

NOVAGOLD RESOURCES INC

Form SUPPL

March 06, 2008

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

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

**SUBJECT TO COMPLETION, DATED MARCH 6, 2008**

**PROSPECTUS SUPPLEMENT  
(To Prospectus Dated April 16, 2007)**

**NovaGold Resources Inc.**

Common Shares

Cdn\$130,000,000

NovaGold Resources Inc. (the Company or NovaGold ) is selling of its common shares (each a Common Share ). The Company has granted the underwriters an option (the Over-allotment Option ) to purchase up to additional common shares to cover over-allotments.

The outstanding common shares of the Company are listed for trading on the American Stock Exchange ( AMEX ) and the Toronto Stock Exchange (the TSX ) under the symbol NG . On March 5, 2008, the closing price of the Common Shares on AMEX and the TSX was US\$11.26 and Cdn\$11.15, respectively.

**Investing in the common shares involves risks. See Risk Factors beginning on page S-11.**

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

**Prospective investors should be aware that the acquisition of Common Shares 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 fully described herein.**

The enforcement by investors of civil liabilities under the federal securities laws may be affected adversely by the fact that the Company is incorporated under the laws of Nova Scotia, Canada, that some of its officers and directors are residents of Canada, 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 supplement is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	Cdn\$	Cdn\$
Underwriting Commission	Cdn\$	Cdn\$
Proceeds to NovaGold (before expenses)	Cdn\$	Cdn\$

The underwriters expect to deliver the Common Shares to purchasers on or about , 2008.

**Scotia Capital**

**Cormark Securities**

, 2008

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## GENERAL MATTERS

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

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

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

## CURRENCY AND FINANCIAL STATEMENT PRESENTATION

Unless stated otherwise or the context otherwise requires, all references to dollar amounts in this prospectus supplement are references to Canadian dollars. References to \$ or Cdn\$ are to Canadian dollars and references to US\$ are to U.S. dollars. See Exchange Rate Information . The Company's financial statements that are incorporated by reference into this prospectus supplement have been prepared in accordance with generally accepted accounting principles in Canada, and the financial statements for the year ended November 30, 2007 are reconciled to generally accepted accounting principles in the United States as described in note 16 to the Company's audited consolidated annual financial statements for fiscal 2007.

## CAUTIONARY NOTE TO UNITED STATES INVESTORS

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

Canadian standards, including NI 43-101, differ significantly from the requirements of the United States Securities and Exchange Commission ( SEC ), and reserve and resource information contained or incorporated by reference into this prospectus supplement and the accompanying base shelf prospectus may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term resource

does not equate to the term reserves . Under U.S. standards, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. The SEC s disclosure standards normally do not permit the inclusion of information concerning measured mineral resources , indicated mineral resources or inferred mineral resources or other descriptions of the amount of mineralization in mineral deposits that do not constitute reserves by U.S. standards in documents filed with the SEC. U.S. investors should also understand that inferred mineral resources have a great amount of uncertainty as to their existence and great

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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, 2007, which is incorporated by reference, for a description of certain of the mining terms used in this prospectus supplement and the accompanying base shelf prospectus and the documents incorporated by reference herein and therein.

### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

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

Statements concerning mineral reserve and resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as expects, anticipates, plans, estimates, intends, strategy, goals, objectives or stating that certain actions or results may, could, would, might or will be taken, occur or be achieved, or the negative of any of these terms or 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:

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

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

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

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

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

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

commodity price fluctuations;

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

currency fluctuations;

risks related to governmental regulation, including environmental regulation;

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

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

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

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

uncertainty related to title to the Company's mineral properties;

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

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

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

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

increased competition in the mining industry; and

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

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

### **EXCHANGE RATE INFORMATION**

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

**Year Ended November 30,**

	<b>2007</b>	<b>2006</b>	<b>2005</b>
Rate at end of period	1.0000	1.1422	1.1669
Average rate based on last day each month	1.0812	1.1302	1.2123
High for period	0.9215	1.0983	1.1627
Low for period	1.1855	1.1731	1.2696

On March 6, 2008, the exchange rate based on the Bank of Canada noon rate was US\$1.00 per \$0.9848 and on November 30, 2007 was US\$1.00 per \$1.0008.

## THE OFFERING

The following summary contains basic information about the Offering and is not intended to be complete. It does not contain all the information that is important to you. You should carefully read the entire prospectus supplement, the accompanying base shelf prospectus and the documents incorporated by reference herein and therein before making an investment decision. Unless otherwise indicated, the information in this prospectus supplement assumes that the Underwriters do not exercise their Over-allotment Option to purchase additional Common Shares.

Issuer	NovaGold Resources Inc.
Securities offered	Common Shares.
Over-allotment Option	The Underwriters have been granted an Over-allotment Option to purchase up to additional Common Shares at the Offering price. The Over-allotment Option is exercisable for 30 days from the date of closing of the Offering.
Use of proceeds	The net proceeds from this Offering will be approximately \$122.5 million (or approximately \$141.0 million if the Underwriters exercise their Over-allotment Option in full), after deducting the Underwriting Commission and estimated expenses. The Company intends to use the net proceeds of this Offering to repay the amount drawn on the Company's \$30 million credit facility, to fund exploration and development of the Company's mineral properties, and for general working capital.
Stock Exchange symbols	The Common Shares are listed on the AMEX and on the TSX under the symbol NG .
Income Tax considerations	<p>The Common Shares will be subject to special and complex tax rules for U.S. taxpayers. Holders are urged to consult their own tax advisors with respect to the U.S. and Canadian federal, state, provincial, territorial, local and foreign tax consequences of purchasing, owning and disposing of the Common Shares. See Certain Income Tax Considerations for U.S. Holders .</p> <p>Potential investors that are U.S. taxpayers should be aware that we believe we were a passive foreign investment company, or PFIC, for the taxable year ended November 30, 2007, but the Company believes it will not be a PFIC for the taxable year ending November 30, 2008 if commercial production commences at Rock Creek and Big Hurrah in mid-2008, as currently anticipated, and produces sufficient revenue to cause the Company to cease to be a PFIC. For more information on tax considerations related to our PFIC status see Certain Income Tax Considerations for U.S. Holders United States Federal Income Tax Considerations .</p>
Risk Factors	

See Risk Factors in this prospectus supplement and the accompanying base shelf prospectus for a discussion of factors you should carefully consider before deciding to invest in the Common Shares.

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## THE COMPANY

### Description of the Business

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

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

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

Galore Creek which is a large copper-gold-silver project located in northwestern British Columbia held by a partnership in which NovaGold and Teck Cominco Limited ( Teck Cominco ) each have a 50% interest (the Galore Creek Partnership ). The Galore Creek project is the subject of an October 2006 feasibility study; however, construction at the Galore Creek project has been suspended while the Company and Teck Cominco reassess the project and evaluate alternative development strategies in light of information indicating increased capital costs and a longer construction schedule from those contemplated by the feasibility study. A revised resource estimate for the Galore Creek project totals measured and indicated resources of 8.9 billion pounds of copper, 7.3 million ounces of gold and 123 million ounces of silver, with additional inferred resources, including the Copper Canyon deposit of which NovaGold holds 60% (held in trust for the Galore Creek Partnership), of 3.6 billion pounds of copper, 3.8 million ounces of gold and 65 million ounces of silver.

Ambler, in which NovaGold is earning a 51% interest in joint venture with subsidiaries of Rio Tinto plc ( Rio Tinto ), is a large, high-grade earlier stage polymetallic massive sulphide deposit with indicated resources of 1.5 billion pounds of copper, 2.2 billion pounds of zinc, 0.5 million ounces of gold, 32.3 million ounces of silver and 350 million pounds of lead, with additional inferred resources of 0.9 billion pounds of copper, 1.3 billion pounds of zinc, 0.3 million ounces of gold, 18.6 million ounces of silver and 210 million pounds of lead.

