UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

[ ] Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934

or

[X] Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended **November 30, 2009**

Commission File Number **001-31913**

NOVAGOLD RESOURCES INC.

(Exact name of registrant as specified in its charter)

Nova Scotia	**1041**	**Not Applicable**
(Province or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code)	(I.R.S. Employer Identification No.)

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

DL Services, Inc.
701 Fifth Avenue, Suite 6100
Seattle, Washington 98104
(206) 903-8800
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class:	Name of Each Exchange On Which Registered:
Common Shares, no par value	**NYSE Amex LLC**

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this form:

[X] Annual Information Form [X] Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 187,142,280

Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "Yes" is marked, indicate the filing number assigned to the Registrant in connection with such Rule.
[ ] Yes [X] No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. [X] Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). [ ] Yes [ ] No



EXPLANATORY NOTE

NovaGold Resources Inc. (the "Registrant") is a Canadian issuer that is permitted, under multijurisdictional disclosure system adopted in the United States, to prepare its Annual Report pursuant to Section 13 of the Securities Exchange Act of 1934 (the "Exchange Act") in accordance with disclosure requirements in effect in Canada that differ from those of the United States. The Registrant is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act and in Rule 405 under the Securities Act of 1933. Equity securities of the Registrant are accordingly exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the 1934 Act pursuant to Rule 3a12-3.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 40-F and the Exhibits included herein contain forward-looking statements concerning the Registrant's plans at the Donlin Creek project, Galore Creek project, Nome Operations (comprising Rock Creek, Big Hurrah and Nome Gold) and Ambler project, estimated production, capital and operating cash flow estimates and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

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

similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation:

- uncertainty of whether there will ever be production at the Registrant's mineral exploration and development properties;
- risks related to the Registrant's ability to commence production and generate material revenues or obtain adequate financing for its planned exploration and development activities;
- uncertainty of estimates of capital costs, operating costs, production and economic returns;
- risks related to the third parties on which the Registrant depends for its exploration activities;
- risks related to the Registrant's ability to finance the development of its mineral properties through external financing, strategic alliances, the sale of property interests or otherwise;
- credit, liquidity, interest rate and currency risks;
- the risk that permits and governmental approvals necessary to develop and operate mines on the Registrant'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 Registrant's mineral deposits;
- commodity price fluctuations;
- risks related to the Registrant's current practice of not using hedging arrangements;
- risks related to market events and general economic conditions;
- uncertainties relating to the assumptions underlying the Registrant's resource and reserve estimates;
- risks related to governmental regulation and permits, including environmental regulation;
- risks related to the need for reclamation activities on the Registrant's properties and uncertainty of cost estimates related thereto;
- the Registrant's need to attract and retain qualified management and technical personnel;
- mining and development risks, including risks related to infrastructure, accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with or interruptions in development, construction or production;
- uncertainty related to unsettled aboriginal rights and title in British Columbia;
- uncertainty related to title to the Registrant's mineral properties;
- the Registrant's history of losses and expectation of future losses;
- risks related to the integration of potential new acquisitions into the Registrant's existing operations;
- uncertainty as to the outcome of litigation pending against the Registrant;
- uncertainty inherent in litigation including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal;
- risks related to increases in demand for equipment, skilled labor and services needed for exploration and development of mineral properties, and related cost increases;
- increased competition in the mining industry;
- uncertainty as to the Registrant's ability to acquire additional commercially mineable mineral rights;
- uncertainty as to the Registrant's ability to maintain the adequacy of internal control over financial reporting as per the requirements of the *Sarbanes-Oxley Act*; and
- uncertainty concerning the finalization of formal documentation relating to the class action settlement and court approval of the settlement.

This list is not exhaustive of the factors that may affect any of the Registrant's forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Registrant 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 the Registrant's Annual Information Form filed as Exhibit 1 to this Annual Report on Form 40-F, under the heading "Risk Factors'' and elsewhere. The Registrant's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Registrant 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.

RESOURCE AND RESERVE ESTIMATES

The Registrant's Annual Information Form filed as Exhibit 1 to this Annual Report on Form 40-F has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. Unless otherwise indicated, all resource and reserve estimates included in the Registrant's Annual Information Form have been prepared in accordance with Canadian National Instrument 43-101 ("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 a historical estimate made prior to the adoption of NI 43-101 that does not comply with NI 43-101 to be disclosed using the historical terminology if the disclosure: (a) identifies the source and date of the historical estimate; (b) comments on the relevance and reliability of the historical estimate; (c) states whether the historical estimate uses categories other than those prescribed by NI 43-101; and (d) includes any more recent estimates or data available.

Canadian standards, including NI 43-101, differ significantly from the requirements of the United States Securities and Exchange Commission ("SEC"), and resource information contained herein 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.

CURRENCY

Unless otherwise indicated, all dollar amounts in the Annual Report on Form 40-F are Canadian dollars. The exchange rate of Canadian dollars into United States dollars, based upon the noon rate of exchange as reported by the Bank of Canada was U.S.$1.00 = CDN$1.0574 on November 30, 2009, and was U.S. $1.00 = CDN $1.0426 on February 16, 2010.

ANNUAL INFORMATION FORM

The Registrant's Annual Information Form for the fiscal year ended November 30, 2009 is included herein as Exhibit 1.

AUDITED ANNUAL FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Audited Annual Financial Statements

For audited financial statements, including the report of the auditors with respect thereto, see Exhibit 2 included herein. The Registrant's financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), which differs from United States GAAP, and is subject to Canadian auditing and auditor independence standards, and therefore may not be comparable to financial statements of United States companies. For a reconciliation of differences between Canadian and United States generally accepted accounting principles, see Note 18 – Significant differences from United States accounting principles, of the notes to the financial statements.

Management's Discussion and Analysis

For management's discussion and analysis ("MD&A") see Exhibit 3.

Tax Matters

Purchasing, holding or disposing of securities of the Registrant may have tax consequences under the laws of the United States and Canada that are not described in this Annual Report on Form 40-F.

DISCLOSURE CONTROLS AND PROCEDURES

As of the end of the period covered by this Annual Report on Form 40-F, the Registrant carried out an evaluation, under the supervision of the Registrant's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Registrant's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon that evaluation, the Registrant's Chief Executive Officer and Chief Financial Officer have concluded that, as at the end of the period covered by this Annual Report on Form 40-F, the Registrant's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Registrant in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and (ii) accumulated and communicated to the Registrant's management, including its principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of NovaGold Resources Inc. is responsible for establishing and maintaining adequate internal control over financial reporting under Rule 13a-15(f) and 15d-15(f). The Securities Exchange Act of 1934 defines this as a process designed by, or under the supervision of, the Registrant's principal executive and principal financial officers and effected by the Registrant's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transaction and dispositions of the assets of the Registrant;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Registrant are being made only in accordance with authorizations of management and directors of the Registrant; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Registrant's assets that may have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Registrant's internal control over financial reporting as of November 30, 2009. In making this assessment, the Registrant's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework.

Based upon our assessment and those criteria, management concluded that the Registrant's internal control over financial reporting was effective as of November 30, 2009.

ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM

The required disclosure is included in the "Auditors' Report" that accompanies the registrant's Consolidated Financial Statements for the fiscal year ended November 30, 2009, filed as part of this Annual Report on Form 40-F.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the period covered by this Annual Report on Form 40-F, no changes occurred in the Registrant's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

The Registrant's management, including the Chief Executive Officer and Chief Financial Officer, does not expect that its disclosure controls and procedures or internal controls and procedures will prevent all error and all fraud. A control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Registrant have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

The reports regarding the effectiveness of internal control over financial reporting are located in Exhibit 2 to this Form 40-F.

CODE OF ETHICS FOR CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, VP FINANCE AND CONTROLLER

The Registrant has adopted a Code of Ethics that applies to the Registrant's President and Chief Executive Officer, Chief Financial Officer, VP Finance and Controller. It is available on the Registrant's website at www.novagold.net and in print to any shareholder who requests it. All amendments to the code, and all waivers of the code with respect to any of the officers covered by it, will be posted on the Registrant's website at www.novagold.net within four business days of the amendment or waiver, submitted on Form 6-K and provided in print to any shareholder who requests them.

The Registrant has also adopted a Code of Conduct that is applicable to all directors, officers and employees, which complies with the definition of a "code of ethics" as set forth in Item 406 of SEC Regulation S-K. It is available on the Registrant's website at www.novagold.net and in print to any shareholder who requests it.

CORPORATE GOVERNANCE GUIDELINES

The Registrant's corporate governance practices are set forth on Schedule "A" of the Registrant's Management Information Circular dated March 24, 2005 in compliance with the rules of the Toronto Stock Exchange and available in print to any shareholder who requests them.

The terms of reference of each of the Audit and Corporate Governance Committee and the Compensation Committee of the Registrant are available on the Registrant's web site at www.novagold.net and in print to any shareholder who provides the Registrant with a written request.

AUDIT COMMITTEE

The Registrant's Board of Directors has a separately-designated standing Audit Committee established for the purpose of overseeing the accounting and financial reporting processes of the Registrant and audits of the Registrant's annual financial statements. As at the date of the Annual Report on Form 40-F for the year ended November 30, 2009, the following individuals comprise the entire membership of the Registrant's Audit Committee, which has been established in accordance with Section 3(a)(58)(A) of the Exchange Act:

James Philip
Kalidas Madhavpeddi
Tony Giardini

Independence

The Registrant has adopted the criteria for director independence and unrelatedness prescribed by the Sarbanes-Oxley Act of 2002, Section 10A(m)(3) of the Exchange Act and Rule 10A-3(b)(1) promulgated thereunder and the NYSE Amex LLC ("NYSE Amex"), for members of public company audit committees. A majority of our directors are independent in accordance with these criteria. Additionally, each of the members of the Audit Committee has been determined by the Registrant to be independent in accordance with such criteria.

Audit Committee Financial Expert

James Philip has been determined by the Registrant to meet the audit committee financial expert criteria prescribed by the Securities and Exchange Commission and has been designated as an audit committee financial expert. All three members of the Audit Committee are financially literate, meaning they are able to read and understand the Registrant's financial statements and to understand the breadth and level of complexity of the issues that can reasonably be expected to be raised by the Registrant's financial statements.

AUDIT COMMITTEE CHARTER

The Registrant's Audit Committee Charter is available on the Registrant's web site at www.novagold.net and in print to any shareholder who provides the Registrant with a written request.

PRINCIPAL ACCOUNTING FEES AND SERVICES – INDEPENDENT AUDITORS

The following table sets forth the Registrant's fees billed by its independent auditor, PricewaterhouseCoopers LLP, for the years ended November 30, 2009 and November 30, 2008:

	Years ended November 30,	
	2009	**2008**
Audit Fees:	$520,000	$608,650
Audit-Related Fees:	$101,500	$nil
Tax Fees:	$nil	$nil
All Other Fees:	$nil	$nil
Total	$621,500	$608,650

"Audit Fees" are the aggregate fees billed by PricewaterhouseCoopers LLP for the audit of the Registrant's consolidated annual financial statements, reviews of interim financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements.

"Audit-Related Fees" are fees charged by PricewaterhouseCoopers LLP for assurance and related services that are reasonably related to the performance of the audit or review of the Registrant's financial statements and are not reported under "Audit Fees." This category comprises fees billed for review and advisory services associated with the Registrant's financial reporting.

"All Other Fees" for 2009 and 2008, respectively, are fees charged by PricewaterhouseCoopers LLP for services not described above.

PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES PROVIDED BY INDEPENDENT AUDITORS

For information regarding the Audit Committee's pre-approval procedures and policies, see "Item 8 – Directors and Officers – Corporate Governance – Pre-Approval Policies and Procedures" in the Registrant's Annual Information Form filed as Exhibit 1 to this Annual Report on Form 40-F. All of the services described in the table above under the heading "Principal Accounting Fees and Services – Independent Auditors" were approved in conformity with the Audit Committee's pre-approval process.

OFF-BALANCE SHEET ARRANGEMENTS

The Registrant has not entered into any off-balance sheet arrangements.

TABLE OF CONTRACTUAL COMMITMENTS

The following table lists as of November 30, 2009 information with respect to the Registrant's known contractual obligations.

	Payments due by period in thousands of Canadian dollars, unless otherwise specified				
Contractual obligations	**Total**	**Less than 1 year**	**1–3 years**	**3–5 years**	**More than 5 years**
Accounts payable	13,132	13,132	-	-	-
Capital (finance) lease obligations	1,796	709	1,087	-	-
Operating lease obligations	5,416	787	1,457	1,151	2,021
Purchase obligations	US$1,400	US$1,400	-	-	-
Convertible notes – interest	US$28,302	US$5,225	US$10,450	US$10,450	US$2,177
Convertible notes – holders option	US$95,000	-	-	US$95,000	-
Promissory note	US$51,600	-	-	-	US$51,600

The holders of the convertible notes will have a right to require the Company to repurchase all or part of their convertible notes on May 1, 2013 and upon certain fundamental corporate changes at a price equal to 100% of the principal amount of such notes plus any accrued and unpaid interest.

For additional information related to the Registrant's contractual obligations and commitments see Notes 13 and 15c) in the Registrant's consolidated financial statements (Exhibit 2) and the information concerning contractual obligations and commitments set forth under the heading "Liquidity and capital resources" in Management's Discussion and Analysis (Exhibit 3).

NYSE AMEX CORPORATE GOVERNANCE

The Registrant's common shares are listed on the NYSE Amex. Section 110 of the NYSE Amex company guide permits the NYSE Amex to consider the laws, customs and practices of foreign issuers in relaxing certain NYSE Amex listing criteria, and to grant exemptions from NYSE Amex listing criteria based on these considerations. A company seeking relief under these provisions is required to provide written certification from independent local counsel that the non-complying practice is not prohibited by home country law. A description of the significant ways in which the Registrant's governance practices differ from those followed by domestic companies pursuant to NYSE Amex standards is contained on the Registrant's website at www.novagold.net.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

Undertaking

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an Annual Report on Form 40-F arises; or transactions in said securities.

Consent to Service of Process

The Registrant has previously filed with the Commission a written consent to service of process and power of attorney on Form F-X. Any change to the name or address of the Registrant's agent for service shall be communicated promptly to the Commission by amendment to the Form F-X referencing the file number of the Registrant.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this Annual Report on Form 40-F to be signed on its behalf by the undersigned, thereunto duly authorized.

NOVAGOLD RESOURCES INC.

/s/ R.J. MacDonald
Robert J. (Don) MacDonald
Senior Vice President and Chief Financial Officer

Date: February 17, 2010

EXHIBIT INDEX

The following exhibits have been filed as part of the Annual Report on Form 40-F:

Exhibit	Description
Annual Information	
1	Annual Information Form for the fiscal year ended November 30, 2009
2	Audited consolidated financial statements and the notes thereto for the years ended November 30, 2009 and 2008, together with the report of the auditors thereon
3	Management's Discussion and Analysis
Certifications	
4	Certifications by the Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
5	Certifications by the Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
6	Certificate of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
7	Certificate of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Consents	
8	Consent of PricewaterhouseCoopers LLP
9	Consent of AMEC Americas Limited
10	Consent of Kirk Hanson
11	Consent of Gordon Seibel
12	Consent of Simon Allard
13	Consent of Gregory Wortman
14	Consent of Alexandra Kozak
15	Consent of Norwest Corporation
16	Consent of Norwest Corporation
17	Consent of Sean Ennis
18	Consent of Bruce Davis
19	Consent of Bruce Davis
20	Consent of William Pennstrom, Jr.
21	Consent of Ken Shinya
22	Consent of Kevin Francis
23	Consent of Russ White
24	Consent of Neal Rigby
25	Consent of Robert Sim

NOVAGOLD RESOURCES INC.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED NOVEMBER 30, 2009

February 17, 2010

NOVAGOLD RESOURCES INC.
(the "Company")

ANNUAL INFORMATION FORM

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Preliminary Notes

Cautionary Statement Regarding Forward-Looking Information

This Annual Information Form for NovaGold Resources Inc. ("NovaGold" or "the Company") contains statements of forward-looking information concerning the Company's plans at the Donlin Creek project, Galore Creek project, Nome Operations (comprising Rock Creek, Big Hurrah and Nome Gold) and the Ambler project, estimated production, capital and operating cash flow estimates and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

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

- uncertainty of whether there will ever be production at the Company's mineral exploration and development properties;
- risks related to the Company's ability to commence production and generate material revenues or obtain adequate financing for its planned exploration and development activities;
- uncertainty of estimates of capital costs, operating costs, production and economic returns;
- risks related to the third parties on which the Company depends for its exploration activities;
- risks related to the Company's ability to finance the development of its mineral properties through external financing, strategic alliances, the sale of property interests or otherwise;
- credit, liquidity, interest rate and currency risks;
- the risk that permits and governmental approvals necessary to develop and operate mines on the Company's properties will not be available on a timely basis or at all;
- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of the Company's mineral deposits;
- commodity price fluctuations;
- risks related to the Company's current practice of not using hedging arrangements;
- risks related to market events and general economic conditions;
- uncertainties relating to the assumptions underlying the Company's resource and reserve estimates;
- risks related to governmental regulation and permits, including environmental regulation;
- risks related to the need for reclamation activities on the Company's properties and uncertainty of cost estimates related thereto;
- the Company's need to attract and retain qualified management and technical personnel;
- mining and development risks, including risks related to infrastructure, accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with or interruptions in development, construction or production;
- uncertainty related to unsettled aboriginal rights and title in British Columbia;
- uncertainty related to title to the Company's mineral properties;
- the Company's history of losses and expectation of future losses;
- risks related to the integration of potential new acquisitions into the Company's existing operations;
- uncertainty as to the outcome of litigation pending against the Company;
- uncertainty inherent in litigation including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal;

- risks related to increases in demand for equipment, skilled labor and services needed for exploration and development of mineral properties, and related cost increases;
- increased competition in the mining industry;
- uncertainty as to the Company's ability to acquire additional commercially mineable mineral rights;
- uncertainty as to the Company's ability to maintain the adequacy of internal control over financial reporting as per the requirements of the *Sarbanes-Oxley Act*; and
- uncertainty concerning the finalization of formal documentation relating to the class action settlement and court approval of the settlement.

