than currently anticipated. In addition, delays to construction schedules may negatively impact the net present value and internal rates of return of the Company s mineral properties as set forth in the applicable feasibility studies.

Because NovaGold does not manage Donlin Creek s feasibility and permitting process or oversee its future mine development and operation, NovaGold cannot assure investors that the Donlin Creek project will be managed in a way favourable to NovaGold.

Under the terms of its back-in agreement with the Company, Barrick now manages Donlin Creek s feasibility and permitting processes and currently oversees any future mine development and operation. Barrick commenced a hostile takeover bid for the Company s shares in 2006, which was unsuccessful, and Barrick and the Company are engaged in litigation in Alaska regarding the interpretation of the back-in agreement and the ownership and management of the project. The Company cannot direct Barrick s activities and, therefore, cannot fully predict the pace or the scale of the project s permitting and future development. Barrick s disagreement with the Company may result in actions by Barrick that serve Barrick s interest rather than those of the Company, and there can be no assurance that Barrick will manage the project in a manner consistent with the Company s vision for the project.

Barrick and Calista each retain back-in rights on the Donlin Creek project which, if exercised, could dilute NovaGold s interest in the project.

The Company has earned a 70% interest in the Donlin Creek project under an agreement with Barrick. However, Barrick and the underlying property owner, Calista, have each retained a right to reacquire a portion of the project. With respect to Barrick, this right allows it to increase its current 30% interest to 70%. With respect to Calista, an interest between 5% to 15% can be earned at the time of project development. If the Barrick and Calista rights are exercised in full, the Company s interest in the Donlin Creek project would decline to 25.5%. While the Company believes that Barrick cannot satisfy the back-in requirements, and therefore will not increase its interest to 70%, the meaning of the back-in requirement is the subject of litigation and it is uncertain whether a court would accept the Company s interpretation of the back-in requirements.

NovaGold is currently engaged in litigation with Pioneer and there is no certainty as to the outcome of this litigation.

In October 2005, Pioneer commenced litigation against the Company related to an option agreement between Pioneer and the Company dated March 2004 under which the Company has an option to earn a 60% interest in the Grace claims located at the Galore Creek project. Pioneer is seeking to rescind the option agreement and is claiming unspecified damages for alleged misrepresentations and breach of fiduciary duty. During 2006, Barrick acquired a controlling interest in Pioneer and has indicated it will continue the litigation. The Company also has applied to the government of British Columbia for a surface lease over a portion of the Grace property to use as a tailings and waste rock storage facility for the Galore Creek project. Pioneer is opposing the application. If Pioneer were to prevail in the legal action, the Company would no longer have the exclusive right to explore the Grace Claims. However, if a surface lease is granted by the government of British Columbia, exploration by Pioneer would be limited by the surface lease. An adverse finding against the Company in the litigation or failure to obtain the surface lease in a timely manner or at all could result in project delays, increased development costs or both, which would have a material adverse impact on the Galore Creek project and the Company s financial situation. In addition, a successful challenge to the issuance of the surface lease or the condemnation of the Grace claims could have a material adverse effect on the Company s financial situation.

Current litigation in Alaska may impact NovaGold s interest in and ability to control the direction of the Donlin Creek Project.

On August 25, 2006, NovaGold announced it had filed a lawsuit in Alaska against Barrick alleging breach of contract by Barrick and Placer Dome under the Donlin Creek Mining Venture Agreement dated November 13, 2002, and breach of fiduciary duties owed by Barrick. and Placer Dome to NovaGold as a joint venture partner. Remedies sought include a declaratory judgment to clarify the requirements Barrick must satisfy to earn an additional 40% interest in Donlin Creek and an order to the effect that it is impossible for Barrick to satisfy these requirements, in which case NovaGold is asking to be appointed as manager of the project in place of Barrick. The outcome of the litigation remains uncertain. In the interim, there can be no assurance that Barrick will manage the project in the manner consistent with the Company s vision for the project. Furthermore, if the Barrick rights are exercised, the Company s interest in the Donlin Creek project would decline to 30%.

Current litigation in Alaska may impact NovaGold s ability to conduct dredging and fill operations at the Rock Creek and Big Hurrah project sites.

On December 7, 2006, the Corps announced that it was reviewing the permit evaluation and decision documents with regard to a permit issued on August 21, 2006 for NovaGold s Rock Creek project, and suspended the permit while it completed the review. The Corps will allow NovaGold to continue work in uplands and areas previously disturbed. The permit was issued to NovaGold s subsidiary, Alaska Gold, pursuant to Section 404 of the *Clean Water Act*, and authorized Alaska Gold to conduct dredging and fill operations at the Rock Creek and Big Hurrah sites.

A group of individuals from Nome, Alaska filed a lawsuit against the Corps in mid-November, alleging that the Corps issued the Section 404 permit for Rock Creek in violation of the governing legislation. Although neither NovaGold nor Alaska Gold are named as defendants, the Alaskan court has granted NovaGold s motion to intervene in the case. The case has been dismissed because the Corps suspended the permit.

NovaGold is continuing to work on the plant site and the foundations for the shop and mill buildings as the Company has received the air quality permit. The Company has prepared the plant site for construction of the mill facilities and has cleared a significant portion of the wetlands covered by the permit in the areas of the tailings facility and waste dump areas, as part of normal construction activities. NovaGold received a modified permit on March 13, 2007, entitling it to resume work in areas where work was prohibited while the permit was suspended. However, NovaGold expects that the lawsuit contesting the permit is likely to be refiled. Mine construction at the Rock Creek project may be impeded if the permit is challenged again or if a court enters an order in the litigation temporarily or permanently enjoining the project.

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 its 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 its relationship with Barrick at Donlin Creek, the advancement of the Galore Creek, Ambler, Rock Creek and Nome Operations 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.

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.

Because NovaGold does not currently intend to use forward sale 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.

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

The Company acquired SpectrumGold Inc. and Coast Mountain and 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 which fit NovaGold s 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 cash consideration or the assumption of obligations requiring cash payments. 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.

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.

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

NovaGold has no history of producing precious metals from its current portfolio of mineral exploration properties. Except for the Rock Creek project, which is currently under development, all of the Company s properties, including both of the Company s material properties for purposes of NI 43-101, are in the exploration stage and the Company has not defined or delineated any proven or probable reserves on any of its properties other than at Galore Creek. The future development of any properties found to be economically feasible will require the construction and operation of mines, processing plants and related infrastructure. As a result, NovaGold is subject to all of the risks associated with establishing new mining operations and business enterprises including:

the timing and cost, which can be considerable, of the construction of mining and processing facilities;

the availability and costs of skilled labour and mining equipment;

the availability and cost of appropriate smelting and/or refining arrangements;

the need to obtain necessary environmental and other governmental approvals and permits, and the timing of those approvals and permits; and

the availability of funds to finance construction and development activities.

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

The figures for NovaGold s reserves and resources 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 the documents incorporated by reference herein with securities regulatory authorities, press releases and other public statements that may be made from time-to-time are based upon estimates made by company personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance that:

these estimates will be accurate;

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

this mineralization could be mined or processed profitably.

In addition, Barrick has provided NovaGold with an initial interim resource model for the Donlin Creek project based on partial results from the 2006 drilling program. This interim re