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

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



## Summary of Reserves

Property Ownership	Resource Category	Tonnes Millions	Au g/t	In Situ Grade				Total Contained Metal					NovaGold Share Net After Earn-Ins					
				Ag g/t	Cu %	Zn %	Pb %	Au Moz	Ag Moz	Cu Mlbs	Zn Mlbs	Pb Mlbs	Au Moz	Ag Moz	AuEq Moz	Cu Mlbs	Zn Mlbs	
Donlin Creek 0.6 g/t Cutoff	Probable	7.8	1.3					0.3					0.3			0.3		
Murrumbidgee 1.33 g/t Cutoff	Probable	1.2	4.8					0.2					0.2			0.2		
<b>Probable Reserves</b>		<b>9.0</b>	<b>1.8</b>					<b>0.5</b>					<b>0.5</b>			<b>0.5</b>		

## Summary of Measured, Indicated, Inferred and Historical Resources (1)

## Donlin Creek ((2) 0.76 g/t Cutoff

50% Ownership 50% Owned by Barrick Gold Corporation (Calista Corporation has the right to acquire up to a 15% interest)

Resource Category	Tonnes Millions	Au g/t	In Situ Grade				Total Contained Metal					NovaGold Share Net After Earn-Ins					
			Ag g/t	Cu %	Zn %	Pb %	Au Moz	Ag Moz	Cu Mlbs	Zn Mlbs	Pb Mlbs	Au Moz	Ag Moz	AuEq Moz	Cu Mlbs	Zn Mlbs	Pb Mlbs
Measured	4.3	2.7					0.4					0.2			0.2		
Indicated	367.4	2.5					29.0					14.5			14.5		
<b>Total M&amp;I</b>	<b>371.7</b>	<b>2.5</b>					<b>29.4</b>					<b>14.7</b>			<b>14.7</b>		
Inferred	46.5	2.3					3.5					1.7			1.7		

## Galore Creek (3) 0.21% CuEq Cutoff

50% Ownership 50% Owned by Teck Cominco Limited

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

**Copper Canyon (4) 0.35% CuEq Cutoff**

60% Ownership NovaGold interest held in trust for the Galore Creek Partnership

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

**Rock Creek 0.6 g/t Cutoff**

100% Ownership

Resource Category	Tonnes Millions	Au g/t	In Situ Grade				Total Contained Metal					NovaGold Share Net After Earn-Ins					
			Ag g/t	Cu %	Zn %	Pb %	Au Moz	Ag Moz	Cu Mlbs	Zn Mlbs	Pb Mlbs	Au Moz	Ag Moz	AuEq Moz	Cu Mlbs	Zn Mlbs	Pb Mlbs
Measured	4.6	1.2					0.2						0.2		0.2		
<b>Total M&amp;I</b>	<b>4.6</b>	<b>1.2</b>					<b>0.2</b>						<b>0.2</b>		<b>0.2</b>		
Inferred	2.0	1.1					0.1						0.1		0.1		

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**Big Hurrah 1.0 g/t Cutoff**

100% Ownership

Resource Category	Tonnes Millions	Au g/t	In Situ Grade				Pb %	Total Contained Metal					NovaGold Share Net After Earn-Ins						
			Ag g/t	Cu %	Zn %	Au Moz		Ag Moz	Cu Mlbs	Zn Mlbs	Pb Mlbs	Au Moz	Ag Moz	AuEq Moz	Cu Mlbs	Zn Mlbs	Pb Mlbs		
Measured Indicated	0.9	2.7					0.08						0.08			0.08			
<b>Total M&amp;I</b>	<b>0.9</b>	<b>2.7</b>					<b>0.08</b>						<b>0.08</b>			<b>0.08</b>			
Inferred	0.2	3.0					0.01						0.01			0.01			

**Saddle (5) 1.0 g/t Cutoff**

100% Ownership

Resource Category	Tonnes Millions	Au g/t	In Situ Grade				Pb %	Total Contained Metal					NovaGold Share Net After Earn-Ins						
			Ag g/t	Cu %	Zn %	Au Moz		Ag Moz	Cu Mlbs	Zn Mlbs	Pb Mlbs	Au Moz	Ag Moz	AuEq Moz	Cu Mlbs	Zn Mlbs	Pb Mlbs		
Historical	3.6	2.2					0.3						0.3			0.3			

**Nome Gold (6) 0.2 g/m3 Cutoff**

100% Ownership

Resource Category	Volume m3	Au g/m3	In Situ Grade				Pb %	Total Contained Metal					NovaGold Share Net After Earn-Ins						
			Ag g/t	Cu %	Zn %	Au Moz		Ag Moz	Cu Mlbs	Zn Mlbs	Pb Mlbs	Au Moz	Ag Moz	AuEq Moz	Cu Mlbs	Zn Mlbs	Pb Mlbs		
Measured	79.1	0.3					0.8						0.8			0.8			
Indicated	83.8	0.3					0.8						0.8			0.8			
<b>Total M&amp;I</b>	<b>162.9</b>	<b>0.3</b>					<b>1.6</b>						<b>1.6</b>			<b>1.6</b>			
Inferred	30.6	0.3					0.3						0.3			0.3			

**Ambler (7) \$100 Gross Metal Value / Tonne Cutoff**

Earning 51% from Rio Tinto

Tonnes Millions	Au g/t	In Situ Grade				Au Moz	Total Contained Metal					NovaGold Share Net Af				
		Ag g/t	Cu %	Zn %	Pb %		Ag Moz	Cu Mlbs	Zn Mlbs	Pb Mlbs	Au Moz	Ag Moz	AuEq Moz	Cu Mlbs		
16.8	0.8	59.6	4.1	6.0	0.9	0.5	32.3	1,538	2,237	350	0.2	16.5	0.5	785		
<b>16.8</b>	<b>0.8</b>	<b>59.6</b>	<b>4.1</b>	<b>6.0</b>	<b>0.9</b>	<b>0.5</b>	<b>32.3</b>	<b>1,538</b>	<b>2,237</b>	<b>350</b>	<b>0.2</b>	<b>16.5</b>	<b>0.5</b>	<b>785</b>		
11.9	0.7	48.4	3.6	5.0	0.8	0.3	18.6	937	1,313	210	0.1	9.5	0.3	478		

**Shotgun (6) 0.5 g/t Cutoff**

50% Ownership 50% owned by TNR Resources

Resource Category	Tonnes Millions	In Situ Grade					Total Contained Metal					NovaGold Share Net After Earn-Ins					
		Au g/t	Ag g/t	Cu %	Zn %	Pb %	Au Moz	Ag Moz	Cu Mlbs	Zn Mlbs	Pb Mlbs	Au Moz	Ag Moz	AuEq Moz	Cu Mlbs	Zn Mlbs	Pb Mlbs
Historical	32.8	0.9					1.0					0.5		0.5			
<b>Total</b>	<b>32.8</b>	<b>0.9</b>					<b>1.0</b>					<b>0.5</b>		<b>0.5</b>			

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

**Notes:**

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

2. See numbered footnotes below on resource information. Resources shown in the right-hand columns are reported as net values to NovaGold after all project earn-ins.
3. The gold equivalent (AuEq) is calculated using gold and silver in the ratio of gold + silver / (US\$650 Au / US\$11 Ag).