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 Annual Information Form under the heading "Risk Factors" and elsewhere.

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

Cautionary Note to U.S. Investors – Information Concerning Preparation of Resource and Reserve Estimates

This Annual Information Form has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of U.S. securities laws. Unless otherwise indicated, all resource and reserve estimates included in this Annual Information Form have been prepared in accordance with 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.

Canadian standards, including NI 43-101, differ significantly from the requirements of the United States Securities and Exchange Commission ("SEC"), and resource and reserve information contained herein 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 the Company 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 U.S. standards.

Glossary and Defined Terms

The following is a glossary of certain mining terms used in this Annual Information Form.

aggregate	Any of several hard, inert materials, such as sand, gravel, slag or crushed stone, mixed with a cement or bituminous material to form concrete, mortar or plaster, or used alone, as in railroad ballast or graded fill.
alluvial	A placer formed by the action of running water, as in a stream channel or alluvial fan; also said of the valuable mineral (e.g. gold or diamond) associated with an alluvial placer.
arsenopyrite	The common arsenic mineral and principal ore of arsenic; occurs in many sulfide ore deposits, particularly those containing lead, silver and gold.
alteration	Refers to the process of hydrothermal fluids (hot water) changing primary rock minerals (such as quartz, feldspar and hornblende) to secondary minerals (quartz, carbonate and clay minerals).
breccia	A rock in which angular fragments are surrounded by a mass of fine-grained minerals.
CIM	Canadian Institute of Mining and Metallurgy.
contained ounces	Represents ounces in the ground before reduction of ounces not able to be recovered by the applicable metallurgical process.
dike	A tabular igneous intrusion that cuts across the bedding or foliation of the country rock.
g/t	Grams per metric tonne.
illite	A group of three-layer mica-like clays.
mafic	Igneous rocks composed mostly of dark, iron- and magnesium-rich minerals.
masl	meters above sea level.
mineral resource, measuredmineral resource, indicated mineral resource, inferred mineral resource	Under CIM standards, a mineral resource is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. The terms "mineral resource", "measured mineral resource", "indicated mineral resource", and "inferred mineral resource" used in this Annual Information Form are mining terms defined under CIM standards and used in accordance with NI 43-101. They are not defined terms under U.S. standards and generally may not be used in documents filed with the SEC by U.S. companies. See "Cautionary Note to U.S. Investors – Information Concerning Preparation of Resource and Reserve Estimates". A mineral resource estimate is based on information on the geology of the deposit and the continuity of mineralization. Assumptions concerning economic and operating parameters, including cut-off grades and economic mining widths, based on factors typical for the type of deposit, may be used if these factors have not been specifically established for the deposit at the time of the mineral resource estimate. A mineral resource is categorized on the basis of the degree of confidence in the estimate of quantity and grade or quality of the deposit, as follows: Inferred mineral resource: Under CIM standards, an inferred mineral resource is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

Indicated mineral resource: Under CIM standards, an indicated mineral resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

Measured mineral resource: Under CIM standards, a measured mineral resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

mineral reserve, proven mineral reserve, probable mineral reserve

Under CIM standards, a mineral reserve is the economically mineable part of a measured or indicated mineral resource demonstrated by a preliminary feasibility study or feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined.

The terms “mineral reserve”, “proven mineral reserve” and “probable mineral reserve” used in this Annual Information Form are mining terms defined under CIM standards and used in accordance with NI 43-101. Mineral reserves, proven mineral reserves and probable mineral reserves presented under CIM standards may not conform with the definitions of “reserves”, “proven reserves” or “probable reserves” under U.S. standards. See “Cautionary Note to U.S. Investors – Information Concerning Preparation of Resource and Reserve Estimates”.

Mineral reserves under CIM standards are those parts of mineral resources which, after the application of all mining factors, result in an estimated tonnage and grade which, in the opinion of the Qualified Person(s) (as defined in NI 43-101) making the estimates, is the basis of an economically viable project after taking account of all relevant processing, metallurgical, economic, marketing, legal, environment, socio-economic and governmental factors. Mineral reserves are inclusive of diluting material that will be mined in conjunction with the mineral reserves and delivered to the treatment plant or equivalent facility. The term “mineral reserve” need not necessarily signify that extraction facilities are in place or operative or that all governmental approvals have been received. It does signify that there are reasonable expectations of such approvals.

Under CIM standards, mineral reserves are subdivided in order of increasing confidence into probable mineral reserves and proven mineral reserves. A probable mineral reserve has a lower level of confidence than a proven mineral reserve.

Proven mineral reserve: A proven mineral reserve is the economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that the economic extraction can be justified.

Probable mineral reserve: A probable mineral reserve is the economically mineable part of an indicated and, in some circumstances, a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that the economic extraction can be justified.

mineralization	An anomalous occurrence of metal or other commodity of value defined by any method of sampling (surface outcrops, drill core, underground channels). Under SEC standards, such a deposit does not qualify as a reserve until comprehensive evaluation, based on unit cost, grade, recoveries and other factors, concludes that the mineralization could be legally and economically produced or extracted at the time the reserve determination is made.
net present value ("NPV")	The sum of the value on a given date of a series of future cash payments and receipts, discounted to reflect the time value of money and other factors such as investment risk.
ore	Rock containing metallic or non-metallic materials that can be mined and processed at a profit.
patent	The ultimate stage of holding a mineral claim, after which no more assessment work is necessary; determines that all mineral rights, both surface and underground, have been earned.
placer	An alluvial deposit of sand and gravel, which may contain valuable metals.
pyrite	An iron sulfide mineral (FeS_2), the most common naturally occurring sulfide mineral.
reverse circulation ("RC")	A type of drilling using dual-walled drill pipe in which the material drilled, water and mud are circulated up the center pipe while air is blown down the outside pipe.
schist	A medium-to-course grained foliated metamorphic rock, the grains of which have a roughly parallel arrangement; generally developed by shearing.
sill	An intrusive sheet of igneous rock of roughly uniform thickness that has been forced between the bedding planes of existing rock.
stockwork	A three-dimensional network of closely spaced planar to irregular veinlets.
strike	The direction, or bearing from true north, of a vein or rock formation measured on a horizontal surface.
sulfide	A compound of sulfur and some other metallic element.
tpd	Metric tonnes per day.

Currency and Exchange Rates

All dollar amounts in this Annual Information Form are expressed in Canadian dollars unless otherwise indicated. The noon rate of exchange as reported by the Bank of Canada for the conversion of Canadian dollars into U.S. dollars on February 16, 2010 was C$1.0426 per US$1.00 and on November 30, 2009 was C$1.0574 per US$1.00.

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.

	2009	2008	2007
Rate at end of period	1.0556	1.2370	1.0000
Average rate based on last day each month	1.1505	1.0515	1.0812
High for period	1.0259	0.9765	0.9215
Low for period	1.2991	1.2935	1.1855

Metric Equivalents

The following table sets forth the factors for converting Imperial measurements into metric equivalents:

To convert from Imperial	To Metric	Multiply By
Acres	Hectares	0.404686
Feet	Meters	0.304800
Miles	Kilometers	1.609344
Tons	Tonnes	0.907185
Ounces (troy)/ton	Grams/Tonne	34.28570

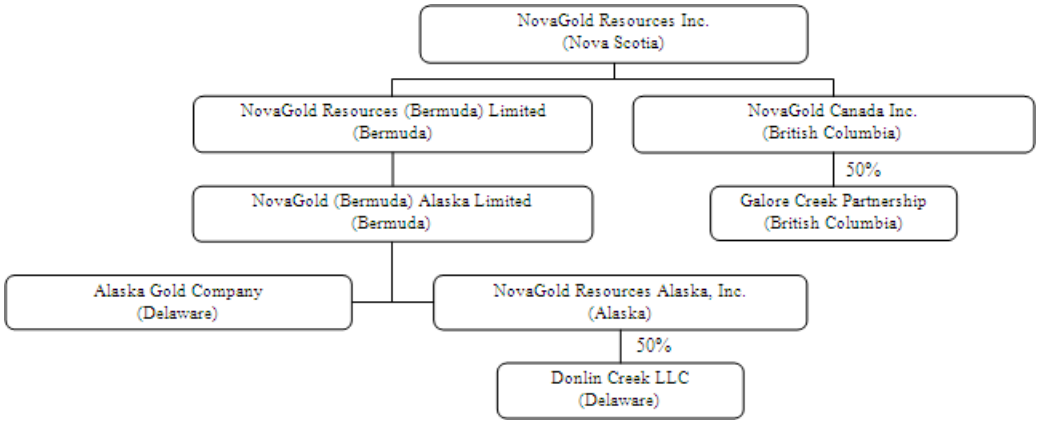
NOVAGOLD RESOURCES INC.
ANNUAL INFORMATION FORM
for its financial year ended November 30, 2009

ITEM 1 INCORPORATION

The Company was incorporated by memorandum of association on December 5, 1984, under the Companies Act (Nova Scotia) as 1562756 Nova Scotia Limited. On January 14, 1985, the Company changed its name to NovaCan Mining Resources (l985) Limited and on March 20, 1987, the Company changed its name to NovaGold Resources Inc. The Company is in good standing under the laws of the Province of Nova Scotia. The registered office of the Company is located at Purdy's Wharf, Tower II, 1300 – 1969 Upper Water Street, Halifax, Nova Scotia, Canada, B3J 2V1. The Company's principal office is located at Suite 2300, 200 Granville Street, Vancouver, BC, Canada, V6C 1S4.

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

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



All of the above companies are sometimes referred to collectively herein as the "Company" or "NovaGold".

ITEM 2 GENERAL DEVELOPMENT OF THE BUSINESS

Description of the Business

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

- Donlin Creek, a feasibility-stage project located in Alaska ("Donlin Creek"). Donlin Creek is operated by the Donlin Creek LLC, a limited liability company that is owned 50% by the Company and 50% by Barrick Gold U.S. Inc., a subsidiary of Barrick Gold Corporation (together "Barrick"). Donlin Creek is one of the largest known undeveloped gold deposits in the world with proven and probable reserves estimated at 29.3 million ounces of contained gold with additional measured and indicated resources of 6.0 million ounces of gold and inferred resources of 4.0 million ounces of gold. With a feasibility study completed, pre-permitting activities are underway to construct a mine estimated to produce more than one million ounces of gold annually for more than 20 years. The Donlin Creek LLC continues to review the mine plan in light of prevailing gold prices.

- Galore Creek, a large copper-gold-silver project located in northwestern British Columbia ("Galore Creek"). Galore Creek is held by a partnership in which NovaGold and Teck Resources Limited ("Teck") each have a 50% interest and is managed by the Galore Creek Mining Corporation ("GCMC"). Construction at the Galore Creek project was suspended in November 2007 in light of information indicating the possibility of increased capital costs and a longer construction schedule than originally contemplated. NovaGold plans to release the results of an updated mine plan in Q2-2010 that will use higher copper and gold prices than used in previous studies and an optimized project design. In addition, GCMC expects to prepare a pre-feasibility study to provide updated capital and operating cost estimates with completion targeted for the first half of 2011. A revised resource estimate for the Galore Creek project totals measured and indicated resources of 8.9 billion pounds of copper, 7.3 million ounces of gold and 123 million ounces of silver, with additional inferred resources, including the Copper Canyon deposit (of which NovaGold owns 60%, held in trust for the Galore Creek Partnership), of 4.0 billion pounds of copper, 4.9 million ounces of gold and 80 million ounces of silver.

- Nome Operations, comprising three projects in Alaska: Rock Creek, Big Hurrah and Nome Gold (together, "Nome Operations"). Nome Operations has 0.5 million ounces of probable gold reserves with additional measured and indicated resources of 1.9 million ounces of gold and inferred resources of 0.3 million ounces of gold. Construction on the Rock Creek mine commenced in the summer of 2006, but was suspended in November 2008 as a result of operating and market conditions and the Company's inability to arrange bank financing at the time. The Company is completing a detailed review process to evaluate start- up requirements for the Rock Creek project, but does not currently plan to initiate start-up activities in 2010.

- Ambler, an exploration-stage property located in Alaska. On January 7, 2010, the Company purchased a 100% interest in the Ambler property, which hosts the high-grade copper-zinc-gold-silver Arctic deposit. The Ambler property comprises 36,670 hectares (90,614 acres) of Federal patented and unpatented mining claims and State of Alaska mining claims, covering a major portion of the precious-metal-rich Ambler volcanogenic massive sulfide ("VMS") belt. A resource estimate for the Arctic deposit totals indicated resources of 2.2 billion pounds of zinc, 1.5 billion pounds of copper, 450,000 ounces of gold, 32 million ounces of silver and 350 million pounds of lead, with additional inferred resources of 1.3 billion pounds of zinc, 937 million pounds of copper, 260,000 ounces of gold, 19 million ounces of silver and 210 million pounds of lead.

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

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

NovaGold Resources Inc.
Proven and Probable Reserves, Measured, Indicated and Inferred Resources for Gold (Au), Silver (Ag), Copper (Cu), Zinc (Zn) and Lead (Pb)
As at December 22, 2009

Reserves

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

Resources(exclusive of Reserves)

			In Situ Grade					Total Contained Metal					NovaGold Share Net After Earn-Ins					
Property % Ownership	**Resource Category**	**Tonnes Millions**	**Au g/t**	**Ag g/t**	**Cu %**	**Zn %**	**Pb %**	**Au Moz**	**Ag Moz**	**Cu Mlbs**	**Zn Mlbs**	**Pb Mlbs**	**Au Moz**	**Ag Moz**	**AuEq Moz**	**Cu Mlbs**	**Zn Mlbs**	**Pb Mlbs**
Donlin Creek [3][4] approximately 0.87 g/t Au Cutoff	Measured	1.2	2.19					0.08					0.04		0.04			
50% Ownership - 50% Owned by Barrick Gold U.S. Inc.	Indicated	93.4	1.97					5.92					2.96		2.96			
	Total M&I	**94.6**	**1.97**					**6.01**					**3.00**		**3.00**			
	Inferred	54.5	2.29					4.02					2.01		2.01			
Galore Creek [3][5] 0.21% CuEq Cutoff	Measured	4.7	0.37	4.41	0.52			0.06	0.7	54			0.03	0.3	0.04	27		
50% Ownership - 50% Owned By Teck Cominco Limited	Indicated	781.0	0.29	4.88	0.52			7.21	122.4	8,872			3.61	61.2	4.64	4,436		
	Total M&I	**785.7**	**0.29**	**4.87**	**0.52**			**7.27**	**123.1**	**8,926**			**3.64**	**61.5**	**4.68**	**4,463**		
	Inferred	357.7	0.18	3.69	0.36			2.06	42.5	2,858			1.03	21.2	1.39	1,429		
Copper Canyon [3][6] 0.35% CuEq Cutoff	Inferred	164.8	0.54	7.15	0.35			2.86	37.9	1,160			1.72	22.7	2.10	696		
60% Ownership - NovaGold interest held in trust for the Galore Creek Partnership	**Total Inferr**	**522.5**	**0.29**	**4.79**	**0.35**			**4.92**	**80.4**	**4,018**			**2.74**	**44.0**	**3.49**	**2,125**		
Rock Creek [3][7] 0.6 g/t Au Cutoff	Measured																	
100% Ownership	Indicated	7.7	1.21					0.29					0.29		0.29			
	Total M&I	**7.7**	**1.21**					**0.29**					**0.29**		**0.29**			
	Inferred	0.6	1.09					0.02					0.02		0.02			
Big Hurrah [3][8] 1.0 g/t Au Cutoff	Measured																	
100% Ownership	Indicated	0.9	2.68					0.08					0.08		0.08			
	Total M&I	**0.9**	**2.68**					**0.08**					**0.08**		**0.08**			
	Inferred	0.2	2.97					0.02					0.02		0.02			
Ambler [3][9] $100 Gross Metal Value / Tonne Cutoff	Measured																	
100% Ownership	Indicated	16.8	0.83	59.63	4.14	6.03	0.94	0.45	32.3	1,538	2,237	350	0.45	32.3	0.99	1,538	2,237	350
	Total M&I	**16.8**	**0.83**	**59.63**	**4.14**	**6.03**	**0.94**	**0.45**	**32.3**	**1,538**	**2,237**	**350**	**0.45**	**32.3**	**0.99**	**1,538**	**2,237**	**350**
	Inferred	11.9	0.67	48.37	3.56	4.99	0.80	0.26	18.6	937	1,313	210	0.26	18.6	0.57	937	1,313	210
		m^3 Millions	**g/m3**															
Nome Gold [3][10] 0.20 g/m3 Au Cutoff	Measured	79.1	0.32					0.80					0.80		0.80			
100% Ownership	Indicated	83.8	0.28					0.76					0.76		0.76			
	Total M&I	**162.9**	**0.30**					**1.56**					**1.56**		**1.56**			
	Inferred	30.6	0.27					0.25					0.25		0.25			

Total Proven & Probable Reserves Contained Metal								**29.78**					**15.15**		**15.15**			
Total Measured & Indicated Contained Metal (exclusive of Reserves)								15.66	155.4	10,465	2,237	350	9.02	93.8	10.61	6,001	2,237	350
Total Inferred Contained Metal								**9.49**	**99.0**	**4,955**	**1,313**	**210**	**5.31**	**62.6**	**6.36**	**3,062**	**1,313**	**210**

Notes:

1. These reserve and resource estimates have been prepared in accordance with NI 43-101 and the CIM Definition Standards. See "Cautionary Note to U.S. Investors – Information Concerning Preparation of Resource and Reserve Estimates".