**Resource Footnotes:**

- (1) Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred Resources are in addition to Measured and Indicated Resources. Details of Measured and Indicated Resources and other NI 43-101 information can be found in the relevant Technical Reports, all of which have been filed with the Canadian Securities Regulators and which are available on SEDAR ([www.sedar.com](http://www.sedar.com)). Inferred Resources have a great amount of uncertainty as to their existence and whether they can be mined legally or economically. It cannot be assumed that all or any part of the Inferred Resources will ever be upgraded to a higher category. Although Measured Resources, Indicated Resources and Inferred Resources are categories of mineralization that are recognized and required to be disclosed by Canadian regulations, the SEC does not recognize them. Disclosure of contained ounces is permitted under Canadian regulations, however, the SEC generally permits resources to be reported only as in place tonnage and grade. See Cautionary Note to United States Investors.
- (2) A variable cut-off grade has been estimated based on recent estimates of mining costs, processing costs (dependent upon sulphur content), selling costs and royalties, rather than gold grade alone. Resources are constrained within a Lerchs-Grossman (LG) open-pit shell using the long-term metal price assumption of US\$650/oz of gold. Assumptions for the LG shell included pit slopes varying by sector and pit area: mining cost is variable with depth, averaging US\$1.57/t mined; process cost is calculated as the percent sulfur grade x US\$2.09 + US\$10.91; general and administrative costs, gold selling cost and sustaining capital are reflected on a per tonne basis. Based on metallurgical testing, gold recovery is assumed to be 89.5%. Blocks with a cost margin of US\$0.01/t or higher above the variable cutoff were reported. Waste blocks within the open-pit shell surrounded by blocks above cutoff are included in resource estimate. Blocks above cutoff within the open-pit shell surrounded by blocks of waste are excluded from the resource estimate.
- (3) The copper-equivalent grade was calculated as follows:  $CuEq = \text{Recoverable Revenue} / 2204.62 / \text{US\$1.55} / \text{Cu Recovery}$ . Where: CuEq = Copper equivalent grade; Recoverable Revenue = Revenue in US dollars for recoverable copper, recoverable gold, and recoverable silver using metal prices of Cu US\$/lb = 1.550, Au US\$/oz = 650, Ag US\$/oz = 11. Cu Recovery = Recovery for copper based on mineral zone and total copper grade. The cut-off grade is based on assumptions of offsite concentrate and smelter charges and onsite plant recovery) and is used for break-even mill feed/waste selection.
- (4) The copper equivalent (CuEq) calculations use metal prices of US\$375/oz for gold, US\$5.50/oz for silver and US\$0.90/lb for copper. Copper equivalent calculations reflect gross metal content that have been adjusted for metallurgical recoveries based on the following criteria: copper recovery =  $(\%Cu - 0.06) / \%Cu$  with a minimum of 50% and maximum of 95%; gold recovery =  $(Au \text{ g/t} - 0.14) / Au \text{ g/t}$  with a minimum of 30% and maximum of 80%; and silver recovery = 80%.
- (5) These estimates include historical resources that are not NI 43-101 compliant. The historical resource for the Saddle deposit was completed by the Alaska Gold Company in 2000 and the historical resource for Shotgun was completed by NovaGold Resources Inc., in 1998. Although believed by NovaGold management to be relevant and reliable, these historical resources pre-date NI 43-101 and because they were not estimated in compliance with NI 43-101 procedures, they are not NI 43-101 resources. Historical resources were completed prior to the

February 2001 adoption of NI 43-101 procedures. See Cautionary Note to United States Investors .

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

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

## **Recent Developments**

### ***Donlin Creek***

On December 1, 2007, the Company entered into an agreement with Barrick that provided for the conversion of the Donlin Creek joint venture into a new limited liability company, which is owned 50% by the Company and 50% by Barrick. Pursuant to the limited liability company agreement, the Company has agreed to reimburse Barrick over time for approximately US\$64.8 million, representing 50% of Barrick's approximately US\$129.6 million expenditures at the Donlin Creek project from April 1, 2006 to November 30, 2007. The Company's reimbursement will be made following the effective date of the agreement, by the Company paying the next approximately US\$12.7 million of Barrick's share of project development costs, and the remaining approximately US\$52.1 million will bear interest and be paid out of future mine production cash flow. After the Company's initial contribution, all funding will be shared by both parties on a 50/50 basis.

### ***Galore Creek Partnership***

On August 1, 2007, the Company formed the Galore Creek Partnership. Each of NovaGold and Teck Cominco has a 50% interest in the Galore Creek project. The activities of the Galore Creek Partnership are being conducted by the jointly managed Galore Creek Mining Corporation ( GCMC ). Under the original agreement, the Company

contributed its assets in the Galore Creek project to the Galore Creek Partnership and Teck Cominco was to fund an initial contribution after which both partners would be equally responsible to fund the project going forward. In addition, under the terms of the original partnership agreement, the Company would receive up to US\$50 million of preferential distributions once the Galore Creek project was fully operational, if partnership revenues exceeded certain established targets in the first year of commercial production.

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

### *Acquisitions*

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

On November 14, 2007, the Company provided notice to Copper Canyon Resources Ltd. that it had completed its earn-in requirements under the Copper Canyon Option Agreement dated October 1, 2003 between Eagle Plains Resources Ltd. (the agreement was transferred to Copper Canyon Resources Ltd.) and SpectrumGold Inc. (now NovaGold Canada Inc.) to earn a 60% interest in the Copper Canyon property. On February 12, 2008, NovaGold notified Copper Canyon Resources Ltd. that it would not exercise a second option for an additional 20% interest in the Copper Canyon property and, upon such notice, was deemed to have formed a joint venture with Copper Canyon Resources Ltd. to develop the property. NovaGold's 60% interest in the Copper Canyon property is being held in trust for the Galore Creek Partnership.

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

On August 3, 2006, NovaGold completed the acquisition of all of the outstanding common shares and stock options of Coast Mountain Power Corp. ( 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. On March 26, 2007, Coast Mountain changed its name to NovaGreen Power Inc. Coast Mountain is a green power company with run-of-river hydroelectric projects located near the Galore Creek project. 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 of electricity into the British Columbia hydroelectric grid. The project has received all critical approvals and permits

necessary for the construction of the hydroelectric plant and power transmission lines to connect to the BC Hydro grid.

On July 7, 2005, the Company issued 6,260,000 special warrants at \$10.00 per special warrant for net proceeds of \$58.8 million. Each special warrant was converted on August 18, 2005 into one common share and one-half share purchase warrant. One full-share purchase warrant entitled the holder to acquire one common share of the Company

at a price of \$12.10 on or before January 7, 2008. The warrants were out of the money on January 7, 2008 and expired unexercised.

***Other***

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

## RISK FACTORS

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

### ***Risks relating to the Common Shares and the Offering.***

*The trading price for the Company's securities is volatile.*

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

the price of gold and other metals;

the Company's operating performance and the performance of competitors and other similar companies;

the public's reaction to the Company's press releases, other public announcements and the Company's filings with the various securities regulatory authorities;

changes in earnings estimates or recommendations by research analysts who track the Company's common shares or the shares of other companies in the resource sector;

changes in general economic conditions;

the number of the Company's common shares to be publicly traded after an offering pursuant to any prospectus supplement;

the arrival or departure of key personnel;

acquisitions, strategic alliances or joint ventures involving the Company or its competitors; and

the factors listed under the heading Cautionary Statement Regarding Forward-Looking Statements .

In addition, the market price of the Company's common shares is affected by many variables not directly related to the Company's success and therefore not within the Company's control, including other developments that affect the market for all resource sector shares, the breadth of the public market for the Company's share, and the attractiveness of alternative investments. The effect of these and other factors on the market price of common shares on the exchanges on which the Company trades has historically made the Company's share price volatile and suggests that the Company's share price will continue to be volatile in the future.

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

Sales of a substantial number of our common shares or other equity-related securities in the public markets by the Company or its significant shareholders could depress the market price of the Common Shares and impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that future sales of our common shares or other equity-related securities would have on the market price of our common shares. The price of our common shares could be affected by possible sales of our common shares by hedging or arbitrage trading activity which we expect to occur involving our common shares.

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

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

If our Rock Creek and Big Hurrah projects are placed into production, we expect that we will not be a PFIC for the taxable year during which sufficient revenue is generated from the mine, and we expect that we will not be a PFIC for each subsequent taxable year thereafter. The determination of whether we will be a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether we will be a PFIC for any taxable year generally depends on our assets and income over the course of each such taxable year and, as a result, cannot be predicted with certainty as of the date of this prospectus supplement. Accordingly, there can be no assurance that the IRS will not challenge the determination made by us concerning our PFIC status or that we will not be a PFIC for any taxable year.

Alternatively, a U.S. taxpayer that makes a QEF election generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of our net capital gain and ordinary earnings (calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by us. We intend to satisfy the record keeping requirements and provide the required information under the QEF rules in the event that we are a PFIC and a U.S. taxpayer wishes to make a QEF election.

As a second alternative, a U.S. taxpayer may make a mark-to-market election if we are a PFIC and the common shares are marketable stock (as specifically defined). A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which we are a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the common shares as of the close of such taxable year over (b) such U.S. taxpayer's tax basis in such common shares.

For additional discussion, see *Certain Income Tax Considerations for U.S. Holders* United States Federal Income Tax Considerations .

### ***Risks Relating to the Company's Business.***

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

The Company has documented and tested, during the current fiscal year, its internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act ( SOX ). Commencing November 30, 2006, the end of the Company's 2006 fiscal year, SOX requires an annual assessment by management of the effectiveness of the Company's internal control over financial reporting and an attestation report by the Company's independent auditors

addressing this assessment. Management concluded that the Company's internal control over financial reporting was ineffective as of November 30, 2007 due to a material weakness identified by its external auditors in the preparation and review of the U.S. GAAP reconciliation to Canadian GAAP, specifically in respect to project expenditures capitalized or expensed under U.S. GAAP. Further, the remediation efforts designed by the Company may not be adequate to address the material weakness. Due to the existence of the material weakness relating to U.S. GAAP, the Company has also determined that its disclosure controls and procedures, as defined under the Securities Exchange Act of 1934, were not effective.

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

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

*An Alaskan Clean Water initiative, if adopted and upheld, may adversely affect our ability to develop the Donlin Creek project.*

A ballot initiative may appear on the November 2008 Alaskan ballot which imposes new prohibitions on new large scale metallic mineral mining operations in Alaska. In the cost statement accompanying the initiative, the Division of Elections noted that [b]y prohibiting any discharge of certain pollutants, even if those discharges meet or exceed existing state and federal water quality standards, this initiative would effectively prohibit most, if not all new large scale mining activity. If this initiative is adopted and found to be constitutional, it may be difficult or impossible for any large mining project, such as the Donlin Creek project, to be permitted. An Alaska court has held this initiative to be unconstitutional, but this determination is expected to be appealed.

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

NovaGold has no history of producing precious metals from its current portfolio of mineral exploration properties. All of the Company's properties are in the exploration or development stage and the Company has only defined or delineated any probable reserves at its Rock Creek project. None of the Company's properties, other than Rock Creek, are currently under development. The future development of any properties found to be economically feasible will require the construction and operation of mines, processing plants and related infrastructure. As a result, NovaGold is subject to all of the risks associated with establishing new mining operations and business enterprises, including:

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

the availability and costs of skilled labour and mining equipment;

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

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

the availability of funds to finance construction and development activities.

The costs, timing and complexities of mine construction and development are increased by the remote location of the Company's mining properties. It is common in new mining operations to experience unexpected problems

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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 resources and reserves are estimates based on interpretation and assumptions and may yield less mineral production under actual conditions than is currently estimated.*

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

these estimates will be accurate;

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

this mineralization could be mined or processed profitably.

Because the Company has not commenced production at any of its properties, and has not defined or delineated any proven or probable reserves on any of its properties other than at Rock Creek, mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. For example, as a result of the escalation of costs at the Galore Creek project, the previously reported reserves at the Galore Creek project were reclassified as resources. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

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

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

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

The capital costs to take the Company's projects into production may be significantly higher than anticipated. Escalation of costs was a significant factor in the decision to suspend construction at the Galore Creek project.

None of the Company's mineral properties, including the Galore Creek, Donlin Creek, Rock Creek and Ambler projects, have an operating history upon which the Company can base estimates of future operating costs. Decisions

about the development of these and other mineral properties will ultimately be based upon feasibility studies. Feasibility studies derive estimates of cash operating costs based upon, among other things:

anticipated tonnage, grades and metallurgical characteristics of the ore to be mined and processed;

anticipated recovery rates of gold and other metals from the ore;

cash operating costs of comparable facilities and equipment; and

anticipated climatic conditions.

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

### USE OF PROCEEDS

The Company estimates that the net proceeds from the Offering will be approximately \$122.5 million after deducting the Underwriting Commission and the Company's estimated fees and expenses. If the Underwriters' Over-allotment Option is exercised in full, the net proceeds will be approximately \$141.0 million. The Company intends to use the net proceeds from the Offering to repay the amount drawn down under the Company's \$30 million credit facility, to fund general exploration and development on the Company's projects and for general corporate purposes. As of the date hereof, there is approximately \$16 million outstanding under the credit facility.

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

Scotia Capital Inc. is an affiliate of a Canadian chartered bank that entered into a \$30 million credit agreement with the Company as borrower dated January 31, 2008. Consequently, the Company may be considered to be a "connected issuer" of Scotia Capital Inc. within the meaning of applicable Canadian securities laws. See "Relationship Between the Company and A Certain Underwriter".

### DIVIDEND POLICY

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

### CONSOLIDATED CAPITALIZATION

The following table sets forth the cash and cash equivalents, long term debt and capitalization of NovaGold as of November 30, 2007 on an actual basis and as adjusted to give effect to this Offering as though it had occurred on such date. This table should be read in conjunction with the Company's audited consolidated financial statements for the year ended November 30, 2007.

<b>As at November 30, 2007 (In thousands)</b>	<b>As at November 30, 2007 after giving effect to the issuance of the Common Shares(2) (In thousands)</b>
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Cash and cash equivalents(3)	\$	97,916	\$	220,371(1)
Long term financial liabilities(4)	\$	139,131	\$	
Outstanding common shares(5)(6) (1,000,000,000 authorized)		104,898,102	\$	

Notes:

- (1) After deduction of the Underwriting Commission and the estimated expenses of the Offering.
- (2) Prior to the exercise of the Over-allotment Option.
- (3) These figures do not include restricted cash.
- (4) These figures do include US\$64.8 million of other liabilities at November 30, 2007 that relate to costs on the Donlin Creek project at 50% ownership funded by Barrick and payable from the Company's future cash flow from Donlin Creek.
- (5) These figures do not include 8,761,000 common shares reserved for issuance pursuant to outstanding stock options, which were exercisable at a weighted average exercise price of \$8.76 as at November 30, 2007.
- (6) These figures include approximately 9,396 common shares held by a wholly-owned subsidiary of the Company.

## DESCRIPTION OF SHARE CAPITAL

The Company's authorized share capital consists of 1,000,000,000 common shares without par value and 10,000,000 preferred shares, issuable in series. As at March 6, 2008, the Company had 105,161,311 common shares and no preferred shares issued and outstanding.

### Common Shares

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

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

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

### Preferred Shares

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

## CERTAIN INCOME TAX CONSIDERATIONS FOR U.S. HOLDERS

### Canadian Income Tax Considerations

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company, and McCarthy Tétrault LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax consequences of the purchase, ownership and disposition of the Common Shares generally applicable to purchasers of Common Shares pursuant to this prospectus supplement who are U.S. Holders (as defined below under the heading "Certain United States Federal Income Tax Considerations") and, who, at all relevant times, are not and never have been residents of Canada for the purposes of the *Income Tax Act* (Canada) (the "Tax Act") and the regulations thereunder (the "Regulations") and the *Canada - United States Income Tax Convention (1980)* (the "Convention"), hold their Common Shares as capital property, deal at arm's length and are not affiliated with the Company for the purposes of the Tax Act, and do not use or hold and are not deemed to use or hold such Common Shares in connection with a business carried on in Canada. Common Shares will generally be considered to be capital property to a U.S. Holder unless the shares are held in the course of carrying on a business of trading or dealing in securities or were acquired in one or more transactions considered to be an adventure in the nature of trade. This summary does not apply to a U.S. Holder that carries on, or

is deemed to carry on, an insurance business in Canada and elsewhere; and such holders should consult their own tax advisers.