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

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

4. Sums may not agree due to rounding.

Reserve and Resource Footnotes:

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

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

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

(4) A variable cut-off grade has been estimated based on recent estimates of mining costs, processing costs (dependent upon sulfur content), selling costs and royalties. Resources are constrained within a Lerchs-Grossman (LG) open-pit shell using the long-term metal price assumption of US$850/oz of gold. Assumptions for the LG shell included pit slopes variable by sector and pit area: mining cost is variable with depth, averaging US$2.08/t mined; process cost is calculated as the percent sulfur grade x US$2.7948 + US$12.82; general and administrative costs, gold selling cost and sustaining capital are reflected on a per tonne basis. Based on metallurgical testing, gold recovery is assumed to be 89.5%. The reserve and resource estimates for Donlin Creek are based on the technical report titled "Donlin Creek Gold Project, Alaska, USA, NI 43-101 Technical Report" dated April 1, 2009, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

(5) The copper-equivalent grade was calculated as follows: CuEq = Recoverable Revenue ÷ 2204.62 ÷ US$1.55 ÷ Cu Recovery. Where: CuEq = Copper equivalent grade; Recoverable Revenue = Revenue in U.S. dollars for recoverable copper, recoverable gold, and recoverable silver using metal prices of Cu US$/lb = 1.550, Au US$/oz = 650, Ag US$/oz = 11. Cu Recovery = Recovery for copper based on mineral zone and total copper grade. The cut-off grade is based on assumptions of offsite concentrate and smelter charges and onsite plant recovery and is used for break-even mill feed/waste selection. The resource estimate for Galore Creek is based on the technical report titled "Galore Creek Property NI 43-101 Technical Report" dated January 25, 2008, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

(6) The copper equivalent (CuEq) calculations use metal prices of US$375/oz for gold, US$5.50/oz for silver and US$0.90/lb for copper. CuEq calculations reflect gross metal content that have been adjusted for metallurgical recoveries based on the following criteria: copper recovery = (%Cu - 0.06)/%Cu with a minimum of 50% and maximum of 95%; gold recovery = (Au g/t – 0.14)/Au g/t with a minimum of 30% and maximum of 80%; and silver recovery = 80%. The resource estimate for Copper Canyon is based on the technical report titled "Geology and Resource Potential of the Copper Canyon Property" dated February 9, 2005, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

(7) The basis for the cut-off grade was an assumed gold price of US$950/oz. The resource estimate for Rock Creek was completed by Kevin Francis, P.Geo., a qualified person as defined by NI 43-101 and an employee of the Company. This resource estimate was disclosed in a NovaGold press release dated April 15, 2009, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

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

(9) US$100 gross metal value/tonne cutoff. Gross metal value was calculated based on metal prices of Cu US$2.25/lb, Zn US$1.05/lb, Au US$525/oz, Ag US$9.5/oz and Pb US$0.55/lb applied to each individual grade. The gross metal value is equal to the sum of each grade multiplied by the value of the metal unit. No metallurgical recovery has been applied. The resource estimate for the Arctic deposit is based on the technical report titled "NI 43-101 Technical Report on Resources, Ambler Project, Arctic Deposit" dated February 12, 2008 with an effective date of January 31, 2008, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

(10) Nome Gold resource is an alluvial deposit, which is reported in cubic meters rather than tonnes, and grams/cubic meter rather than grams/tonne. 85,000 ounces contained within the reported resources may be subject to a royalty. The resource estimate for Nome Gold is based on the technical report titled "Technical Report, Nome Placer Property" dated September 12, 2006, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

General Development of the Business

Donlin Creek Feasibility Study

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

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

Industry wide capital costs saw significant increases over the past two years and peaked in the latter half of 2008, which is when the Donlin Creek LLC was estimating costs for the project. As outlined in the feasibility study, the total estimated cost to design and build the Donlin Creek project is US$4,481 million, including an owner-provided mining fleet and self-performed pre-development costs. This represents an approximate 10% increase in the total estimated capital costs over the studies conducted in 2007 using a similar approach to the project with on-site power generation. Sustaining capital requirements total US$803 million over the 20+ year mine life. All costs are expressed in Q4-2008 U.S. dollars with no allowances for interest during construction, taxes or duties. Recognizing the recent decrease in costs for construction inputs such as steel, concrete, diesel and labor, the Donlin Creek LLC is reviewing the capital cost estimates for the project. In addition, the Donlin Creek LLC is reviewing optimization scenarios including the potential to bring a source of natural gas to the project. NovaGold expects that these studies will be completed by mid-2010, at which point the Donlin Creek LLC will either file permit applications for the original project design or, upon unanimous Donlin Creek LLC board approval, approve a supplemental budget and proceed to revise the feasibility study to include the natural gas option.

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

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

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

Legal Actions

On February 16, 2010, NovaGold announced that it has entered into a memorandum of understanding to settle outstanding securities class action lawsuits in both the United States and Canada, in which NovaGold and certain of its directors and officers were named as defendants. The settlement will be covered by NovaGold's insurance, and the Company does not anticipate having to pay out any of its cash under the terms of the settlement. The memorandum of understanding is subject to agreement on formal documentation and both U.S. and Canadian court approval after public notice. See "Legal Proceedings and Regulatory Actions – Litigation Regarding Galore Creek Disclosure".

On July 15, 2009, two claims were filed in the United States District Court for the District of Alaska against NovaGold, AGC and other parties arising out of an accident on July 19, 2007, where two employees of a contractor were killed in a construction-related accident at the Company's Rock Creek mine. The claims are seeking wrongful death damages in excess of US$2.5 million. The Company and AGC filed an answer to the complaint denying all allegations and asserting certain affirmative defenses. The Company and AGC dispute these claims and believe they have substantial and meritorious legal and factual defenses, which they intend to pursue vigorously. There can be no assurance that these proceedings will be resolved in favor of NovaGold. See "Legal Proceedings and Regulatory Actions – Other".

Environmental

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

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

On December 31, 2009, AGC received a renewed Certificate of Approval to Operate a Dam ("COA") from the Alaska Department of Natural Resources ("ADNR"). The COA authorizes AGC's continued operation of the mine's tailings storage facility dam. The current term of the renewed COA expires on November 24, 2011.

The renewed COA contains conditions AGC must follow to ensure dam safety including, similar to the COBC, the requirement to treat, inject and apply water at an increased rate to reduce water levels behind the mine's tailings storage facility dam. The renewed COA also requires that AGC notify ADNR of AGC's preliminary, future intentions concerning the mine site by November 1, 2010. The COA terminated an NOV that had been issued in December 2008.

The Company is currently evaluating its long-term operations plans at the Rock Creek mine. During this evaluation period, the Company will continue to spend money, time and resources complying with Environmental Laws, its permits and temporary closure plans, and the COBC.

Purchase of Ambler Property

On January 7, 2010, NovaGold and AGC completed the purchase from Kennecott Exploration Company and Kennecott Arctic Company (collectively "Kennecott"), of a 100% interest in the Ambler property in northern Alaska, which hosts the high-grade copper-zinc-gold-silver Arctic deposit. NovaGold agreed to pay Kennecott a total purchase price of US$29 million for the Ambler property to be paid as: US$5 million by the issuance of 931,098 NovaGold shares and two installments of US$12 million each, due in January 2011 and January 2012, respectively. Kennecott will retain a 1% net smelter return royalty that NovaGold can purchase at any time for a one-time payment of US$10 million. The agreement terminated the exploration agreement between NovaGold and Kennecott dated March 22, 2004, as amended, under which NovaGold had the ability to earn a 51% interest in the Ambler property.

Sale of Murray Brook Mine

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

Financing

Convertible Notes
On March 26, 2008, the Company completed a public offering of US$95.0 million total principal amount of unsecured senior convertible notes due May 1, 2015 ("Notes"). The Notes have a semi-annual cash interest coupon of 5.5% and are convertible into the Company's common shares based on a conversion rate of 94.2418 common shares per US$1,000 principal amount of Notes, equivalent to a conversion price of approximately US$10.61 per share (equivalent to $10.77 per share based on March 19, 2008 closing rate). Subject to the satisfaction of certain conditions, the Company may, in lieu of delivery of common shares upon conversion of all or a portion of the Notes, elect to pay cash or a combination of cash and common shares. The Notes will not be redeemable by the Company prior to maturity, except upon the occurrence of certain changes to the laws governing Canadian withholding taxes. Holders of the Notes may require the Company to repurchase for cash all or a portion of their Notes on May 1, 2013 at a price equal to 100% of the principal amount of such Notes plus any accrued and unpaid interest. In addition, if the Company experiences specified types of fundamental changes, it will be required to offer to repurchase for cash all of the outstanding Notes at a price equal to 100% of the principal amount of the Notes to be repurchased plus any accrued and unpaid interest.

Private Placements
On January 22, 2009, the Company completed the sale of 53,134, 616 units for a purchase price of US$1.30 per unit, for total gross proceeds of approximately US$69 million. Electrum Strategic Resources LLC ("Electrum") purchased 46,153,847 units and several institutional investors purchased 6,980,769 units. On January 26, 2009, the Company completed the sale of 4,557,692 units to several institutional investors for total gross proceeds of US$5,925,000. The total gross proceeds to NovaGold of these two unit financings was US$75 million. Each unit consisted of one common share of NovaGold and one common share purchase warrant of NovaGold. Each warrant entitles the holder thereof to acquire one common share of NovaGold for an exercise price of US$1.50 prior to 5:00 pm EST on January 21, 2013. Upon closing of the private placement, Electrum became NovaGold's largest shareholder, currently owning approximately 28% of the issued and outstanding common shares of the Company. Electrum also holds NovaGold warrants which, if exercised, would increase its holdings a further 14% if no other shares were issued. See "Risk Factors".

Electrum has the right, for four years, to participate pro-rata (on a fully diluted basis) in any future offering by NovaGold of equity securities or any securities which are exercisable, exchangeable or convertible into equity securities so long as Electrum and its affiliates own more than 15,000,000 common shares of NovaGold. This right of participation is subject to certain exceptions including exceptions relating to a grant or exercise of options issued under the Company's stock option plan, issuances of common shares on the exercise of outstanding warrants and convertible securities, issuance of securities in connection with a strategic acquisition or transaction by NovaGold, the primary purpose of which is not to raise equity, and the issuance of securities in connection with an investment by, or partnership or joint venture with, one or more strategic investors. Any exercise of such rights will be subject to applicable Toronto Stock Exchanges ("TSX") rules and NYSE Amex LLC ("NYSE Amex") rules. NovaGold has also entered into registration rights agreements with Electrum under which Electrum may require NovaGold to qualify certain common shares for distribution in Canada and/or the United States. NovaGold has provided Electrum with the right to designate an observer at all meetings of the Board of Directors of NovaGold and any committee thereof so long as Electrum and its affiliates hold not less than 15% of the Company's common shares. Electrum has designated Igor Levental as its observer at NovaGold Board of Directors meetings.

Credit Facility and Bridge Loan
On January 31, 2008, the Company entered into an agreement with The Bank of Nova Scotia for a $30 million credit facility maturing on July 30, 2008. The credit facility was repaid in its entirety on March 31, 2008 and was cancelled.

On September 26, 2008, the Company obtained a secured bridge loan ("Loan") in the amount of US$20 million from Auramet Trading, LLC ("Auramet"). The Loan was originally set to mature on December 29, 2008 and was to bear interest at a rate of 12% per annum. Auramet had the right to convert the principal amount of the Loan into common shares of NovaGold at a price of C$12.00 per common share. NovaGold also issued to Auramet warrants to purchase 750,000 common shares of NovaGold at an exercise price of $7.18 per share at any time before September 25, 2010. As security for the Loan, NovaGold granted to Auramet a security interest in the Rock Creek mine, a pledge of securities in certain material subsidiaries and guarantees.

On December 19, 2008, the Company announced that it had entered into an agreement with Auramet to extend the maturity date to March 13, 2009 on any portion of the Loan not paid back by December 29, 2008. As part of this agreement, the conversion price of the outstanding balance of the Loan was reduced to $1.53 per share, the exercise price of the 750,000 warrants issued on September 26, 2008 was re-priced to $1.53 per share and the Company issued an additional 1,000,000 common share purchase warrants to Auramet at an exercise price of $1.53 per share and expiring on December 29, 2010. The interest rate on the principal amount that remained outstanding increased from 12% per annum to 15% per annum. Auramet was paid an extension fee equal to 6% of the portion of the facility not paid on or before the December 29, 2008 maturity date. In addition, NovaGold retained the right to prepay the facility, in whole or in part, in minimum increments of US$1,000,000 at any time on 10 days prior notice without a penalty or premium. The other terms and conditions of the Loan remained unchanged.

On January 8, 2009, Auramet converted approximately US$6.3 million of the Loan into 5,000,000 common shares of NovaGold, reducing the Loan balance to approximately US$13.7 million. On January 20, 2009, Auramet converted an additional US$6.3 million of the Loan into 5,000,000 common shares of NovaGold and on January 21, 2009, converted the remaining approximately US$7.3 million of the Loan into 5,762,565 common shares of NovaGold, reducing the outstanding principal amount of the Loan to nil. In 2009, Auramet exercised all of its 1,750,000 warrants at an exercise price of $1.53 per share for proceeds of $2.7 million. See "— Exercise of Warrants".

Sale of Marketable Securities
On January 29, 2008, the Company sold its entire shareholdings of US Gold Corp. for a net price of $3.50 per share. The Company received net proceeds of $18.8 million and recorded a gain of $15.3 million.

On January 8, 2009, the Company completed the sale of its holdings in Alexco Resource Corp. for an average net sale price of approximately $0.60 per share and net proceeds of $3.8 million.

Exercise of Warrants
The Company issued, as part of a private placement from October 2003, 3,500,000 warrants each exercisable at $7.00 for one common share of the Company and expiring on October 1, 2008. On October 1, 2008, NovaGold investors exercised a total of 2,311,350 warrants to purchase approximately $16.2 million in NovaGold common shares.

During 2009, Auramet exercised all of its 1,750,000 warrants at an exercise price of $1.53 per share for proceeds of $2.7 million, and exercised 5,631,582 share purchase warrants with an exercise price of US$1.50 for proceeds of $9.1 million.

ITEM 3 NARRATIVE DESCRIPTION OF THE BUSINESS

Donlin Creek Project, Alaska

Donlin Creek is an advanced-stage gold project held by the Donlin Creek LLC, a limited liability company that is owned 50% by the Company's wholly-owned subsidiary, NovaGold Resources Alaska, Inc. and 50% by Barrick's wholly-owned subsidiary, Barrick Gold U.S. Inc. On April 28, 2009, NovaGold announced the results of a feasibility study for the Donlin Creek project. Based on the feasibility study, the Donlin Creek mine has been designed as a year-round, open-pit operation. With the current 29.3 million ounce gold reserve base, the anticipated mine life is 21 years with a mill throughput of 53,500 tonnes per day. During the first five years, expected production averages 1.6 million ounces with an average total cash cost of US$394/oz. Gold production for the first 12 years is expected to average nearly 1.5 million ounces annually at an average total cash cost of US$444/oz. Life of mine production is estimated at an average of 1.25 million ounces of gold annually, for total recovered gold of 26.2 million ounces. The Donlin Creek LLC continues to review the mine plan in light of prevailing gold prices. The Donlin Creek LLC is also completing optimization studies, including the potential to bring a source of natural gas to the project. NovaGold expects that these studies will be completed by mid-2010, at which point the Donlin Creek LLC will either file permit applications for the original project design or, upon unanimous Donlin Creek LLC board approval, approve a supplemental budget and proceed to revise the feasibility study to include the natural gas option.

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

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

Donlin Creek – Property Description and Location

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

An advance minimum royalty on the Donlin Creek property of US$200,000 is currently payable to Calista annually. This advance minimum royalty will increase to US$500,000 annually upon a decision to proceed with the project to achieve commercial production at delivery of a feasibility study to Calista. 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 NSR royalty on production will be increased to the greater of 4.5% of the revenues from valuable minerals production and US$500,000.

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

On July 14, 2001, the Company, through its wholly-owned subsidiary NovaGold Resources Alaska, Inc., entered into an exploration and development option agreement with Placer Dome (acquired by Barrick in January 2006), granting the Company the right to earn up to a 70% interest in the Donlin Creek property ("Option Agreement"). Under the terms of the Option Agreement, the Company agreed to expend US$10 million within a ten-year period towards exploration and development to earn a 70% interest in the Donlin Creek property. In November 2002, the Company earned title to a 70% interest in the property, with Placer Dome holding the remaining 30%, and a joint venture between the parties was effectively formed, the rights and obligations of which became those of Barrick in January 2006 following its acquisition of Placer Dome. During the latter half of 2006 and the majority of 2007, there was a dispute between the Company and Barrick regarding Barrick's ability to meet the terms of the back-in agreement and acquire a 70% interest in the property, which would have had the effect of reducing the Company's interest to 30%.

To resolve their differences, the Company and Barrick entered into a limited liability company agreement dated December 1, 2007 that provided for the conversion of the Donlin Creek joint venture into the Donlin Creek LLC, which is jointly owned by the Company and Barrick on a 50/50 basis. Pursuant to the limited liability company agreement, the Company has agreed to reimburse Barrick over time for approximately US$64.3 million, representing 50 percent of Barrick's approximately US$128.6 million expenditures at the Donlin Creek project from April 1, 2006 to November 30, 2007. The Company reimbursed US$12.7 million of this amount following the effective date of the agreement by paying US$12.7 million of Barrick's share of project development costs. The remaining approximately US$51.6 million will bear interest and be paid out of future mine production cash flow. Funding is currently shared by both parties on a 50/50 basis.