This summary is based upon the current provisions of the Tax Act, the Regulations, all specific proposals (the Proposals ) to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, and the provisions of the Convention as in effect on the date hereof. No assurance can be given that the Proposals will be enacted as proposed, if at all. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, nor

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does it take into account tax laws of any province or territory of Canada or of any jurisdiction outside of Canada. For the purposes of the Tax Act, all amounts must be determined in Canadian dollars.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular U.S. Holder. The tax liability of a U.S. Holder will depend on the holder's particular circumstances. Accordingly, U.S. Holders should consult with their own tax advisors for advice with respect to their own particular circumstances.**

### *Dividends*

Dividends paid or credited or deemed to be paid or credited to a non-resident of Canada for purposes of the Tax Act in respect of the Common Shares will be subject to Canadian withholding tax at a rate of 25% of the gross amount of the dividends. Under the Convention, the rate of Canadian withholding tax on dividends paid or credited or deemed to be paid or credited by the Company to a U.S. Holder that is a resident of the United States for purposes of the Convention and that beneficially owns such dividends is generally 15% unless the beneficial owner is a company which owns at least 10% of the Company's voting stock at that time in which case the rate of Canadian withholding tax is reduced to 5%. U.S. Holders that are Limited Liability Corporations should consult their own tax advisors for advice with respect to their entitlement, if any, to relief under the Convention.

### *Dispositions*

A U.S. Holder will not be subject to tax in Canada on any capital gain realized on a disposition of Common Shares provided that the shares do not constitute taxable Canadian property of the U.S. Holder at the time of disposition. Generally, Common Shares will not constitute taxable Canadian property to a U.S. Holder provided that such shares are listed on a designated stock exchange (which currently includes the TSX and AMEX) at the time of the disposition and, during the 60 month period immediately preceding the disposition, the U.S. Holder, persons with whom the U.S. Holder does not deal at arm's length, or the U.S. Holder together with all such persons has not owned 25% or more of the issued shares of any series or class of the capital stock of the Company and has not owned an interest in or an option to acquire 25% or more of any class or series of shares of the Company.

### **United States Federal Income Tax Considerations**

The following is a summary of certain material U.S. federal income tax consequences to a U.S. Holder (as defined below) arising from and relating to the acquisition, ownership, and disposition of common shares of the Company ( Common Shares ).

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

### *Scope of this Summary*

*Authorities*

This summary is based on the Code, Treasury Regulations (whether final, temporary, or proposed), published rulings of the Internal Revenue Service (the IRS), published administrative positions of the IRS, the Convention Between Canada and the United States of America with Respect to Taxes on Income and on Capital, signed September 26, 1980, as amended (the Canada-U.S. Tax Convention), and U.S. court decisions that are applicable

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and, in each case, as in effect and available, as of the date of this prospectus. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive basis. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive basis.

#### *U.S. Holders*

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

#### *Non-U.S. Holders*

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

#### *U.S. Holders Subject to Special U.S. Federal Income Tax Rules Not Addressed*

This summary does not address the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares to U.S. Holders that are subject to special provisions under the Code, including the following U.S. Holders: (a) U.S. Holders that are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) U.S. Holders that are financial institutions, insurance companies, real estate investment trusts, or regulated investment companies; (c) U.S. Holders that are dealers in securities or currencies or U.S. Holders that are traders in securities that elect to apply a mark-to-market accounting method; (d) U.S. Holders that have a functional currency other than the U.S. dollar; (e) U.S. Holders that are liable for the alternative minimum tax under the Code; (f) U.S. Holders that own Common Shares as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position; (g) U.S. Holders that acquired Common Shares in connection with the exercise of employee stock options or otherwise as compensation for services; (h) U.S. Holders that hold Common Shares other than as a capital asset within the meaning of Section 1221 of the Code; (i) U.S. expatriates or former long-term residents of the United States; and (j) U.S. Holders that own (directly, indirectly, or by attribution) 10% or more, by voting power or value, of the outstanding shares of the Company. U.S. Holders that are subject to special provisions under the Code, including U.S. Holders described immediately above, should consult their own financial advisor, legal counsel or accountant regarding the U.S. federal income, U.S. state and local, and foreign tax consequences of the acquisition, ownership, and disposition of Common Shares.

If an entity that is classified as a partnership (or pass-through entity) for U.S. federal income tax purposes holds Common Shares, the U.S. federal income tax consequences to such partnership (or pass-through entity) and the partners of such partnership (or owners of such pass-through entity) generally will depend on the activities of the partnership (or pass-through entity) and the status of such partners (or owners). Partners of entities that are classified

as partnerships (or owners of pass-through entities) for U.S. federal income tax purposes should consult their own financial advisor, legal counsel or accountant regarding the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares.

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*Tax Consequences Other than U.S. Federal Income Tax Consequences Not Addressed*

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

***U.S. Federal Income Tax Consequences of the Acquisition, Ownership, and Disposition of Common Shares***

*Distributions on Common Shares*

*General Taxation of Distributions*

Except as discussed below under *Additional Rules that May Apply to U.S. Holders – Passive Foreign Investment Company*, a U.S. Holder that receives a distribution, including a constructive distribution, with respect to the Common Shares will be required to include the amount of such distribution in gross income as a dividend (without reduction for any Canadian income tax withheld from such distribution) to the extent of the current or accumulated earnings and profits of the Company. To the extent that a distribution exceeds the current and accumulated earnings and profits of the Company, such distribution will be treated (a) first, as a tax-free return of capital to the extent of a U.S. Holder's tax basis in the Common Shares and, (b) thereafter, as gain from the sale or exchange of such Common Shares. (See more detailed discussion at *Disposition of Common Shares* below). Dividends paid on the Common Shares generally will not be eligible for the dividends received deduction available to domestic corporations.

*Reduced Tax Rates for Certain Dividends*

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

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

As discussed below, the Company believes that it was a PFIC for its prior taxable year, may be a PFIC for its current taxable year, and may be a PFIC for the taxable year ending in one or more subsequent taxable years. (See more detailed discussion at *Additional Rules that May Apply to U.S. Holders – Passive Foreign Investment Company* below.) Accordingly, the Company does not expect to be a QFC for the current taxable year and may not be a QFC in one or more subsequent taxable years.

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

*Distributions Paid in Foreign Currency*

The amount of a distribution paid to a U.S. Holder in foreign currency generally will be equal to the U.S. dollar value of such distribution based on the exchange rate applicable on the date of receipt. A U.S. Holder that does not convert foreign currency received as a distribution into U.S. dollars on the date of receipt generally will have a tax basis in such foreign currency equal to the U.S. dollar value of such foreign currency on the date of receipt. Such a

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U.S. Holder generally will recognize ordinary income or loss on the subsequent sale or other taxable disposition of such foreign currency (including an exchange for U.S. dollars).

#### *Disposition of Common Shares*

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

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

#### *Foreign Tax Credit*

A U.S. Holder that pays (whether directly or through withholding) Canadian income tax with respect to dividends paid on the Common Shares generally will be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such Canadian income tax paid. Generally, a credit will reduce a U.S. Holder's U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder's income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder's U.S. federal income tax liability that such U.S. Holder's foreign source taxable income bears to such U.S. Holder's worldwide taxable income. In applying this limitation, a U.S. Holder's various items of income and deduction must be classified, under complex rules, as either foreign source or U.S. source. In addition, this limitation is calculated separately with respect to specific categories of income. Dividends paid by the Company generally will constitute foreign source income and generally will be categorized as passive income. The foreign tax credit rules are complex, and each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the foreign tax credit rules.

#### *Information Reporting; Backup Withholding Tax*

Payments made within the U.S., or by a U.S. payor or U.S. middleman, of dividends on, or proceeds arising from the sale or other taxable disposition of, Common Shares generally will be subject to information reporting and backup withholding tax (currently at a rate of 28%), if a U.S. Holder (a) fails to furnish such U.S. Holder's correct U.S. taxpayer identification number (generally on Form W-9), (b) furnishes an incorrect U.S. taxpayer identification number, (c) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding tax, or (d) fails to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding tax. However, U.S. Holders that are corporations generally are excluded from these information reporting and backup withholding tax rules. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder timely furnishes required information to the IRS. Each U.S. Holder should consult its own financial advisor, legal

counsel, or accountant regarding the information reporting and backup withholding tax rules.

***Additional Rules that May Apply to U.S. Holders***

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

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*Passive Foreign Investment Company*

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

For purposes of the PFIC income test and asset test described above, if the Company owns, directly or indirectly, 25% or more of the total value of the outstanding shares of another foreign corporation, the Company will be treated as if it (a) held a proportionate share of the assets of such other foreign corporation and (b) received directly a proportionate share of the income of such other foreign corporation. In addition, for purposes of the PFIC income test and asset test described above, passive income does not include any interest, dividends, rents, or royalties that are received or accrued by the Company from a related person (as defined in Section 954(d)(3) of the Code), to the extent such items are properly allocable to the income of such related person that is not passive income. If the Company is a PFIC and if one or more of its non-U.S. corporate subsidiaries were treated as a PFIC ( lower-tier PFICs ), U.S. Holders of Common Shares would be considered to own, and also would be subject to the PFIC rules with respect to, their proportionate share of the lower-tier PFIC stock that the Company owns, regardless of the percentage of their ownership in the Company. In such circumstances a U.S. Holder of Common Shares could elect an alternative taxation regime in respect of its indirect ownership interest in a lower-tier PFIC, subject to certain conditions as discussed below.

Based on currently available information, the Company believes that it was a PFIC for the taxable year ended November 30, 2007, but the Company believes it will not be a PFIC for the taxable year ending November 30, 2008 if commercial production commences at Rock Creek and Big Hurrah in mid-2008, as currently anticipated, and produces sufficient revenue to cause the Company to cease to be a PFIC. The determination of whether the Company was, or will be, a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether the Company will be a PFIC for the taxable year ending December 31, 2008 and subsequent taxable years depends on the assets and income of the Company over the course of each such taxable year and, as a result, cannot be predicted with certainty as of the date of this prospectus supplement. Accordingly, there can be no assurance that the Company was not, or will not be, a PFIC for any taxable year.

*Default PFIC Rules Under Section 1291 of the Code*

If the Company is a PFIC, the U.S. federal income tax consequences to a U.S. Holder of the acquisition, ownership, and disposition of Common Shares will depend on whether such U.S. Holder makes an election to treat the Company as a qualified electing fund or QEF under Section 1295 of the Code (a QEF Election ) or a mark-to-market election

under Section 1296 of the Code (a Mark-to-Market Election ). A U.S. Holder that does not make either a QEF Election or a Mark-to-Market Election will be referred to in this summary as a Non-Electing U.S. Holder.

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

Under Section 1291 of the Code, any gain recognized on the sale or other taxable disposition of Common Shares, and any excess distribution paid on the Common Shares, must be ratably allocated to each day in a Non-Electing U.S. Holder's holding period for the Common Shares. The amount of any such gain or excess distribution allocated to prior taxable years of such Non-Electing U.S. Holder's holding period for the Common Shares (other than years prior to the first taxable year of the Company beginning after December 31, 1986 for which the Company was not a PFIC) will be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such prior taxable year. A Non-Electing U.S. Holder will be required to pay interest on the resulting tax liability for each such prior taxable year, calculated as if such tax liability had been due in each such prior taxable year. Such a Non-Electing U.S. Holder that is not a corporation must treat any such interest paid as personal interest, which is not deductible. The amount of any such gain or excess distribution allocated to the current year of such Non-Electing U.S. Holder's holding period for the Common Shares will be treated as ordinary income in the current year, and no interest charge will be incurred with respect to the resulting tax liability for the current year. In addition, if the Company is a PFIC and own shares of another foreign corporation that also is a PFIC, under certain indirect ownership rules, a disposition by the Company of the shares of such other foreign corporation or a distribution received by the Company from such other foreign corporation generally will be treated as an indirect disposition by a U.S. Holder or an indirect distribution received by a U.S. Holder, subject to the rules of Section 1291 of the Code discussed above. To the extent that gain recognized on the actual disposition by a U.S. Holder of common shares or income recognized by a U.S. Holder on an actual distribution received on common shares was previously subject to U.S. federal income tax under these indirect ownership rules, such amount generally will not be subject to U.S. federal income tax.

If the Company is a PFIC for any taxable year during which a Non-Electing U.S. Holder holds Common Shares, the Company will continue to be treated as a PFIC with respect to such Non-Electing U.S. Holder, regardless of whether the Company ceases to be a PFIC in one or more subsequent years. A Non-Electing U.S. Holder may terminate this deemed PFIC status by electing to recognize gain (which will be taxed under the rules of Section 1291 of the Code discussed above) as if such Common Shares were sold on the last day of the last taxable year for which the Company was a PFIC.

#### *QEF Election*

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

A U.S. Holder that makes a QEF Election generally (a) may receive a tax-free distribution from the Company to the extent that such distribution represents earnings and profits of the Company that were previously included in income

by the U.S. Holder because of such QEF Election and (b) will adjust such U.S. Holder's tax basis in the Common Shares to reflect the amount included in income or allowed as a tax-free distribution because of such QEF Election. In addition, a U.S. Holder that makes a QEF Election generally will recognize capital gain or loss on the sale or other taxable disposition of Common Shares.

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

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

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

#### *Mark-to-Market Election*

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

A U.S. Holder that makes a Mark-to-Market Election generally will not be subject to the rules of Section 1291 of the Code discussed above. However, if a U.S. Holder makes a Mark-to-Market Election after the beginning of such U.S. Holder's holding period for the Common Shares and such U.S. Holder has not made a timely QEF Election, the rules of Section 1291 of the Code discussed above will apply to certain dispositions of, and distributions on, the Common Shares.

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A U.S. Holder that makes a Mark-to-Market Election will include in ordinary income, for each taxable year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Common Shares as of the close of such taxable year over (b) such U.S. Holder's tax basis in such Common Shares. A U.S. Holder that makes a Mark-to-Market Election will be allowed a deduction in an amount equal to the lesser of (a) the excess, if any, of (i) such U.S. Holder's adjusted tax basis in the Common Shares over (ii) the fair market value of such Common Shares as of the close of such taxable year or (b) the excess, if any, of (i) the amount included in ordinary income because of such Mark-to-Market Election for prior taxable years over (ii) the amount allowed as a deduction because of such Mark-to-Market Election for prior taxable years.

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

A Mark-to-Market Election applies to the taxable year in which such Mark-to-Market Election is made and to each subsequent taxable year, unless the Common Shares cease to be marketable stock or the IRS consents to revocation of such election. Each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the availability of, and procedure for making, a Mark-to-Market Election.

#### *Other PFIC Rules*

Under Section 1291(f) of the Code, the IRS has issued proposed Treasury Regulations that, subject to certain exceptions, would cause a U.S. Holder that had not made a timely QEF Election to recognize gain (but not loss) upon certain transfers of Common Shares that would otherwise be tax-deferred (e.g., gifts and exchanges pursuant to corporate reorganizations). However, the specific U.S. federal income tax consequences to a U.S. Holder may vary based on the manner in which Common Shares are transferred.