The resource area consists of the ACMA, 400 Zone, Aurora and Akivik prospects (grouped as "ACMA") and the Lewis, South Lewis, Vortex, Rochelieu and Queen prospects (grouped as "Lewis"). The resource areas are within T. 23 N., R. 49. W., Seward Meridian, Kuskokwim and Mt. McKinley Recording Districts, Crooked Creek Mining District, Iditarod A-5 USGS 1:63,360 topography map.

Donlin Creek – Permits

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

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

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

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

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

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

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

Donlin Creek – Mineral Tenure

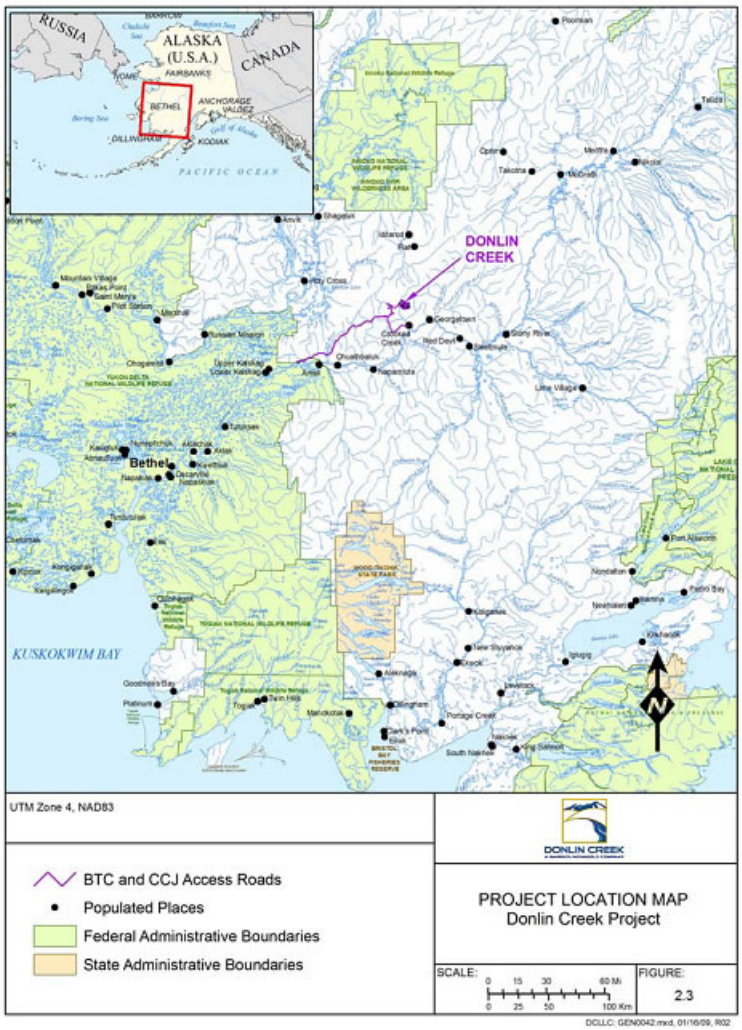
The following information regarding mineral tenure at the Donlin Creek project was compiled by the Company and is not included in the 2009 Donlin Technical Report.

Most of the rights (surface and subsurface) are governed by conditions defined by the Alaska Native Claims Settlement Act (ANCSA). Section 12(a) of ANCSA entitled each village corporation to select surface estate land from an area proximal to the village in an amount established by its population size. Calista receives conveyance of the subsurface when the surface estate in those lands is conveyed to the village corporation. Section 12(b) of ANCSA allocated a smaller entitlement to the regional corporations with the requirement they reallocate it to their villages as they choose. Calista receives subsurface estate when its villages receive 12(b) lands. Calista reallocated its 12(b) entitlement in 1999 according to a formula based on original village corporation enrolments.

The Donlin Creek exploration and mining lease currently includes a total of 42 contiguous sections leased from Calista, which holds the subsurface (mineral) estate for Native-owned lands in the region. The leased land is believed to contain 10,858 hectares (26,830 acres). Title to all of these sections has been conveyed to Calista by the Federal Government. Calista owns the surface estate on 9 of these 42 sections. A separate Surface Use Agreement with TKC, which owns the surface estate of the remaining 33 sections, grants non-exclusive surface use rights to the Donlin Creek LLC. All of these sections have now been conveyed to Calista/TKC by the Federal Government.

In addition to the leased land, Donlin Creek LLC holds 239 unpatented State mineral claims comprising 12,659 hectares (31,280 acres) primarily surrounding the leased land in the Kuskokwim and Mt. McKinley recording districts.

Of these, 158 claims are tentatively approved for conveyance from the Federal to State government subject to official surveying. These claims have not been legally surveyed. All claims are either 16.2 hectares (40 acres) or 64.8 hectares (160 acres) in size.



Donlin Creek – Accessibility and Climate

The Donlin Creek property is located in southwestern Alaska, approximately 19 km north of the village of Crooked Creek on the Kuskokwim River. The Kuskokwim River is a regional transportation route and is serviced by commercial barge lines. A 25 km long winter road, designated as an Alaska State Highway route and transportation corridor, accesses the property from the barge site at the village of Crooked Creek. The project has an all-season camp with facilities to house up to 160 people and an adjacent 1,500 meter long airstrip capable of handling aircraft as large as C-130 Hercules (19,050 kg or 42,000 lb capacity), allowing efficient shipment of personnel, large equipment and supplies. The project is directly serviced by commercial air services out of both Anchorage, 450 km to the east and Aniak, 80 km to the west.

The project area is one of low topographic relief on the western flank of the Kuskokwim Mountains. Elevations range from 150 meters to 640 meters. Ridges are well rounded and easily accessible by all-terrain vehicle. Hillsides are forested with black spruce, tamarack, alder, birch and larch. Soft muskeg and discontinuous permafrost are common in poorly drained areas at lower elevations. The area has a relatively dry interior continental climate with typically less than 50 mm (20") total annual precipitation. Summer temperatures are relatively warm and may reach nearly 30°C (83°F). Minimum temperatures may fall to well below -20°C (0°F) during the cold winter months.

The project is currently isolated from power and other public infrastructure. Studies were undertaken in 2008 to consider potential power line access to the project. Sufficient space is available to site the various facilities, including personnel housing, stockpiles and processing plants. Ample water supply is available from surface and subsurface sources. Due to concerns related to approval timeline, powerline access was not chosen as part of the primary basis for the feasibility study.

Donlin Creek – Project History, Drilling and Exploration

Various operators, including Western Gold Exploration and Mining Co. and Teck, undertook significant work on the property prior to 1995. Between 1995 and 2000, Placer Dome completed approximately 87,000 meters of diamond core drilling, 12,000 meters of reverse circulation (“RC”) drilling and 8,000 meters of trenching. In addition, Placer Dome undertook, amongst other things, metallurgical testing and baseline environmental studies.

From 2001 to 2002, NovaGold completed approximately 39,000 meters of core drilling, 11,000 meters of RC drilling, 89 meters of geotechnical drilling and 268 meters of water monitoring holes. NovaGold’s work on the property in 2002 focused on expanding the ACMA resource and defining mineralization and new resources in the adjacent prospect areas of Aurora, 400 Zone, Akivik and Vortex. In 2003, Placer Dome elected to return as operator as per the joint venture agreement. Placer Dome’s work in 2003 included updating the resource estimation, calcium carbonate investigations and economic studies. In 2004, Placer Dome focused on environmental and geotechnical studies, including geological mapping and sampling for carbonate-rich material, and continued with environmental baseline studies. Placer Dome focused on resource conversion, geotechnical investigation and environmental studies in 2005.

In January 2006, Barrick acquired control of Placer Dome. Barrick focused on resource conversion, geotechnical investigation, metallurgical and environmental studies from 2006 through 2007. Work included resource infill, geotechnical, metallurgical and condemnation drilling as well as continued environmental baseline studies, water geochemistry, peat exploration, wind power generation studies and metallurgical studies. In 2006, the project team drilled 92,804 meters of core with eight LF-70 drill rigs in 327 drill holes. Of that, 235 holes totaling 84,800 meters of core was focused on converting inferred resource to measured and indicated resource. However, significant drilling was also devoted to a broad range of prefeasibility and feasibility objectives, including pit slope stability, metallurgy, waste rock studies, facilities condemnation and engineering, and calcium carbonate resource bulk sampling, delineation, and exploration. Barrick continued the same logging procedures and down-hole and collar survey methods as used in the past. However, ACE core orientation tools were utilized for oriented holes and the data were entered into an acQuire database. Core recovery in both mineralized and unmineralized rocks was consistently excellent and generally exceeded 90% in intrusive rocks and 80% to >95% in sedimentary rocks. True widths of mineralization are difficult to determine but drill holes were oriented to reflect true width intercepts limited only by the equipment and geologic knowledge.

In 2007, 124 exploration holes comprising 50,562 meters of core were completed. Core recovery in both mineralized and unmineralized rocks was consistently excellent and generally exceeded 90% in intrusive rocks and 80% to >95% in sedimentary rocks. True widths of mineralization are difficult to determine but drill holes were oriented to reflect true width intercepts limited only by the equipment and geologic knowledge.

The 2008 exploration program focused on drilling the East ACMA target area, designed to quickly determine the limits of mineralization in this expanding target area. See "— Donlin Creek – 2008 Program". In 2009, chilled brine geotechnical drilling was conducted to further assess permafrost in the Donlin Creek district. There was no exploration drilling during 2009.

Geological Setting

Regional Geology
The Kuskokwim region of southwestern Alaska is predominately underlain by rocks of the Upper Cretaceous Kuskokwim Group that filled a subsided northeast-trending strike-slip basin between a series of amalgamated terranes. Intermediate composition volcano-plutonic complexes intrude and overlie Kuskokwim Group rocks throughout the region.

Local Geology
The Donlin Creek deposits lie between two regional, northeast-trending, right lateral faults, in an area that contains numerous northeast to east–northeast- and northwest to west–northwest-trending lineaments that probably represent steeply-dipping strike-slip faults. Undivided Kuskokwim Group sedimentary rocks and granite porphyry complexes are the main rock units.

Property Geology
Greywacke is dominant in the northern part of the area ("northern resource area" comprising Lewis, Queen, Rochelieu, and Akivik), while shale-rich units are common in the southern part of the area ("southern resource area" comprising South Lewis and ACMA). Overall, sedimentary structure in the northern resource area is monoclinal, whereas sedimentary rocks in the southern resource area display open easterly-trending folds.

Gold deposits are associated with an extensive Late Cretaceous–Early Tertiary gold–arsenic–antimony–mercury hydrothermal system. Gold-bearing zones exhibit strong structural and host rock control along north–northeast-trending fracture zones and are best developed where those zones intersect relatively competent host rocks. Mineralized material is most abundant in the igneous rocks, but sedimentary rocks are also mineralized within strong fracture zones.

Exploration

Grids and Surveys
Drill hole collar and trench locations were tied to a surveyed ground control net using conventional theodolite survey methods from 1988 through 1993. Drill hole collars were surveyed with Brunton compass and hip chain in 1995.

A Motorola GPS system was used in early 1996 to establish survey control monuments and to survey some drill collars.

Traditional survey methods were subsequently used to locate all 1995–1999 and 2001 drill collars and trenches. An Ashtech Promark2 GPS post-processed system that consists of a base unit and up to two roving units was introduced in 2002.

Geological Mapping
A number of geological mapping programs have been completed, using air photograph bases, at 1:20,000 and 1:10,000 regional scales (Table 10-1). Mapping was primarily completed during the mid to late 1990s.

Geophysical Surveys
An airborne magnetic survey was flown on behalf of WestGold in 1988–1989. Subsequently, ground electromagnetic, resistivity and IP surveys were completed at regional and prospect scale to aid in drill targeting.

Geochemical Sampling
Geochemical sampling to support exploration-stage work programs have been undertaken as summarized in Table 10-1. This work has been superseded by the drill programs completed on the property.

Trenching
Trenching programs were completed as part of exploration-stage activities, and are summarized in Table 10-1. Trench data are used to construct the geological model.

Exploration Summary Table, Exclusive of Drilling

Year	Company	Work Performed	Results
1909 to 1956	Various prospectors and placer miners	Gold discovered on Donlin Creek in 1909. Placer mining by hand, underground, and hydraulic methods.	Total placer gold production of approximately 30,000 oz.
1970s to present	Robert Lyman and heirs	Resumed sluice mining in Donlin area and placer mined Snow Gulch.	First year of mining Snow Gulch produced best results, with 800 oz Au recovered.
1974, 1975	Resource Associates of Alaska (RAA)	Regional mineral potential evaluation for Calista Corporation. Soil grid and three bulldozer trenches dug in Snow Gulch area.	Soil, rock, and vein samples have anomalous gold values. Trench rock sample results range from 2 g/t Au to 20 g/t Au.
1984 to 1987	Calista Corporation	Minor work. Various mining company geologists including Cominco and Kennecott visit property.	
1986	Lyman Resources	Auger drilling for placer evaluation finds abundant gray, sulfide-rich clay near Quartz Gulch.	Assays of cuttings average over 7 g/t Au. Initial discovery of Far Side (Carolyn) prospect.
1987	Calista Corporation	Rock sampling of ridge tops and auger drill sampling of Far Side prospect.	Anomalous gold values from auger holes: best result = 9.7 g/t Au.
1988 to 1989	Western Gold Exploration and Mining Co. (WestGold)	Airborne geophysics, geological mapping, and soil sampling over most of Project area. Total of 13,525 m of D9 Cat trenching at all prospects. Over 15,000 soil, rock chip, and auger samples collected. Drilling included 3,106 ft of AX core drilling, 404 m in 239 auger holes, and 10,423 m of RC drilling (125 holes). First metallurgical tests and petrographic work.	Initial work identified eight prospects with encouraging geology ± Au values (Snow, Dome, Quartz, Carolyn, Queen, Upper Lewis, Lower Lewis, and Rochelieu). Drilling at most of these prospects led to identification of the Lewis areas as having the best bulk-mineable potential. Mineral Resource estimate completed.
1993	Teck Exploration Ltd.	D-9 Cat trenching (1,400 m) and two 500 m soil lines in Lewis area. Petrographic, fluid inclusion, and metallurgical work.	Identified new mineralized areas, updated Mineral Resource estimate.
1995 to 2000	Placer Dome	87,383 m of core, 11,909 m of RC drilling and 8,493 m of trenching. Environmental monitoring and assessment.	Drilled the American Creek magnetic anomaly (ACMA), discovered the ACMA deposit. Numerous Mineral Resource estimation iterations.
2001 to 2002	Donlin Creek Joint Venture	46,495 m of core, 38,022 ft of RC drilling, 89.5 m of geotechnical drilling, and 268 m of water monitoring holes.	Filed a preliminary assessment report on the Project. Updated resource estimate.
2003 to 2005	Donlin Creek Joint Venture	25,448 m of core and 5,979 m of RC drilling. Calcium carbonate exploration drilling; IP lines for facility condemnation studies.	Infill drilled throughout the resource area. Discovered a calcium carbonate resource. Poor quality IP data .
2006	Donlin Creek Joint Venture	92,804 m of core drilling to support Mineral Resource classification conversion, slope stability, metallurgy, waste rock, carbonate exploration, facilities, and port road studies.	Geological model and Mineral Resource update.
2007	Donlin Creek Joint Venture	Core drilling totalled 75,257 m and included resource delineation, geotechnical and engineering, and carbonate exploration. 13 RC holes for monitor wells and pit pump tests totalled 1,043 m.	Improved pit slope parameters, positive hydrogeological results. Carbonate exploration was negative. Updated Mineral Resource estimate. Completed feasibility study with positive results.
2008	Donlin Creek LLC	108 core holes totalling 33,425 m for exploration and facility related geotechnical and condemnation studies. Updated resource models. Metallurgical test work: flotation variability and CN leach. 54 test pits and 37 auger holes were also completed for overburden characterization.	Resource expansion indicated for East ACMA. CN leach resource potential indicated for the main resource area, Snow, and Dome prospects. Facility sites condemnation drilling completed. Update of feasibility study, and updated geological models.

Geotechnical and Hydrology
A number of geotechnical and hydrological studies have been completed in support of feasibility and environmental reports for Donlin Creek.

Rowland Engineering Consultants performed the geotechnical assessments for the geotechnical engineering for access roads between port site, wind farm, airstrip, and plant site and geotechnical investigations to support port site, airstrip, wind farm, and interconnecting roads.

The hydrological model is based on drill data. Lorax Environmental (Lorax) performed water quality modelling for the planned mine pit lake. CEMI provided design criteria and associated testwork for the water treatment plant requirements during construction, operations, and closure.

Petrographic and Other Studies
There have been a number of specialist studied performed on the Donlin Creek mineralization, including fluid inclusion studies, radiometric age dating (40Ar/39Ar), petrographic descriptions of rock types based on thin sections and electron microprobe data, whole rock analyses, trace element analyses, and sulfur, carbon, oxygen, and hydrogen stable isotope studies.

Technical papers on the geology of the region, the deposit, and on the mineralization have been presented in peer-reviewed journals, and at conferences by Project personnel and personnel from the United States Geological Survey.

Exploration Potential
The Mineral Resource defined in this Report is confined to a small section of the Property. NovaGold believes there is considerable potential for additions to the Mineral Resources at Donlin Creek. Numerous other targets have been identified along the five mile-long mineralized gold trend, and are defined by surface sampling and various historical drill holes containing significant gold values.

Comments on Exploration
The exploration programs completed to date are appropriate to the style of the Donlin Creek deposits. The research work supports the genetic and affinity interpretations for the deposits. Mineralization continues below the proposed ACMA pit, but expansion is limited due the proximity of Crooked Creek on the west and south, and by the process facilities to the west. Exploration potential is still open to the north.