Certain additional adverse rules will apply with respect to a U.S. Holder if the Company is a PFIC, regardless of whether such U.S. Holder makes a QEF Election. For example, under Section 1298(b)(6) of the Code, a U.S. Holder that uses Common Shares as security for a loan will, except as may be provided in Treasury Regulations, be treated as having made a taxable disposition of such Common Shares.

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

## UNDERWRITING

Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement (the Underwriting Agreement), each Underwriter named below has agreed to purchase, and we have agreed to sell to that Underwriter, the number of Common Shares set forth opposite the Underwriter's name.

<b>Underwriter</b>	<b>Number of Common Shares</b>
Scotia Capital Inc.	
Cormark Securities Inc.	
Total	

The Underwriting Agreement provides that the obligations of the Underwriters to purchase the Common Shares included in this Offering are subject to approval of legal matters by counsel and to other conditions. The Underwriters are obligated to purchase all the Common Shares (other than those covered by the Over-allotment Option described below) if they purchase any of the Common Shares.

The public offering price for the Common Shares is payable in Canadian dollars.

We have granted to the Underwriters the Over-allotment Option, exercisable for 30 days from the date of the closing of this Offering to purchase up to additional Common Shares at the public offering price less the Underwriting Commission. The Underwriters may exercise the Over-allotment Option solely for the purpose of covering over-allotments, if any, in connection with this Offering. To the extent the Over-allotment Option is exercised, each Underwriter must purchase a number of additional Common Shares approximately proportionate to that Underwriter's initial purchase commitment. Under applicable Canadian securities laws, this prospectus supplement and the accompanying base shelf prospectus also qualifies the grant of the Over-allotment Option and the distribution of the additional Common Shares issuable on exercise of the Over-allotment Option.

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

This Offering is being made concurrently in all of the provinces of Canada other than Québec and in the United States pursuant to the multi-jurisdictional disclosure system implemented by the securities regulatory authorities in the United States and Canada. The Common Shares will be offered in the United States and Canada by the Underwriters either directly or through their respective U.S. or Canadian broker-dealer affiliates or agents, as applicable. Subject to

applicable law, the Underwriters may offer the Common Shares outside of Canada and the United States.

The common shares of the Company are listed for trading on the TSX and AMEX under the trading symbol NG . The Company has applied to list the Common Shares qualified for distribution by this prospectus supplement on the TSX and AMEX. Listing will be subject to the Company fulfilling all of the listing requirements of the TSX and AMEX.

In connection with the Offering, the Underwriters may purchase and sell Common Shares in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves syndicate sales of Common Shares in excess of the number of Common Shares to be purchased by the Underwriters in the Offering, which creates a syndicate short position. Covered short sales are sales of Common Shares made in an amount up to the number of Common Shares represented by the Over-allotment

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Option. In determining the source of Common Shares to close out the covered syndicate short position, the Underwriters will consider, among other things, the price of Common Shares available for purchase in the open market as compared to the price at which they may purchase Common Shares through the Over-allotment Option. Transactions to close out the covered syndicate short involve either purchases of the Common Shares in the open market after the distribution has been completed or the exercise of the Over-allotment Option. The Underwriters may also make naked short sales of Common Shares in excess of the Over-allotment Option. The Underwriters must close out any naked short position by purchasing Common Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Common Shares in the open market after pricing that could adversely affect investors who purchase in the Offering. Stabilizing transactions consist of bids for or purchases of Common Shares in the open market while the Offering is in progress.

Any of these activities may have the effect of preventing or retarding a decline in the market price of the Common Shares. They may also cause the price of the Common Shares to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The Underwriters may conduct these transactions in the over-the-counter market or otherwise. If the Underwriters commence any of these transactions, they may discontinue them at any time.

We estimate that our total expenses for this Offering will be \$1.5 million.

The Underwriters have performed investment banking and advisory services for us from time to time for which they have received customary fees and expenses. The Underwriters may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business. Scotia Capital Inc. is an affiliate of a Canadian chartered bank that entered into a \$30 million credit agreement with the Company as borrower dated January 31, 2008. Consequently, the Company may be considered to be a connected issuer of Scotia Capital Inc. within the meaning of applicable Canadian securities laws. See Relationship Between the Company and A Certain Underwriter .

We have agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933 and applicable Canadian securities legislation, or to contribute to payments the Underwriters may be required to make because of any of those liabilities.

#### **RELATIONSHIP BETWEEN THE COMPANY AND A CERTAIN UNDERWRITER**

Scotia Capital Inc. is an affiliate of a Canadian chartered bank (the Bank ) that entered into a \$30 million credit agreement with the Company as borrower dated January 31, 2008 (the Facility ). Accordingly, the Company may be considered a connected issuer of this Underwriter under applicable Canadian securities legislation. As of the date hereof, there is approximately \$16 million outstanding under the Facility. As of the date hereof, we are in material compliance with the terms and conditions of the Facility.

The decision to distribute the Common Shares offered hereby and the determination of the terms of the Offering were made through negotiations between us and the Underwriters. The Bank did not have any involvement in such decision or determination but has been advised of the Offering and the terms thereof. As a consequence of the Offering, Scotia Capital Inc. will receive its share of the Underwriting Commission payable by us to the Underwriters. The Company intends to use part of the proceeds of the offering to pay the amount outstanding on the Facility.

Because more than 10% of the net proceeds of this offering, not including underwriting compensation, may be paid to affiliates of members of the Financial Industry Regulatory Authority Inc. who are participating in this offering, this offering is being conducted in compliance with NASD Rule 2710(h)(1). Pursuant to NASD Rule 2720(c)(3), the appointment of a qualified independent underwriter is not necessary in connection with this offering, as a bonafide independent market (as defined in the NASD Conduct Rules) exists in the common shares.



## **LEGAL MATTERS**

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

## **AUDITORS, REGISTRAR AND TRANSFER AGENT**

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

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

## **DOCUMENTS INCORPORATED BY REFERENCE**

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

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

- (a) annual information form of the Company for the year ended November 30, 2007, dated March 2, 2008;
- (b) audited comparative consolidated financial statements of the Company for the years ended November 30, 2007 and 2006 together with the notes thereto and the auditors' report thereon, including management's discussion and analysis for the year ended November 30, 2007;
- (c) management information circular of the Company dated April 9, 2007 prepared in connection with the Company's annual and special meeting of shareholders held on May 31, 2007;
- (d) material change report, dated December 4, 2007, announcing that NovaGold and Teck Cominco Limited had reached the decision to suspend construction activities at the Galore Creek project;
- (e) material change report, dated January 22, 2008, announcing the appointment of a highly experienced senior management team to lead the Galore Creek project through the next phase of evaluation and optimization; and
- (f) material change report, dated February 14, 2008, announcing that the Measured and Indicated Resource for the Donlin Creek project had increased by 77% to 29.4 million ounces of gold, successfully converting a majority of the Inferred Resources to the Measured and Indicated category.