Mineralization

Southeast-dipping north–northeast-oriented fracture zones are the primary control on gold bearing vein distribution within the north-northeast mineralized corridors. Composite vein zones or mineralized corridors range up to 30 m in width and extend for hundreds of meters along strike. Intrusive rocks and to a lesser extent competent massive greywacke are the most favored host rocks, and act as a secondary control on the mineralization. Gold distribution in the deposit closely mimics the intrusive rocks, which contain about 74% of the Mineral Resource. Structural zones in competent sedimentary units account for the remaining 26%.

Mineralized material in the ACMA or sill-dominant part of the deposit tends to be higher grade and more continuous compared to Lewis and other dike dominant areas of the deposit. The most extensive and highest grade mineralized zones in ACMA are located where “feeder” dikes intersect the sill sequence. Mineralized zones follow steeply-dipping dikes and sills beyond the depth limits of current drilling, or over a vertical range of at least 945 m.

Veins
Multiple vein types apparently formed from a single hydrothermal fluid. Vein mineral assemblages show a continuum from pyrite through arsenopyrite, native arsenic, and realgar, rather than discrete paragenetic stages.

Stibnite is ubiquitous in all vein types but seems to increase in later vein stages. Gold grade and vein quartz generally increase from vein types V1 through V3 and then markedly decrease in V4, a carbonate-dominant vein type. Reflectance spectroscopy was routinely used to quantitatively define specific clay, illite, and carbonate alteration zones in intrusive rocks. Proximal to distal silicate alteration zones and carbonate and graphite alteration products are associated with the ACMA–Lewis hydrothermal system; silica is largely restricted to veins and is not an important wall rock alteration product.

Mineralization

Gold-bearing sulfides occur in both veins and disseminated zones in mafic igneous bodies, rhyodacite dikes and sills, and sedimentary rocks. Quartz-carbonate-sulfide (pyrite, stibnite, and arsenopyrite) veins are the primary mineralized features, but gold also occurs in thin, discontinuous sulfide fracture fillings.

Veins seldom exceed half an inch wide; vein density can range up to 5 to 10 per meter; and vein zones vary from 2 m to 35 m wide. Individual vein zones generally display limited lateral and vertical continuity. However, swarms of many anastomozing vein zones form larger mineralized corridors characterized by extensive lateral and depth continuity.

The ACMA–Lewis style of mineralization is consistent with a low-temperature, low-sulfidation, orogenic gold model involving a strongly reduced, CO2-rich, weakly acidic, bisulfide-complexed, gold-bearing fluid. The deposit(s) is characterized by an Au–As–Sb–Hg geochemical signature, quartz ± carbonate and sulfide veins, and disseminated sulfide minerals. Common minerals observed in mineralized zones include pyrite, marcasite, arsenopyrite, stibnite, realgar, and native arsenic.

Pyrite is the most common mineral and appears to be the earliest sulfide phase. It is ubiquitous in the rhyodacite and occurs as disseminated grains and micro-fracture fillings. Disseminated pyrite in the sedimentary rocks occurs as fine to coarse grains (up to 5 mm across) preferentially concentrated near dike/sill contacts or as syngenetic pyrite along sedimentary laminations. Relative abundance of pyrite is not an indicator of gold grade.

Broad selvages of disseminated gold-bearing arsenopyrite and pyrite are found adjacent to veins and vein zones. Arsenopyrite commonly replaces pyrite and typically occurs as fine to very fine grains disseminated in intrusive rocks and as coarser aggregates in fractures and quartz–carbonate veins. In practice, fine-grained arsenopyrite can be difficult to distinguish from ubiquitous disseminated graphite. Disseminated sulfides typically replace biotite or other mafic mineral sites and rim or replace illite–clay–carbonate-altered feldspar phenocrysts.

Native arsenic occurs as dark grey, granular, massive to botryoidal grains that often fill vugs in quartz–carbonate ± sulfide veins and other open spaces in breccias or fractures. Realgar occurs in late, quartz–sulfide veins. Stibnite commonly occurs as disseminated grains and masses within carbonate veins and occasionally as interlocking needles in open spaces within quartz–carbonate veins and on fracture surfaces. Other accessory sulfides and sulphosalts observed in the deposit include marcasite, pyrrhotite, chalcopyrite, chalcocite, covellite, bornite, tennantite, tetrahedrite, galena, sphalerite, and boulangerite. Pyrrhotite, stibnite, and boulangerite are paragenetically late and appear to post-date most deformation while chalcopyrite, tennantite–tetrahedrite, pyrite, and arsenopyrite are both pre- and post-deformation.

Very rare native gold particles (1 µm to 20 µm) have been observed in process mineralogy studies of ACMA–Lewis area sulfide grains, but most of the gold is in “solid solution” in the crystal structure of arsenopyrite and, to a lesser extent, in pyrite. Typical native gold seen in polished sections occurs as 1 µm to 3 µm blebs with no clear paragenetic relationship to other minerals. Gold-bearing arsenopyrite in ACMA is associated with gold-bearing marcasite and rarely with pyrite. Lewis pyrite is generally not gold bearing. Fine-grained arsenopyrite (<20 µm diameter) contains five to ten times more gold than coarse-grained arsenopyrite. Stibnite, realgar, and native arsenic are often associated with higher gold grades but contribute very minor gold compared to associated arsenopyrite.

Minor Elements and Deleterious Materials

The most abundant minor elements associated with gold-bearing material are iron, arsenic, antimony, and sulfur. They are contained primarily in the mineral suite associated with hydrothermal deposition of gold, including pyrite, arsenopyrite, realgar, native arsenic, and stibnite. Minor hydrothermal pyrrhotite, marcasite and syngenetic or sedimentary pyrite, also account for some of the iron and sulfur.

Much less abundant elements such as copper, lead, and zinc are contained in relatively rare or accessory hydrothermal mineral species observed in the deposit, including chalcopyrite, chalcocite, covellite, tennantite, tetrahedrite, bornite, native copper, galena, sphalerite, and boulangerite. Small amounts of silver in the deposit are most likely accommodated within the crystal structures of tetrahedrite and galena, and to a lesser extent in some of the other sulfides. Molybdenum occurs in rare molybdenite. Very minor nickel in the secondary sulfide mineral millerite and minor cobalt in various secondary minerals have been observed in sedimentary rocks. The Ni and Co probably have a sedimentary origin.

Three elements that have particular processing significance are mercury, chlorine, and fluorine. Graphitic carbon and carbonate minerals also negatively affect the metallurgical process.

Most of the Hg occurs as colloidal or microscopic cinnabar inclusions in finer-grained sulfides. Pyrite accounts for about 66% of the Hg in sulfide concentrates, followed by marcasite (18%) and arsenopyrite (3.6%) . Elevated Hg is also associated with realgar. Macroscopic cinnabar (HgS) is generally absent or exceedingly rare in the area of the Mineral Resource estimate.

Chlorine in chloride ions can dissolve gold during pressure oxidation (POX) as AuCl3. This gold compound is “preg-robbed,” or adsorbed, by carbonaceous matter and may become incorporated in iron precipitates, resulting in gold losses up to 10%. Fluorine is very corrosive in the POX process. Process mineralogy studies show that muscovite and apatite are the principal sources of chlorine and fluorine in sulfide concentrates and that the relatively more abundant muscovite accounts for most of the chlorine (59%) and fluorine (93%). Muscovite is normally a rock-forming mineral, but it can also form during hydrothermal alteration along with structurally similar alteration products (illite) associated with gold-bearing rocks. Apatite is commonly found as an accessory mineral in igneous and sedimentary rocks and as a hydrothermal alteration or vein mineral.

Graphitic carbon is preg-robbing and relatively abundant in the sedimentary rocks and variably disseminated in the intrusive rocks as a possible alteration product. Sulfide–carbonate binary particles tend not to float well. Carbonate minerals occur as both pervasive, fine-grained hydrothermal alteration products, often intergrown with fine disseminated sulfide, and also in carbonate and quartz–carbonate ± sulfide veins. Common carbonate minerals include calcite, ankerite, dolomite, and very minor siderite.

Comment on Mineralization
The mineralization style and setting is sufficiently well understood. The deposit contains elements that may be deleterious in the proposed processing facility.

Donlin Creek – Sample Preparation and Analysis

Drill Hole Sample Preparation
Prior to 2006
Sample preparation, quality assurance and quality control for assays through 2002 were analyzed. The assays and the database are suitable for resource estimation. No sample collection occurred within the mineral resource areas between 2003 and the beginning of 2005.

2006–2007
Most of the core samples were crushed at the Donlin camp facility. Samples of core split in Anchorage were shipped to an ALS Chemex preparation lab for crushing, pulverizing and assaying.

The Donlin camp preparation lab is housed in a heated steel building. A partition separates the core cutting area from the crushing area. The crushing side of the operation is equipped with a dust control ventilation system to minimize contamination. The camp sample preparation procedure consists of the following steps:

- The entire bagged sample is dried in an oven heated to between 85°C and 90°C for 12 hours.
- The sample is put into trays for processing through a jaw crusher. The sample tag stays with the sample.
- Blank samples (one of three QA/QC control samples) are inserted into the sample stream.
- The sample is crushed until the end product passes 70% minus 2 mm (10 mesh). Sieve analyses are performed periodically to check crush quality, and the crusher jaws are adjusted as necessary. Blank material is periodically used to clean the crushers, and operators are instructed to increase the cleaning frequency when unusually sulfide-rich material is processed.
- The sample is then passed through a riffle splitter four to six times to obtain a nominal 250 g (9 oz) split. This subsample is put into a numbered pulp bag, and the remainder, or coarse reject, is put back into the original sample bag. The splitter and sample pans are cleaned with compressed air.

- Two additional control samples—standard reference material (SRM) and a duplicate—are inserted as specified on the cutting list prepared by the geologist. Control samples including SRM, duplicates and blank samples are included in every batch of 20. The blank is prepared by processing a sample from a bin of gravel-size crushed rock by passing it through the jaw crusher and riffle-splitting it to ~200 g (7 oz). When a duplicate is required, the crushed core sample is passed through the riffle splitter once, and each half is split repeatedly to obtain a ~200 g (7 oz) sample.

Sample Analysis
Final sample preparation and chemical analysis for gold, sulfur and trace element suites were completed at ALS Chemex in Vancouver, an ISO9001:2000 accredited laboratory. The preparation consists of the following:

- The splits of crushed core were reduced to rock flour or “pulp” in a ring-and-puck grinding mill (to better than 85% passing minus 75 µm or 200 mesh).
- A 1 oz (30 g) subsample of the pulp was fire assayed primarily using a fire assay-atomic absorption spectroscopy (AAS) method. Prior to 2007, the primary analytical method was Au-AA23 with detection range of 0.005 to 10 g/t gold. In 2007, analytical methods switched primarily to Au-AA25 with a detection range of 0.01 to 100 g/t gold to take advantage of the higher top detection range.
- Samples that assayed >10 g Au/t were re-assayed with a fire assay gravimetric method (NovaGold, 2002) or from 2005 through 2006 by “ore grade” fire assay-AAS method (Au-AA25) with a detection range of 0.01 to 100 g/t gold. In 2007, one sample exceeding 100 g/t was assayed via gravimetric method Au- GRA21 with a detection range of 0.05 to 1000 g/t gold.

Donlin Creek – Security and Sample Transport

Project Site
Core samples are transported from the field and are brought to the yard adjacent to the geology office and logging tents at the end of each drill shift. Core storage is secure because Donlin Creek is a remote camp and access is strictly controlled. Unauthorized camp personnel have generally been excluded from the core cutting and sample preparation building, but strict access procedures were initiated following an audit by Barrick of the sample preparation lab in mid-2006. Assay splits of prepared core, along with the control samples, are packed in a shipping bag, secured with a numbered security seal, and sealed in boxes for shipment. The coarse rejects and remaining split core are returned to a storage yard south of the airstrip for long-term storage. The sample shipment procedure is as follows:

- Boxed assay splits are flown from the Donlin camp to Aniak airport via Vanderpool Flying Service.
- Samples are shipped from Aniak via Frontier Flying Service to the ALS Chemex lab facility in Fairbanks, Alaska. All sample shipments are accompanied by a Frontier Flying Service waybill. This allows each sample to be tracked from camp to ALS Chemex.
- The samples are logged into the ALS Chemex data system in Fairbanks before shipment to the ALS Chemex Vancouver (or other ALS Chemex facility), where they are pulverized and assayed. The Fairbanks lab returns a custody form that reports on the condition of security seals.

Anchorage Security and Sample Transportation
The Anchorage logging and splitting facility is housed in a secure, dedicated, warehouse/office facility. Visitor access to the facility is strictly controlled by AES, the facility manager. Outside visitation for tours or purposes other than daily delivery or pick up require advance approval by the Donlin Creek Project Manager. Whole core shipped from camp to the facility is transported on Lynden Air Cargo. Lynden waybills and Barrick custody forms are used to track samples from camp to Lynden’s Anchorage airport facility and from there by Lynden trucks to the Anchorage logging facility. Split core samples shipped from camp to the ALS Chemex Fairbanks lab follow similar protocol. Bagged split core samples are tied into shipping bags and loaded into palletized supersacks. Supersacks are closed with numbered security seals and shipped on Lynden trucks to ALS Chemex in Fairbanks. Waybills aid tracking within the Lynden transport system, and ALS Chemex reports on the condition of security seals in the same manner as shipments from camp.

Donlin Creek – Assay Quality Assurance and Quality Control (QA/QC)

1995–2002
Beginning with Placer Dome in 1995 and continuing with NovaGold through 2002, a systematic and comprehensive program of QA/QC has been employed for rock sampling and definition drilling programs at Donlin Creek. The QA/QC protocols include the random and blind insertion of the following:

- standard reference materials (SRMs) to monitor the accuracy of lab results;
- coarse reject duplicates to monitor analytical precision; and
- blank control samples to monitor contamination during sample preparation and analysis.

From 1996 to 2002, SRMs were inserted at an average rate of one per 24 samples. Over the same period, coarse reject duplicates were inserted at an average rate of one per 24 samples, and blanks were inserted at an average rate of one per 25 samples. Almost all samples associated with SRM and blank control samples that returned values beyond acceptable tolerance limits were re-assayed until the control sample results were either acceptable or validated by duplication.

Based on the results obtained from the comprehensive QA/QC programs at Donlin Creek, AMEC concluded in 2003 that the quality of the Donlin Creek drill database was sufficient for resource estimation. A slightly modified QA/QC protocol was implemented in 2005. Three QA/QC samples —one blank, one coarse reject duplicate, and one SRM—were randomly inserted into every block of 20 sample numbers. Thus, in every block of 20 sample numbers there were 17 drill hole samples and three QA/QC control samples. The 20 sample blocks met two criteria:

- The blocks must begin with a sample number in which the penultimate digit is an EVEN number, and end with a sample number in which the penultimate digit is an EVEN number.
- The blocks must begin with a sample number that ends in 1.
  Example: XXXXevennumber1 - XXXXevennumber0, such as XXX021-XXX040, XXX041-XXX060

Standard Reference Material and Blank Material in 2005–2006
Leftover SRM material (Std-C and Std-D) from the 2002 campaign was used at the beginning of the 2005 season. When these SRMs were depleted, additional reference material was purchased from Analytical Solutions (OREAS 6Pb and OREAS 7Pb) and CDN Laboratories (CDN-GS-3). After the 2005 season, two additional standards (Std-G and Std-H) were created from Donlin Creek coarse reject material. These two new standards, in addition to CDN-GS-3, were used during the 2006 season. The new standards created from coarse reject material were certified by Barrick's chief geochemist after industry accepted round robin assay and statistical analyses.

Blank material consisting of washed river gravel was purchased from Anchorage Sand and Gravel for the 2005 season and the beginning of the 2006 season. In early to mid-2006, the blank material was changed to granite chips purchased from Lowe's in Anchorage.

QA/QC 2005 Results
Lab performance was checked by continuously monitoring control sample assays. Assay batches containing a control sample assay that exceeded two standard deviations from the accepted value were immediately re-assayed, and the original assays were replaced with assays that satisfied the QA/QC standard. An exception to this protocol was made for batches containing negligible gold values. All control samples functioned well. SRM monitoring kept assay accuracy within acceptable limits. Duplicate sample data indicated no bias in sample preparation and analytical precision. Blank assay data demonstrated negligible contamination in the sample preparation and assay processes.

QA/QC 2006 and 2007 Results
The QA/QC protocol was identical to that used in 2005, except that the frequency of control samples was increased from 4 to 6%. No serious systematic preparation or analytical lab problems were detected.

Blanks
Two types of blank material were used: a product from Anchorage Sand and Gravel for the beginning of the 2006 season followed by granite chips purchased from Lowe's for later in 2006 and 2007. Each blank type was analyzed for gold by two different assay protocols: Au-AA23 and Au-AA25. A threshold of three times the gold detection limit was used by NovaGold for failure analysis. Dividing the samples into two time frames, a total of 5 samples (0.1%) failed before September 2006 and 163 samples (4.6%) of blanks failed after September 2006. The failures were all much less than the proposed range of gold cut-off grades and, in NovaGold's opinion, the failures were not material.

Duplicates
A total of 3,885 duplicate pairs obtained from coarse reject material were taken at Donlin Creek during 2006 and 2007. Successful or “passing” duplicates were identified by calculating the absolute relative difference (ARD):

ARD = [A-B] / 0.5 * (A + B)

A criterion of ARD must be less than 0.2 for 90% of the pairs used by NovaGold. The percent passing was an acceptable 93%.

Standards
A total of 3,573 results from 15 different standard reference materials (SRM) were provided by Barrick. Barrick set acceptable limits for all standards at the best value +/-2 standard deviations. Failed standards were to be re-assayed until the results were acceptable or validated by duplication. A total of 123 standards exceeded the range, and 58 (47%) were flagged with a comment regarding the failure. These comments commonly referred to a standard swap, or that the result failed by a calculated percentage but was “within acceptable limits”. NovaGold’s opinion is that the standards have been properly monitored and decisions regarding re-assay of failures have been reasonable.

Specific Gravity Determinations
Historically, only two specific gravity (SG) values were used in tonnage calculations: 2.65 g/cm3 for the intrusive units and 2.71 g/cm3 for the sediment units. Additional SG measurements were collected in 2006 to provide better coverage of deposit rock units and geographic subregions. Statistical evaluation of these new SG values shows that they are quite similar to the historical intrusive rock and sedimentary rock SG values. The following methodology is used to determine SG:

- Samples of whole core approximately 5 to 10 cm in length are first weighed dry and then weighed in water. This is accomplished by removing the dry weighing tray assembly from the scale, placing the sample in the wire basket, hooking the basket to the scale and submerging the sample in a 5-gallon bucket of water. A small sample bag containing rock chips placed in a small basket midway along the wire assembly acts as a tare weight to compensate for removing the weighing tray. This makes it easier to return the scale to zero when changing from dry to wet measurements.
- The formula for SG calculation is: Weight in Air/(Weight in Air – Weight in Water). The specific gravities are computed in acQuire once the weights are entered into the database.
- Measurements are collected for all rock types at a minimum frequency of one sample from all logged rock type intervals and one sample every 15 to 20 meters in the larger rock units. Mineralized rock takes precedence over unmineralized rock in a given rock type interval, but sufficient measurements of unmineralized material are also collected to document potential variability.

Donlin Creek – Data Verification

Prior to 2005 Drilling Campaign
As a test of data integrity, the data used to estimate the January 2002 Donlin Creek mineral resources were checked several ways and it was concluded that the mineral resource estimation was sufficiently free of error to be adequate for resource estimation.

2005 Drilling Campaign
NovaGold conducted a 100% check of 2005 drill hole Au assays within the resource area against electronic assay certificates. An error rate of less than 1.5% was uncovered. NovaGold also checked the collar and down-hole survey data. Electronic down-hole survey files were read for the drill holes and compared to those stored in the resource database.

2006 and 2007 Drilling Campaigns
Drilling data were captured using acQuire software and stored in MS SQL Server. Geologic logs, collar and down-hole survey data were entered on site using acQuire data-entry objects. Assay data were imported directly from electronic files provided by the laboratories. The master Donlin database was moved from the Donlin camp to the Anchorage office in the middle of 2006, and about 50% of the 2006 assay data were imported directly into the master database in Anchorage. The acQuire database was converted from the standard acQuire data-model to the more robust acQuire “Corp” data-model to aid in data verification. Further verification of legacy data took place by Barrick when data were migrated to the new data-model.

NovaGold verified the drill hole data in the following manner:

Collar Surveys
Collar survey information is transferred electronically from the electronic Ashtech survey instrument to the database, minimizing the chance of input error. The Ashtech output files and geologic logs were compared to 5 % of the electronic collar surveys. There was one unexplained 20-cm discrepancy between the elevation file and the database. Strangely, the error rate against the geologic logs was much higher; most collar coordinates were off by several meters. NovaGold does not know the reason but it is possible that the geologic logs have the proposed coordinate and not the final coordinate written on them, or there are transcription errors from the electronic database to the paper log. NovaGold is satisfied that the collar surveys from the Ashtech data files are sufficiently error free to be used for resource estimation.

Down-hole Surveys
Down-hole surveys are transcribed by hand from the survey instrument to paper survey forms. The forms in turn are entered into the electronic database manually. Ten percent of the drill holes were checked and an unacceptable error rate of 4.4% was measured. The primary error was that the down-hole survey was omitted from the electronic database. Other errors were incorrect azimuth conversion, incorrect feet to meter conversion, incorrect depth and incorrect priority code. Despite the high error rate, the magnitude of the errors was small; therefore, in NovaGold's opinion the impact on the estimation of grade will be minimal.

Assays
Electronic assay certificates made available by Barrick were merged into a single file and, by matching on sample number, were directly compared to the electronic database. For 2006 drilling, 70% of the assays were compared and an acceptable discrepancy rate of 0.4% was measured. For 2007, 99% of the assays were compared to the electronic assay certificates and a discrepancy rate of 1% was measured. NovaGold believes that the assay database is sufficiently error free to be used for resource estimation.

Donlin Creek – Geological Setting

The Donlin Creek project geology consists of a thick sequence of Cretaceous Kuskokwim Group sedimentary rocks intruded by late Cretaceous to early Tertiary felsic intrusive rocks. The sedimentary section consists of inter-bedded greywacke, shale and siltstone. The overall bedding strikes west-northwest and generally dips shallowly to the south, though in the ACMA area and further south of Lewis an important overturned fold is present. Thin inter-bedded shales within the Kuskokwim group are an important control on the emplacement of intrusive sills. The intrusive units, both dikes and sills, are the primary hosts of mineralization and consist of porphyritic rhyodacite and rhyolite and lesser mafic dikes and sills. Sills predominate in the ACMA and southern Lewis areas, whereas dikes dominate in the North Lewis area. The dikes and sills range from a few meters to more than 60 meters in width.

The Donlin Creek project area lies between two major north-east trending right lateral faults found in southwest Alaska: the Denali-Farewell fault system to the south and the Iditarod-Nixon Fork fault system to the north. The region contains abundant northeast to east-northeast and northwest to west-northwest trending lineaments that likely represent steeply dipping strike slip faults. Displacement along the main faults in the Donlin Creek region is inferred to be right lateral on northeast structures and left lateral on northwest faults. Because of the paucity of outcrop along the main faults in the region, the inferred location and sense of displacement is speculative.

Donlin Creek – Alteration and Mineralization

Gold mineralization at Donlin Creek consists of low temperature epithermal assemblage characterized by pyrite, auriferous arsenopyrite, stibnite, native arsenic and realgar occurring as both north-northeast trending extensional vein/fracture zones and disseminations. Gold grades are best developed where structural zones intersect favorable host lithologies, specifically the intrusive dikes and sills, and the more massive greywacke units within the sedimentary section. Disseminated mineralization is also locally present with highest concentrations typically adjacent to veins and vein zones.

The orientation of the mineralization is consistently north-northeast of the compressive structural regime. Intrusive dikes which feed the voluminous sill package present at Donlin Creek also strike north-northeast. The gold occurs primarily in the lattice structure of arsenopyrite. Realgar, native arsenic and stibnite can be found generally associated with the higher-grade gold mineralization. Alteration is characterized by the extensive development of illite, kaolinite and ankerite.

Donlin Creek – Metallurgy

Metallurgical testwork, under the direction of Barrick personnel, appears to have been completed to sufficient detail to support a feasibility study. Gold is mainly carried by arsenopyrite. Variation is observed in processing behavior between intrusives and sediments, but less so between the geographical sources. Concentration by flotation is efficient, being 91 to 97% for intrusives and 82 to 89% for sediments. Generally, direct cyanidation yields less than 10% gold recovery, whereas oxidation of the sulfides prior to cyanidation yields recoveries exceeding 90% for intrusives and 78 to 89% for the sediments.

Accordingly, process testing has been directed towards development of the following conceptual flowsheet:

- concentration by flotation using nitrogen;
- high pressure oxidation in an autoclave;
- carbon-in-leach ("CIL") cyanidation of the concentrate;
- carbon strip and regeneration circuits;
- gold electrowinning; and
- refining and production of doré bars.

This processing concept incorporates proven commercial unit operations. No issues have been identified to date that might lead to economic performance of this sequence that would be substantially different from similar processes in commercial operation today.

Donlin Creek – Resource and Reserve Estimate

The mineral reserves for the Donlin Creek project were classified using criteria appropriate under the CIM Definition Standards with an effective date of December 31, 2008 and were published on April 28, 2009. The mineral reserves are summarized in the table below.

Proven and Probable Mineral Reserve Statement, Effective Date December 31, 2008
(100% basis)

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

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

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

- Throughput of 53.5 kt/d and 20+ year mine life;
- Conventional open-pit mining using a combined bulk mining (12 m benches) and selective mining (6 m benches) approach;
- A long-term gold price assumption of US$725/oz;
- Mill recoveries in the pit optimization varied by rock type, domain and degree of oxidation, and ranged from 86.66% to 94.17%;
- Slopes were determined by geotechnical domain, with bench face angle recommendations ranging from 43° to 65°, inter-ramp slope angles from 26° to 50°, and overall slope angles ranging between 26° and 47°;

- Refining, freight and marketing (selling costs) were US$0.573/oz recovered; and
- A royalty of 3.75%, based on the gold price minus the selling cost.

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

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

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

Mineral Resource Statement, Effective Date December 31, 2008
(100% basis, excluding mineral reserves)

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

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

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

- A gold selling price of US$850/oz;
- Mill recoveries in the pit optimization varied by rock type, domain and degree of oxidation, and ranged from 86.66% to 94.17%;
- Administrative costs estimated at US$1.56/t;
- Refining, freight and marketing (selling costs) were estimated at US$0.573/oz recovered; and
- A royalty of 3.75%, based on the gold price minus the selling cost.

Donlin Creek – 2008 Program

The disclosure in this section summarizes activities at the Donlin Creek project in 2008 and is not based on the information included in the 2008 Donlin Technical Report. The 2008 drilling results are not included in the mineral resource estimate that is the basis of the feasibility study and it is unlikely that the 2008 drilling will have a material impact on the project.

In 2008, Barrick drilled 108 HQ/NQ core holes totaling 33,425 m, as well as auger holes and test pits for geotechnical studies, soil, stream sediment and stream concentrate geochemical samples.

The 2008 exploration program focused on drilling the East ACMA target area, designed to quickly determine the limits of mineralization in this expanding target area. The East ACMA area is highly prospective for additional resource discovery and simply follows the structural projection of mineralized sill and dike intersections within the Donlin anticline, which hosts the majority of resources at Donlin Creek. Results of the exploration program will aid in facility and infrastructure planning for Donlin Creek feasibility study. The initial drilling proved successful in identifying deep mineralization along the East ACMA trend. Additional drilling will be required to delineate mineralization recognized in the initial program. A total of 108 HQ/NQ diameter core holes totaling 33,425 m (109,663 feet) were drilled in support of exploration, resource infill, condemnation and geotechnical studies. The 2008 drilling results have not yet been incorporated in a resource estimate but are not anticipated to have a material impact on overall resources.

The Phase 2 program in 2008 was largely focused on finalizing the feasibility study and preparing for permitting. Exploration at Donlin Creek is expected to continue throughout the permitting process, with a focus on identifying additional high-grade ore that can enhance grade in the early years of production, reducing the capital payback period.

Donlin Creek – 2009 Program

The 2009 program at Donlin Creek comprised chilled brine geotechnical drilling to further assess permafrost in the Donlin Creek district. There were no exploration activities conducted in 2009.

Donlin Creek – Financial Summary

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

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

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

Donlin Creek Summary Statistics *100% Project Basis* [(1)]

Mine Parameters

	Unit	Life of Mine
Total Mined	tonnes (M)	2,567.7
Ore Milled	tonnes (M)	383.8
Strip Ratio (waste:ore)	tonne:tonne	5.69
Gold Grade	grams per tonne	2.37
Contained Gold	ounces (M)	29.3
Average Gold Recovery	%	89.5
Recovered Gold	ounces (M)	26.2
Mine Life	Years	21
Oil Price	$/barrel	75

	$/tonne Milled	$/tonne Mined	$/ounce
Mining Cost	13.62	2.08	200
Process Cost	14.76	2.26	216
G&A	1.54	0.24	23
Refining	0.11	0.02	2
Operating Cost	30.03	4.60	440[(2)]

Average Annual Gold Production	**Unit**	
First Full 5 years	ounces	1.6 million
First Full 10 Years	ounces	1.5 million
Life of Mine	ounces	1.25 million
Total Start-Up Capital (3)	$	4,481 million
Total Sustaining Capital (3)	$	803 million

	Unit	**$725/oz**	**$900/oz**	**$1,000/oz**
Average Annual Cash Flow(4)				
First Full 5 years	$ (M)	521	790	944
First Full 10 years	$ (M)	415	663	805
Average Total Cash Costs				
First Full 5 years	$ per ounce Au	394	398	400
First Full 10 years	$ per ounce Au	442	448	451
Life of Mine	$ per ounce Au	467	473	477
Financial Results				
Undiscounted Cumulative Net Cash Flow After-Tax (NCF)(5)	$ (M)	1,103	4,166	5,876
IRR Pre-tax	%	3.0	9.4	12.3
IRR After-tax	%	2.3	7.7	10.2
Payback Year	years	15	7	5

Note: NPV = Net Present Value of Cumulative Cash Flow; IRR = Internal Rate of Return. NPV and IRR figures are discounted to January 1, 2009.

(1) Numbers shown on 100% project basis. NovaGold and Barrick each own 50% of the Donlin Creek project subject to a 5 to 15% back-in right by Calista.
(2) Rounding of data equals $440.
(3) Does not include sunk costs, closure costs or credit for salvage values.
(4) Total revenues minus total operating costs and royalties before interest, taxes, depreciation and amortization.
(5) Net of initial and sustaining capital and operating costs.

Donlin Creek Project Economics *100% Project Basis* (1)

Return on Investment (millions of dollars)			
Gold Price ($/oz)	**$725**	**$900**	**$1,000**
Undiscounted Cumulative Net Cash Flow Pre-tax	$1,504	$5,915	$8,435
Undiscounted Cumulative Net Cash Flow After-tax	$1,103	$4,166	$5,876
NPV (5%) Pre-tax	-$592	$1,525	$2,735
NPV (5%) After-tax	-$733	$829	$1,674
IRR Pre-tax	3.0	9.4	12.3
IRR After-tax	2.3	7.7	10.2
Payback	15 years	7 years	5 years
Return on Investment with 15% Reduction in Capital Costs (2)(3) (millions of dollars)			
Undiscounted Cumulative Net Cash Flow Pre-tax	$2,297	$6,707	$9,227
Undiscounted Cumulative Net Cash Flow After-tax	$1,895	$4,958	$6,669
NPV (5%) Pre-tax	$4	$2,121	$3,331
NPV (5%) After-tax	-$138	$1,425	$2,270
IRR Pre-tax	5.0	11.8	14.9
IRR After-tax	4.4	10.2	12.8
Payback	11 years	5 years	4 years

Note: NPV = Net Present Value of Cumulative Cash Flow; IRR = Internal Rate of Return. NPV and IRR figures are discounted to January 1, 2009.

(1) Numbers shown on 100% project basis. NovaGold and Barrick each own 50% of the Donlin Creek project subject to a 5 to 15% back-in right by Calista.
(2) Lower confidence limit of AACE Class 3 Capital Cost Estimate.
(3) Prepared by Kevin Francis P.Geo., QP, Vice President Technical Services of NovaGold, and not included in the NI 43-101 Technical Report or 2009 Feasibility Study Report.

Donlin Creek – Planned Mining Operations

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

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

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

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

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

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

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

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

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

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

Donlin Creek – Proposed Production Plan and Schedule

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

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

Donlin Creek – Waste Dumps

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

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

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

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

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

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

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

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

Donlin Creek – Proposed Tailings Storage

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

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

Based on the flood and tailings storage requirements, the starter dams are required to store one year of tailings, plus flood and freeboard, and will be 52 m high for the main dam, while the upper north and upper south dams will be 16 m and 12 m, respectively.

Ultimate heights will be 144 m for the main dam and 105 m for the upper dam, measured from the downstream toe to the crest. The tailings storage facility will have an ultimate capacity of 311.43 Mm^3, corresponding to an ultimate impoundment surface area of 549 ha. The total catchment area of the tailings storage facility will be 705 ha.

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

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

Donlin Creek – Infrastructure

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

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

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

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

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

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

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

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

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

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

Donlin Creek – Power

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

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

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

Donlin Creek – Water

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

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

Donlin Creek – Markets

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

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

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

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

Donlin Creek – Taxation

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

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

Income tax becomes payable after deductions for capital allowances.

Donlin Creek – Cost Estimates

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

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

The de-escalation model determines potential savings to the project due to the global recession and downturn of the world economies since the Q3 2008 pricing. There was a significant reduction in world commodity prices in Q4 2008, particularly in metal prices within the mining industry. Costs in the estimate that were priced in either Q4 2008 or January 2009 U.S. dollars were not included in the de-escalation model. The model provides a Monte Carlo-type simulation that also includes currency impacts. The model looks at the minimum line and the base line estimate (Q3 2008 U.S. dollars) as the maximum. The result, depending on which probability factor is used, will determine the outcome. A probability factor (P50) was used for de-escalation in the estimate.

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

Donlin Creek – Financial Analysis

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

- For discounted cash flow (or NPV) purposes, the model is based from January 1, 2009. Estimates were prepared for all the individual elements of cash revenue and cash expenditures for ongoing operations.
- Estimated cash flows from revenue are based on a gold price of US$725/oz as provided by the Donlin Creek LLC, which is the price used for reporting the 2008 mineral reserves. The pit has also been optimized at the same gold price of US$725/oz. At the effective date of the 2009 Donlin Technical Report, gold was trading at around US$950/oz.
- Recovery is estimated to average 89.5% over the LOM based on work and testing performed for feasibility study and feasibility study update purposes.
- Doré refining and shipping charges were estimated at US$0.95/oz based on actual refining charges for Barrick's Goldstrike operations and a quotation for transportation and insurance costs from the Donlin Creek mine site to a U.S.-based refinery. An additional 0.1% of gold produced from the mine is included in refining costs. This amount represents the refiner's estimate of the loss of gold that will occur during the refining process.
- The current hydrometallurgical process selection renders any contained silver into a greater refractory state, which provides less than 10% silver recovery through standard metal leaching. As a consequence, no silver credit was applied to the project.