**Any statement contained in the base shelf prospectus, in this prospectus supplement or in any document incorporated or deemed to be incorporated by reference in this prospectus supplement or the base shelf prospectus for the purpose of this Offering shall be deemed to be modified or superseded, for purposes of this prospectus supplement, to the extent that a statement contained herein or in the base shelf prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein or in the base shelf prospectus modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded**

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**statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this prospectus supplement, except as so modified or superseded.**

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**PROSPECTUS**

**APRIL 16, 2007**

**NOVAGOLD RESOURCES INC.**

**US\$500,000,000**

**Debt Securities**

**Preferred Shares**

**Common Shares**

**Warrants to Purchase Equity Securities**

**Warrants to Purchase Debt Securities**

**Share Purchase Contracts**

**Share Purchase or Equity Units**

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

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

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

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

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

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



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

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

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 .**



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

Unless stated otherwise or 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 statements of intent (or similar expressions) or statements of certain actions, events or results may , could , would , might or will be taken, occur or be achieved, or the negative consequences of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those 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:

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

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

## THE COMPANY

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

### Summary Description of NovaGold's Business

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

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

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

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

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

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

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

**Project Reserve and Resource Estimates Summary<sup>(7)</sup>**

**Galore Creek Reserves<sup>(1)</sup>**

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

**Total Project Resources**

	Measured <sup>(3)</sup>			Indicated <sup>(3)</sup>			Measured and Indicated <sup>(3)</sup>			Inferred <sup>(3)</sup>		
	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 <sup>(2)(8)</sup>	3.0	51.2	3.7	5.3	90.6	6.6	8.3	141.8	10.2	4.8	77.8	4.2
Donlin Creek <sup>(2)</sup>	1.6			15.0			16.6			17.1		
Nome Operations <sup>(5)</sup>	0.8			1.4			2.2			0.4		
Ambler <sup>(6)</sup>										0.8	64.1	3.2
<b>Total Project Resources</b>	5.4	51.2	3.7	21.7	90.6	6.6	27.1	141.8	10.2	23.0	141.9	7.4

**NovaGold Net Share of Projects<sup>(4)</sup>**

	Measured <sup>(3)</sup>			Indicated <sup>(3)</sup>			Measured and Indicated <sup>(3)</sup>			Inferred <sup>(3)</sup>		
	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%) <sup>(2)</sup>	3.0	51.2	3.7	5.3	90.6	6.6	8.3	141.8	10.2	4.8	77.8	4.2
	1.1			10.5			11.6			12.0		

Donlin Creek (70%)(2)													
Nome Operations (100%)(5)	0.8		1.4			2.2				0.4			
Ambler (51%)(6)										0.4	32.7	1.6	
<b>Total NovaGold Share</b>	<b>4.9</b>	<b>51.2</b>	<b>3.7</b>	<b>17.2</b>	<b>90.6</b>	<b>6.6</b>	<b>22.1</b>	<b>141.8</b>	<b>10.2</b>	<b>17.6</b>	<b>110.5</b>	<b>5.8</b>	

## 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.
- (8) Assumes net inventory to NovaGold of 100% (80% of Copper Canyon inferred resource).

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 and is seeking, among other things, an injunction to restrict NovaGold from continuing its surface lease application and from placing any waste or tailings facility on the Grace claims. 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 granted NovaGold's motion to intervene in the case. 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 continued 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.

On March 26, 2007 Coast Mountain changed its name to NovaGreenPower Inc.

### ***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. On March 29, 2007 NovaGold delivered notice under the option agreement that it was exercising its option to acquire 100% of the Galore Creek project. 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 coordination 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.

<b>First 5 Years of Production (Averages)</b>	<b>Total Cash Costs (US\$)</b>	<b>Copper (lbs)</b>	<b>Gold (ozs)</b>	<b>Silver (ozs)</b>
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

<b>Life of Mine Production (Averages)</b>	<b>Total Cash Costs (US\$)</b>	<b>Copper (lbs)</b>	<b>Gold (ozs)</b>	<b>Silver (ozs)</b>
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
<b>Total Recovered Metal (Life of Mine)</b>		<b>5.8 B</b>	<b>3.6 M</b>	<b>58.5 M</b>

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
<b>Mine Basis</b>		
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) <sup>(1)</sup>	US \$(millions)	1,805
Sustaining capital cost <sup>(1)</sup>	US \$(millions)	122
<b>Unit Operating Costs</b>		
Mining cost per tonne mined <sup>(1)</sup>	US\$/t	1.22
Milling / Process cost per tonne ore <sup>(1)</sup>	US\$/t	3.05
G&A cost per tonne ore <sup>(1)</sup>	US\$/t	0.80
Total Cash Cost First 5 Years (net of precious metal credits) <sup>(3)</sup>	US\$/lb Cu	0.38
Total Cash Cost First 5 Years (net of copper and silver credits) <sup>(3)</sup>	US\$/oz Au	(889)
Total Cash Cost Life of Mine (net of precious metal credits) <sup>(3)</sup>	US\$/lb Cu	0.62
Total Cash Cost Life of Mine (net of copper and silver credits) <sup>(3)</sup>	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 <sup>(2)</sup>
<b>Metal price assumptions</b>					
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
<b>Financial Results</b>					
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
<b>Cashflow</b>					
Annual Average After-tax Net Cashflow (years 1-5) <sup>(4)</sup>	US \$(millions)	414	445	936	384

Cumulative After-tax Net Cashflow (years 1-5) <sup>(4)</sup>	US \$(millions)	2,069	2,227	4,678	1,921
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- (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 is not expected to affect the Company's decision as to whether to commence construction or 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.

The largest portion of the capital expenditures will be the Phase 2 construction which will focus on mine facilities, including the tailings dam. 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 than 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 regulatory comment periods running from July 10, 2006 to September 8, 2006 and September 22, 2006, respectively. The Galore Creek team 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 and is seeking, among other things: (a) an injunction to restrict NovaGold from continuing its surface lease application and from placing any waste or tailings facility on the Grace claims; and (b) a declaration that NovaGold holds any surface lease in trust for Pioneer and must transfer to Pioneer any surface lease it obtains. 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<sup>(1)</sup>**

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

<sup>(1)</sup> 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<sup>(1)</sup>

Resource Category	Tonnes (Millions)	Cu (%)	Au (g/t)	Ag (g/t)	CuEq <sup>(2)</sup> (%)	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
<b>Measured and Indicated</b>	748.9	0.52	0.30	4.9	0.69	8.5	7.4	117.1
<b>Inferred<sup>(3)</sup></b>	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 reserve and resource model in the Feasibility Study was based on all data available through the 2005 season and constructed by Kevin Francis, P.Geo., Resource Manager for NovaGold 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 was completed by the Company in March 2007. The updated estimate increased Measured and Indicated Resources for copper, gold and silver by 20%, 12% and 21%, respectively. Inferred Resources increased by 32%, 23% and 33% for copper, gold and silver, respectively. Proven and probable reserves for the Galore Creek project were estimated in the Galore Creek Feasibility Study in October 2006 and have not been updated. Less than 3% of the 2006 drilling, which was the subject of the resource estimate update, is contained within the pit that was the basis of the Galore Creek Feasibility Study and for which NovaGold must receive applicable permits prior to construction. The updated resource estimates are summarized below.

**Updated Galore Creek Measured, Indicated and Inferred Resource Estimate<sup>(1)(4)</sup>**

<b>Resource Category</b>	<b>Tonnes (Millions)</b>	<b>Cu (%)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>	<b>CuEq<sup>(2)</sup> (%)</b>	<b>Copper (B lbs)</b>	<b>Gold (M ozs)</b>	<b>Silver (M ozs)</b>
Measured	282.1	0.59	0.33	5.6	0.79	3.7	3.0	51.2
Indicated	646.3	0.46	0.25	4.4	0.60	6.6	5.3	90.6
<b>Measured and Indicated</b>	928.4	0.50	0.28	4.7	0.65	10.2	8.3	141.8
<b>Inferred<sup>(3)</sup></b>	533.4	0.36	0.28	4.5	0.52	4.2	4.8	77.8

## Notes:

- (1) Measured and Indicated Resources include Proven and Probable Reserves.
- (2) Copper-equivalent (CuEq) calculations use metals prices of US\$1.25/lb for copper, US\$450/oz for gold and US\$7/oz for 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.
- (4) Rounding differences may occur.

The 2006 drill program and sampling protocol was completed with oversight by Scott Petsel, Manager Exploration, Canada for the Company, who is a NI 43-101 Qualified Person. The updated resource estimate is based on a 3-D geologic and mineralization model that integrated all exploration work on the Galore Creek project, including over 216,806 meters (711,304 feet) of drilling in 806 holes.

*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.

A technical report was prepared and filed on SEDAR 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. The resource estimate was verified by Kevin Francis.