- Assets will be sold over the course of the mine life, when they are no longer required for project-based work, as well as at the end of the mine life. Total recovered value from these sales is estimated at US$33 million.
- Reclamation and closure costs were estimated at US$96 million and are primarily incurred in the first five years after the mine closes (2035 to 2039), although some expenditures begin immediately after construction and during operations with concurrent reclamation. The funding amount that is required to generate sufficient cash flow to cover costs for tunnel construction from Anaconda Creek to Crevice Creek, employee severance payments, capital to construct the WTP for perpetual water treatment, and associated facility and access maintenance, as well as closure costs, is estimated at US$7.44 million provided annually over the three-year construction and 20+ year LOM, for a total of US$179 million.
- During the non-shipping season (October through May), the project-owned barging fleet will be leased for other haulage uses. The total net revenue determined from this leasing arrangement is estimated at US$166 million. Of this amount, US$10 million earned during preproduction was credited against initial capital costs. The remaining US$156 million is credited against operating costs.
- Inventory, including 85% of consumables, is included in the financial model as cash outflows in the year before start-up of operations. Other warehouse inventory, excluding capital spares, is estimated at approximately US$25.3 million by the Donlin Creek LLC and was developed from first principles based on the value and quantity drivers of warehouse inventory held by Barrick's Goldstrike operation.

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

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

Donlin Creek – Current Activities

During 2009, expenditures at the Donlin Creek project totaled approximately US$25.3 million, with 50% contributed by NovaGold. Work focused on geotechnical drilling for the location of mine facilities, environmental baseline data collection, pre-permitting community advisory meetings and various optimization studies. For 2010, the Donlin Creek LLC has approved a budget of approximately US$28 million, with 50% contributed by NovaGold, which will focus on completing optimization studies, including the potential to bring a source of natural gas to the project. NovaGold expects that these studies will be completed by mid-2010, at which point the Donlin Creek LLC plans to either file permit applications for the original project design, or approve a supplemental budget and proceed with the studies required to file permits for the natural gas option.

Galore Creek Project, British Columbia

Galore Creek Partnership

On August 1, 2007, the Company formed a partnership with Teck (the "Galore Creek Partnership") giving each of NovaGold and Teck a 50% interest in the Galore Creek project. The activities of the Galore Creek Partnership are being conducted by Galore Creek Mining Corporation ("GCMC"), an independent entity controlled equally by NovaGold and Teck. Under the original agreement, the Company contributed its assets in the Galore Creek project to the Galore Creek Partnership and Teck 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 Galore Creek was fully operational, if partnership revenues exceeded certain established targets in the first year of commercial production.

On November 26, 2007, the Company announced that NovaGold and Teck had reached the decision to suspend construction activities at the Galore Creek project. In light of these developments, NovaGold and Teck amended the terms of Teck's earn-in obligations in connection with Galore Creek. Under the amended arrangements, Teck's total earn-in was approximately $403 million and the Company was to receive up to US$25 million of preferential distributions once Galore Creek became fully operational, if Partnership revenues exceeded certain established targets in the first year of commercial production. Teck's sole funding of project costs incurred after August 1, 2007 was to total $264 million, and Teck agreed to invest an additional $72 million in the Galore Creek Partnership to be used over the next five years, principally to reassess the project and evaluate alternative development strategies. NovaGold and Teck were to fund the next $100 million of project costs one third and two thirds respectively, and would fund costs proportionately thereafter.

The Company did not fund its cash call on the Galore Creek project in November 2008 and subsequent months due to limited cash reserves. On February 11, 2009, NovaGold and Teck agreed to amend certain provisions of the Partnership Agreement relating to the Galore Creek project. The agreement confirms that NovaGold and Teck each continue to hold a 50% interest in the Galore Creek Partnership. Under the amended agreement, Teck will now fund 100% of Galore Creek costs until the total amount contributed by Teck after November 1, 2008, together with approximately $15.8 million previously contributed by Teck on optimization studies, equals $60 million. Teck's remaining funding obligation, taking into account the amount 100% funded by Teck for November and December 2008 of $8.5 million, is approximately $35.7 million, which is to be contributed by December 31, 2012. During the period of Teck's sole funding, Teck will have a casting vote on the Galore Creek Partnership's Management Committee with respect to the timing and nature of expenses to be funded. Following Teck's $60 million contribution, all further costs at Galore Creek will be funded by Teck and NovaGold in accordance with their respective Galore Creek Partnership interests and there will no longer be any casting vote for either party. The new funding arrangements replace the funding arrangements agreed by Teck and NovaGold in November 2007.

Unless stated otherwise, the information in the following sections is based on the technical report titled "Galore Creek Property NI 43-101 Technical Report, British Columbia – Canada" dated January 25, 2008 (the "2008 Galore Technical Report") prepared by Kevin Francis, P.Geo. who is a "Qualified Person" as defined in NI 43-101. The 2008 Galore Technical Report has been filed with the securities regulatory authorities in each province of Canada. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the 2008 Galore Technical Report which is available for review on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Galore Creek – Property Description and Location

The Galore Creek property is a large copper-gold-silver project located in northwestern British Columbia. The main Galore Creek property, which consists of the Southwest, Central, Junction and West Fork deposits, contains 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 Stikine Copper Limited, the owner of the core mineral claims at the Galore Creek project, NovaGold could acquire 100% of such company. On June 1, 2007, the Company completed the exercise of its option pursuant to the Galore Creek Option Agreement to purchase 100% of Stikine Copper Limited by paying the final US$12.5 million of a US$20.3 million purchase. NovaGold's financial earn-in requirements under the Galore Creek Option Agreement were satisfied and all of Stikine Copper's assets were purchased by NovaGold and have been transferred to the Galore Creek Partnership.

Under the Copper Canyon Option Agreement, NovaGold had the option to 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 could 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 in the property could be earned by paying $1 million and completing a feasibility study by September 2011. On November 14, 2007, the Company provided notice to Copper Canyon Resources Ltd. that it had completed its earn-in requirements 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 the 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. The Copper Canyon property is subject to a 2% NSR royalty which may be reduced to 0.5% by the payment of $2 million to the royalty holder.

On February 13, 2006, the Company announced that it had entered into a comprehensive agreement with the Tahltan Nation for their participation in, and support of, the development of the Galore Creek project. Financial contributions will be made by GCMC 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 will receive the greater of $1 million or a 0.5 to 1.0% NSR royalty each year.



Galore Creek – Mineral Tenure

On May 23, 2007, NovaGold and Teck announced a 50/50 partnership to develop the Galore Creek property. On August 1, 2007 the Galore Creek Partnership was established to develop the Galore Creek mine and created GCMC, a jointly controlled operating company. In October 2007, all Galore Creek claims held by NovaGold Canada Inc. were transferred to GCMC. GCMC currently holds 118,912 hectares (293,838 acres) of British Columbia provincial mineral claims in 264 tenures. Included in this total are the five Grace claims that were acquired by GCMC from Pioneer Metals Corporation on December 3, 2007. At the adjoining Copper Canyon property the NovaGold/Copper Canyon joint venture holds 12 claims totaling 11,344 hectares (28,032 acres).

Galore Creek – Accessibility and Climate

The property is located approximately 200 km north of Stewart, BC and 96 km northeast of Wrangell, Alaska, the two closest communities with tidewater facilities. The town of Smithers, 370 km southeast, is the nearest major supply centre and has an airport with regularly scheduled flights to and from Vancouver, BC. Galore Creek and the Scud River are part of the tributary system of the Stikine River, an international waterway which drains an area of 49,000 square km.

Helicopter is the present means of access to the Galore Creek property. The Bob Quinn airstrip on the Stewart-Cassiar Highway is located approximately 75 km east of Galore Creek and has been used as the staging area for project mobilization and demobilization.

Galore Creek is located in the humid continental climate zone of coastal British Columbia and is characterized by cool summers and cold humid winters, with several months of snow cover. Summer temperatures may be above 20°C and minimum winter temperatures may fall below -20°C. Average annual precipitation is 200 cm with approximately 70% of this falling between September and February, mainly as snowfall. Elevations on the property range from 500 to 2,080 meters above sea level. The terrain over the central and northern portions of the property is gentle and rolling, and the surrounding topography is characterized by rugged mountains. The elevation of the tree line is variable but alpine vegetation predominates above the 1,100 meter level. Below that, forests are made up of Balsam fir, Sitka spruce and a few cedar. Higher up the valley, the moraines are bare to sparsely overgrown by subalpine vegetation. The project is currently isolated from power and other public infrastructure. Sufficient space is available on site for the various facilities required for a mining operation, including personnel housing, stockpiles and processing plants. Ample water supply is available from surface and subsurface sources.

Galore Creek – Geological Setting

The main Galore Creek deposits lie in Stikinia, an accreted terrain composed of tectonically juxtaposed Mesozoic volcano-stratigraphic successions. The eastern boundary of the Coast Plutonic Complex lies about 7 km west of the claim block. A suite of multiphase syenite intrusions cuts a section of flysch-basin sedimentary strata and alkaline volcanic rocks of the middle to upper Triassic Stuhini Group. The intrusive suite, centered in the West Fork area, forms a north-northeast-trending belt 5 km long and 2 km wide and contains stocks, dikes and extensive sills. The presence of numerous sub-volcanic syenite sills indicates that the intrusions formed at a structurally high level. The spatial and temporal association of the chemically similar intrusive and extrusive igneous rocks indicates that the Galore Creek area is probably an eroded volcanic center. The Galore Creek intrusions commonly follow two orientations, one northwest and the other northeast. Post-intrusion and post-ore faulting follows these same orientations. Regionally, the Stuhini section shows broad open folding. The mineralized section is less deformed, so it is unclear whether the deformation occurred prior to, during, or subsequent to mineralization.

Copper Canyon, a satellite copper-gold resource located 6 km east of the Central Zone, shares a number of geological and geochemical similarities with the main deposits, including the occurrence of identical dike-rock types, a similar sulfide suite and occurrence within the same host volcano-stratigraphic succession. Regional stratigraphic relationships suggest that Copper Canyon represents a different but coeval volcanic edifice.

Galore Creek – Alteration and Mineralization

Mineralization at Galore Creek occurs primarily in altered Triassic alkalic lavas, volcano-sedimentary strata and, to a lesser degree, in alkalic intrusions. Twelve copper-gold-silver mineralized zones have been identified on the property. Alteration mineral assemblages at Galore Creek are somewhat unique due to the near total lack of quartz in the volcanic and intrusive host rocks. In general, the center of the district shows potassic alteration, including potassium-feldspar, biotite and magnetite, with local concentrations of garnet. Copper-sulfides are most closely associated with secondary biotite and magnetite. A propylitic assemblage, including epidote, chlorite and pyrite occurs outboard of the potassic assemblage.

Most of the mineralized zones contain evenly disseminated copper-sulfide with little apparent control by stockwork or larger scale veining. The sulfide assemblage generally includes chalcopyrite, bornite and pyrite. Uncertainty exists whether the pyrite is auriferous, but strong magnetite commonly occurs within gold-enriched zones. Higher gold values occur at the northern and southern ends of the Central deposit. These higher gold values generally occur along with elevated concentrations of bornite. Locally, as in the West Fork area, massive magnetite-bornite-chalcopyrite mineralization contains bonanza grades (>20% copper with significant precious metal values).

Mineralization at Copper Canyon occurs primarily in a sub-volcanic syenite intrusive complex. This host lithology defines the primary difference from the main Galore Creek deposits. Chalcopyrite forms the primary sulfide mineralogy; bornite is rare. As at Galore Creek, mineralization is evenly disseminated and shows no apparent association with veining. The periphery of known mineralization contains elevated gold/copper ratios along with relatively higher concentrations of pyrite. Copper mineralization appears to occur as an annular zone around a barren fluorine-rich diatreme breccia.

Galore Creek – Metallurgy

The sulfide minerals at Galore Creek are predominately gold- and silver-bearing chalcopyrite, bornite and pyrite. A primary grind of 80% passing 150 microns provides sufficient rougher flotation liberation to separate the copper minerals from the pyrite and gangue. At this grind, the majority of the gold is either free or associated with the copper sulfides. The proposed treatment process uses conventional flotation to produce a precious-metal-bearing copper concentrate.

The Galore Creek project has been the subject of several metallurgical studies since the 1960s. Early work by Kennecott Corporation ("Kennecott") culminated in 1967 with a continuous pilot plant mill test. The pilot plant processed a 50-ton bulk sample mined from a short adit across the Central Zone of the deposit. The pilot plant confirmed the results of earlier bench-scale testing. The bulk sample assayed 1.28% copper of which 96% was recovered into a 25% copper concentrate. The indicated gold and silver recoveries from the sample were 63.9% and 84.5% respectively. Kennecott followed up in 1992 with additional bench testing using four composites taken from the then newly discovered Southwest Zone as well as two new composites from the Central Zone. The object of this study was to determine the amenability of the composites to the flow sheet developed previously and to determine if gold recovery could be significantly improved. It was found that both gold recoveries and copper concentrate grades for the Central Zone were higher than those indicated for the Southwest Zone. This was attributed to the higher pyrite content in the Southwest Zone and the association of at least part of the gold with pyrite. Overall copper and gold recoveries to a 25% copper concentrate averaged 90% and 58%, respectively.

NovaGold's work in 2003 and 2004 consisted of further bench tests. The program included verification of the flow sheet, determination of grindability, modal analysis of flotation feed and products, gravity concentration, and batch rougher and cleaner flotation tests. The 2003 work was carried out on four 50-kg samples selected from the 2003 higher grade drill intercepts in the Central and Southwest Zones. The 2004 work was carried out on eight 50-kg samples selected from various locations from within the Central, Southwest, Junction, West Fork and Copper Canyon Zones.

The following is a summary of the key observations from the 2003/2004 work:

- Comparative ball mill work indices carried out on 28 samples averaged 13.5 kWh/t.
- Copper and gold were readily recovered using a simple flotation scheme and standard reagents for copper.
- A primary grind of 80% passing 150 microns was sufficient for copper mineral and gold liberation.
- A significant fraction of gold was free and floated readily with the copper minerals.
- Gravity gold concentration appeared to have limited additional benefits as the gold was readily recovered by flotation.
- Rougher concentrate required regrinding to a nominal 80% passing 40 microns for effective cleaning.
- A series of locked cycle flotation tests on the main ore types from within the Central, Southwest, Junction and West Fork Zones produced results in line with previous test work. An average head grade of 0.74% copper and 0.38 g/t gold produced 29% copper concentrate with copper and gold recoveries of 90.9% and 70.9%, respectively.

Metallurgical testing continued during 2005. A pre-feasibility level work program validated the flowsheet developed in the previous scoping level work. The flowsheet will comprise rougher flotation, regrind of rougher concentrate and three stages of cleaner flotation. The final concentrates appear readily marketable and had relatively low penalty elements. Fluorine and selenium concentrators were variable and could slightly increase the cost of processing at some smelters.

Galore Creek – Sampling and Assaying

Historically from 1963 to 1991, drill core in mineralized zones was generally sampled in 3-meter intervals. The samples were tagged then split in half using a mechanical splitter. One half of the core was returned to the core box and the other half shipped to an outside laboratory for analysis. The core returned to the boxes remains on site as a record of the hole. Much of the core from the Central Zone was re-assayed as part of the 1991 exploration program. No site-specific standards, blanks or field duplicate samples were used in any of the previous exploration programs.

Sampling and assaying procedures used by the Company have been overseen by qualified professional geologists. All drill core from the 2003 through 2007 programs, except intervals of overburden and till material, were sampled. Drill core sampling occurred within a minimum of 1-meter and a maximum of 3-meter intervals. The core was cut in half using a diamond saw. Half of the core was taken as a sample and submitted to ALS Chemex Labs in Vancouver, BC. The core that was returned to the box remains on site as a permanent record. In addition to the core, control samples were inserted into the shipments at the approximate rate of one standard, one blank and one duplicate per 20 core samples. The placement of all control samples was essentially random within the 20-sample batch.

All assay analysis for the 2003 through 2007 programs was carried out by ALS Chemex Labs of Vancouver, BC. Upon arrival at the lab the samples were logged in a tracking system and the weight was recorded. The samples were then prepped by drying and the entire sample crushed. A 250g split was pulverized to >85% passing 75 microns. Sample analysis for gold content was conducted by 30g fire assay with gravimetric finish. Results were provided between 0.05ppm and 1,000ppm accuracy. Additional ICP analysis was conducted for 34 elements by aqua regia acid digestion and ICP-AES.

Galore Creek – Project History, Drilling and Exploration

Drilling History
Since initial discovery of the Galore Creek property in 1960, 811 diamond drill holes totaling 220,985 meters have been drilled on the property. Most of this work has focused on the Central Zone, with lesser amounts of work on eleven other target areas. Some zones have received only reconnaissance drilling. During the 1970s, drilling was principally confined to the Central Zone but nine holes were also drilled on the North Junction Zone. Average core recovery in the Central Zone was between 75 and 85% with the poorest recovery at depths between 60 and 90 meters where abundant open sheet fractures were encountered. At depths below 90 meters core recovery approached 100%. In the North Junction Zone recovery averaged around 60% due to shattered and sheared sections encountered both near surface and at intervals throughout the holes. In 1989–1990, Mingold, an Anglo American subsidiary, drilled holes on the Southwest Zone (eight holes, 1,026 meters), the North Rim showing (six holes, 546 meters), the Saddle Zone (two holes, 226 meters) and two reconnaissance holes. The 1991 drill program was mainly directed at areas peripheral to the Central Zone as well as exploration holes located in the Southwest, Butte, North Rim and Dry Creek Zones. Only six holes were drilled within the Central Zone itself.

The first drill program directed by NovaGold began in September of 2003, and consisted of eight core holes targeting four broad areas of the deposit: the North Gold Zone, South Gold Zone, Central Replacement Zone and Southwest Zone. Drilling was focused on understanding the zonation and gold variability of the deposit. This program was responsible for the discovery of new mineralization, known as the Bountiful Zone, found at depth below the South Gold Lens.

2006 Program
The 2006 drill program focused primarily on further definition of the deep Bountiful mineralization discovered in 2003, further resource definition along the western margin of the Central deposit and completion of condemnation drilling on the Grace claims in the planned tailings disposal site. The program drilled in excess of 36,200 meters in 67 drill holes and encountered significant new mineralization in the Bountiful Zone, in the high-wall of the Central deposit and down dip in the West Fork deposit. Additional geotechnical drilling in support of mine development was also completed.

Wide-spaced drilling in the Bountiful Zone defined a sub-horizontal zone occurring at roughly 300 meters depth and extending nearly 1,000 meters in the north-south direction and 700 meters in the east-west direction. Drilling indicates that typical widths in the Bountiful Zone are greater than 200 meters on average and up to 500 meters in a few exceptional intervals. Drilling at depth in the high-wall of the Central Zone extended mineralization from the North Gold lens approximately 250 meters to the west. Additional drilling in the Dendritic Creek area about 750 meters south of the North Gold lens shows limited mineralization to the west and likely the limited loss of some previously inferred mineralization. Drilling down dip along the north-dipping West Fork deposit continued to expand mineralization to depth and toward the Bountiful and Southwest deposits.

2007 Program
The 2007 drilling program for Galore Creek completed 15,000 meters of follow-up and exploration drilling. Targets concentrated on optimization of the mine schedule by targeting shallow moderate-grade resources that could displace low-grade stockpile material in years seven to nine of operations. Additional exploration focused on scoping potentially high-grade underground scenarios that could heighten the value of the project.

Drilling was carried out at three primary locations: Copper Canyon, the Grace Claims and the Lower Butte Zone. Drilling at the Lower Butte Zone suggests potential for resource additions. At the Copper Canyon deposit, drilling focused on testing up-slope historical soil anomalies, testing higher-grade targets discovered in 2006 and expanding on depth and lateral extensions of the current resource. As a result of the drilling at Copper Canyon, NovaGold has earned a 60% interest in the neighboring project. Significant additional drilling was completed to test the geotechnical characteristics of planned pit slopes, waste and tailings storage and water diversion facilities.

2008 Program
The 2008 diamond drilling program at Galore Creek was carried out between June 25, 2008 and September 17, 2008. The program consisted of nine diamond drill holes totaling 2,050 meters. The main objectives of the program were to obtain important acid base accounting ("ABA") data in the Central, Southwest, North Junction and Junction pits, to confirm legacy grades in the Junction pit, and to collect metallurgical data in the Central pit for engineering design. Seven drill holes totaling 1,297 meters targeted gaps in the ABA model, specifically along the pit boundaries of the Central (South Gold Lens), Southwest and North Junction pits and within the core of the Junction pit. Two drill holes totaling 752 meters were drilled for the purpose of collecting metallurgical data in the chalcopyrite-rich Central Replacement Zone and the chalcopyrite-bornite-rich North Gold Lens.

2009 Program
There was no exploration program during 2009.

Galore Creek – Resource Estimate

The resource estimate for the Galore Creek project was updated by NovaGold to reclassify the proven and probable reserves as measured and indicated resources and to update the inferred resource estimate.

The measured and indicated resource now totals 786 million tonnes grading 0.5% copper, 0.3 g/t gold and 4.9 g/t silver for a total metal content of 8,926 million pounds of copper, 7.3 million ounces of gold and 123 million ounces of silver at a cut-off grade of 0.21% copper-equivalent ("CuEq").

The updated inferred resource, including NovaGold's 60% interest in the Copper Canyon project (held in trust for the Galore Creek Partnership), now totals 457 million tonnes grading 0.35% copper, 0.3 g/t gold and 4.8 g/t silver for a total metal content of 3,554 million pounds of copper, 3.8 million ounces of gold and 65.2 million ounces of silver at a cut-off grade of 0.21% CuEq for Galore Creek and 0.35% CuEq for Copper Canyon.

Unless stated otherwise, the summary tables below show resources at a CuEq cut-off grade of 0.21% . Copper equivalent grades are based on both long-term average metal prices and estimated recoveries using extensive metallurgical data from the Galore Creek resource area. Significant mineralized material exists beyond the current resource conceptual pit and is the focus of ongoing delineation drilling.

Galore Creek Measured, Indicated and Inferred Resource Estimate[(1)(2)] E ffective Date January 25, 2008

Resource Category	Tonnes (Millions)	Cu (%)	Au (g/t)	Ag (g/t)	CuEq[(3)] (%)	Copper (M lbs)	Gold (M ozs)	Silver (M ozs)
Measured	4.7	0.5	0.4	4.4	0.8	54.1	0.1	0.7
Indicated	781.0	0.5	0.3	4.9	0.7	8,872.3	7.2	122.4
Measured + Indicated	**785.7**	**0.5**	**0.3**	**4.9**	**0.7**	**8,926.3**	**7.3**	**123.1**
Inferred[(4)]	**522.5**	**0.4**	**0.3**	**4.8**	**0.6**	**4,018.3**	**4.9**	**80.4**

(1) Measured and indicated resources shown on a 100% basis, of which NovaGold owns a 50% interest.
(2) Rounding errors may occur.
(3) Copper-equivalent (CuEq%) calculations use metals prices of US$1.55/lb of copper, US$650/oz of gold and US$11/oz of silver. Copper-equivalent calculations (CuEq%) reflect gross metal content that has been adjusted for metallurgical recoveries based on the metallurgical domain testwork. 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.
(4) Galore Creek inferred resource is tabulated at a 0.21% CuEq cut-off grade and are shown on a 100% basis, of which NovaGold owns a 50% interest. Copper Canyon inferred resource is tabulated at a 0.35% CuEq cut-off grade and are shown on a 100% basis, of which NovaGold owns a 60% interest. 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. See “Cautionary Note to U.S. Investors – Information Concerning Preparation of Reserve and Resource Estimates”.

A rigorous quality control and quality assurance protocol has been used on the project, including blank and reference samples with each batch of assays. All NovaGold drill samples were analyzed by fire assay and ICP at ALS Chemex Labs in Vancouver, BC, Canada.

Galore Creek – Construction

On June 5, 2007, NovaGold announced that it had received the necessary Federal and Provincial authorizations and permits to allow NovaGold’s Board of Directors to approve the start of construction at Galore Creek. Board approval for construction activities was contingent on receiving full Provincial and Federal authorization for the project. Federal authorization was posted to the Canadian Environmental Assessment Registry on June 4, 2007.

On July 31, 2007, the Provincial Government announced the issuance of a Mines Act permit for the Galore Creek project for construction of the access tunnel. An interim permit issued on July 4, 2007 authorized limited blasting to prepare and stabilize the rock face of the tunnel, as well as preparatory work for the sediment ponds. Receipt of the new permit authorized completion of the access road and tunnel and allowed for the start of earthworks in the Galore Creek Valley.

Galore Creek – Construction Suspension

On November 26, 2007, the Company announced that NovaGold and Teck had reached the decision to suspend construction activities at the Galore Creek project. A review and completion of the first season of construction indicated substantially higher capital costs and a longer construction schedule for the project. This, combined with reduced operating margins as a result of the stronger Canadian dollar, would make the project, as conceived and permitted, uneconomic at then consensus long-term metal prices. NovaGold and Teck continue to view the property as a substantial resource and are working to identify an alternative development strategy that may allow for the resumption of construction.

Prior to the suspension of construction, substantial work was completed at Galore Creek, including clearing 80% of the 135-kilometer road right-of-way, completing 66 kilometers of pioneer road, installing a number of key bridges and initiating work on the road access tunnel into the Galore Creek Valley. During the construction suspension and optimization period, the partners intend to maintain the existing infrastructure.

A new, highly seasoned, Galore Creek leadership team was appointed in early 2008. This team commenced an aggressive review of the project with the objective of identifying an alternative development strategy that would allow the partners to resume construction and advance Galore Creek toward production. While permits granted for the original project design remain in place, an alternative project design will likely require new or additional permits before construction can resume.

The Galore Creek Partnership had planned to release a go-forward plan for the project in the fourth quarter of 2008, including an alternative development strategy and updated economics for the project. Given the nearly 50% drop in the copper price and market conditions that severely impacted the share price of all mining companies, the Galore Creek Partnership decided to keep the project on care and maintenance until market conditions become more favorable.

Galore Creek – 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 was held in various communities in the Galore Creek region, with the public and regulator comment periods running from July 10, 2006 to September 8, 2006 and September 22, 2006, respectively. The Tahltan Central Council, which was actively engaged in the entire assessment process, submitted their comments to the British Columbia Environmental Assessment Office on October 18, 2006, including a letter of support from the Chair of the Tahltan Central Council. The permitting process for Galore Creek progressed as expected resulting in the receipt of the BC Provincial Environmental Assessment Certificate in February 2007. Federal authorizations were received during Q2-2007.

Although construction at the Galore Creek project was suspended in late 2007, the Canadian Federal and Provincial authorizations to proceed in accordance with the feasibility plan remain in good standing as do the majority of key permits required to continue construction. Should current re-engineering activities culminate with a recommendation to approve substantial changes in the location of critical infrastructure or key aspects of project design, some or all of these authorizations will likely require amendment before full-scale construction could restart.

Galore Creek – Current Activities

Long-term demand for copper and gold is expected to remain strong and the Galore Creek property contains a large undeveloped copper and gold resource. British Columbia is a good place to invest and both NovaGold and Teck remain committed to working in the province. During 2008 the Galore Creek Partnership worked with the Tahltan Nation and government regulators to develop and implement a program to maintain the road, bridge and related infrastructure to a high standard so that adverse environmental impacts are minimized. Under the direction of GCMC's new leadership team, numerous studies were completed to evaluate alternative development approaches.

During 2008/2009, GCMC connected portions of the access road to allow equipment to be driven out and maintenance crews to have better access, greatly reducing the costs associated with project suspension. Certain road construction equipment and facilities were recovered and sold as the road progressed. The proceeds from the sales directly funded the project's activities and did not reduce Teck's required contributions. A road has been established to Km 48 of the proposed 90-Km road, an achievement that will improve access to the project and reduce construction costs should the project be restarted. The 2010 work plan for the project includes continued road work and ongoing maintenance of existing road sections.

Since the construction suspension, GCMC has been reviewing a number of engineering alternatives for the project and has identified an alternate design that shows the potential for significant expansion of project throughput, a shorter construction schedule, relocation of the process facilities along the project access road to allow for easier construction and future expansion, and fewer risks associated with construction and operations. The new project design also envisions the construction of a conventional tailings dam and may potentially decrease construction costs. In addition, the Provincial and Federal governments in September 2009 announced their support to build a power line along Hwy 37 to Bob Quinn, which is the starting point of the Galore Creek access road.

Given the continued strength of the copper market, GCMC is considering a more aggressive program in 2010 to advance the project towards a construction decision. NovaGold plans to release the results of an updated mine plan in Q2-2010 that will use higher copper and gold prices than used in previous studies and an optimized project design. In addition, GCMC expects to prepare a pre-feasibility study to provide updated capital and operating cost estimates with completion targeted for the first half of 2011.

Nome Operations Project, Alaska

Nome Operations is held by the Company's wholly-owned subsidiary, Alaska Gold Company ("AGC") and comprises three projects: Rock Creek, Big Hurrah and Nome Gold. Construction on the Rock Creek mine commenced in the summer of 2006, but was suspended in November 2008 as a result of operating and market conditions and the Company's inability to arrange bank financing at the time. The Company is completing a detailed review process to evaluate start-up requirements for the Rock Creek project, but does not currently plan to initiate start-up activities in 2010.

Except for the information contained under the heading “Rock Creek Update” or as otherwise stated, the information in this section is based on the technical report titled “Technical Report, Rock Creek and Big Hurrah Project” dated February 21, 2008 (the “Rock Creek Report”) prepared by Sean Ennis, P.Eng. and Ken Shinya, P.Eng., both of Norwest Corporation; and Bruce Davis, Ph.D., and William Pennstrom, Jr., all of whom are Qualified Persons as defined in NI 43-101. The Rock Creek Report has been filed with the securities regulatory authorities in each province of Canada. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. The full text of the Rock Creek Report is available for review on SEDAR located at www.sedar.com. Capital and operating costs for Rock Creek have been updated to reflect the figures included in NovaGold’s audited consolidated financial statements of the Company for the year ended November 30, 2008. See “— Rock Creek & Big Hurrah – Feasibility Study – Rock Creek Update”.

Rock Creek & Big Hurrah

In September 2008, NovaGold received regulatory authorizations and began commissioning start-up and systems testing at its Rock Creek gold mine. State regulators approved the initiation of start-up, allowing NovaGold to begin processing ore and depositing tailings material into the tailings storage facility. During the first month of operations the Company completed an initial gold pour and worked on commissioning all elements of the operation. The September approval was conditional on NovaGold completing a number of additional environmental and operational tasks in the following weeks and months to ensure compliance with environmental requirements for the mine. Complications arose in meeting these regulatory requirements and the federal and state regulators provided notice that certain conditions in the previously granted permits had not been fully met. In addition, the Rock Creek mine experienced unanticipated mechanical problems including an electrical failure with the milling circuit and the Company had ongoing concerns with the efficiency of the process and recovery circuit. These issues were compounded by the effects of extreme arctic weather conditions experienced in Nome, Alaska.

In mid-October 2008, NovaGold anticipated cash flow in 2009 from the Rock Creek mine of over $25 million at the then prevailing gold price and exchange rates. In November 2008, the Company revised its expectations based on a gold price of US$750 per ounce and then current exchange rates, and predicted that the Rock Creek mine would not generate significant net cash flow over the next six months. As a result of expected further capital requirements and increased operating costs together with the uncertainty regarding the operation of the project and the resulting cash flow, on November 24, 2008 the Company decided to suspend the start-up, systems testing and commissioning activities at the Rock Creek mine.

Rock Creek – Permitting and Environmental Concerns

The Rock Creek mine received Notices of Violation (“NOVs”) from the State of Alaska regulators relating to preventative measures for stormwater discharges from the construction site on February 19, 2008, and June 6, 2008. The Company worked closely with regulators to resolve these issues and on July 16, 2008, entered into a Compliance Order that required the Company to meet certain conditions on a set timeline and to pay US$1,000 per day in penalties for any violations of the Compliance Order. The Company was able to meet most requirements contained in the Compliance Order; however, the State determined that the Rock Creek mine had failed to fully comply with the requirements of the Compliance Order on the agreed upon schedule. The Company agreed to pay a fine in the amount of US$19,000 to resolve these matters. On November 15, 2008, the State terminated the Compliance Order resolving these State stormwater violations.

After the temporary project suspension announcement on November 24, 2008, regulators requested that the Company develop a Temporary Mine Closure Plan in accordance with its State permits. On December 22, 2008, the State of Alaska notified the Rock Creek mine that its temporary authorization to deposit tailings into the tailings storage facility had expired, and that this authorization would need to be renewed prior to further deposition of tails.

On December 12, 2008, the Rock Creek mine received an NOV from the Alaska Department of Natural Resources (“ADNR”) alleging that the tailings storage facility dam was not in compliance with applicable dam safety authorizations. The NOV required the Company to submit information within 30 days from the date of the NOV responding to questions raised by ADNR; however, the NOV did not assess any financial penalty against the Company. The Company complied with the NOV’s information requests. On February 12, 2008, ADNR issued a letter stating that most information provided by the Company in response to the December 12, 2008, NOV was acceptable; however, ADNR requested additional information to clarify certain new questions. AGC subsequently worked with ADNR during 2009 to address the agency’s information requests. On December 31, 2009, ADNR issued a renewed Certificate of Approval to Operate a Dam (“COA”) authorizing AGC’s continued operation of the mine’s tailings storage facility dam. Issuance of the COA terminated the December 12, 2008 NOV.

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

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

AGC has worked diligently with federal and state regulators to resolve the environmental issues at the Rock Creek site, has improved and added additional water management structures and drainage ditches on site and has completed a revised storm water management plan. The Company is confident that adequate water management strategies are now in place and expects to achieve its objective of having no environmental violations at the Rock Creek site in 2010.

Rock Creek & Big Hurrah – Property Description and Location

The Rock Creek project is located on the Seward Peninsula along the west coast of Alaska, north of Norton Sound. The project area lies about 10 km north of Nome, Alaska and is accessed via state-maintained roads. The terrain is fairly hilly with broad and narrow valleys. Nome is located at sea level while the Rock Creek plant site would be at an elevation of about 80 masl (“meters above sea level”). The mine area is higher, at elevations ranging from 100 to 150 masl. Vegetation at the site consists mainly of low shrubs and tundra grasses. Forested areas and trees are nonexistent in the mine area. The nearest area to the Rock Creek project that is closed to mineral entry is the Bering Land Bridge National Preserve which is over 100 km northeast of the Rock Creek project at its closest point. There currently are no unusual social, political or environmental encumbrances to exploration, development or production on the project. A royalty agreement is in place for the portions of the pit which lie outside of the claims held by AGC.

The Rock Creek project occurs partly on 5,700 hectares (14,000 acres) of patented mining claims owned 100% by AGC and partly on land controlled by the Bering Straits Native Corporation (“BSNC”). AGC holds two exploration and mining leases on approximately 20,610 hectares (50,930 acres) of lands owned by BSNC, who own the subsurface mineral rights, as well as two surface use agreements with staged annual payments with Sitnasuak Native Corporation, who own the surface rights. The Bering Straits agreements involve escalating annual payments for the lands pertaining to the exploration lease and annual advance royalty payments on the mining sublease up to production, and a 2.5% NSR royalty and a 5% NPI from production from BSNC lands pertaining to the mining sublease.

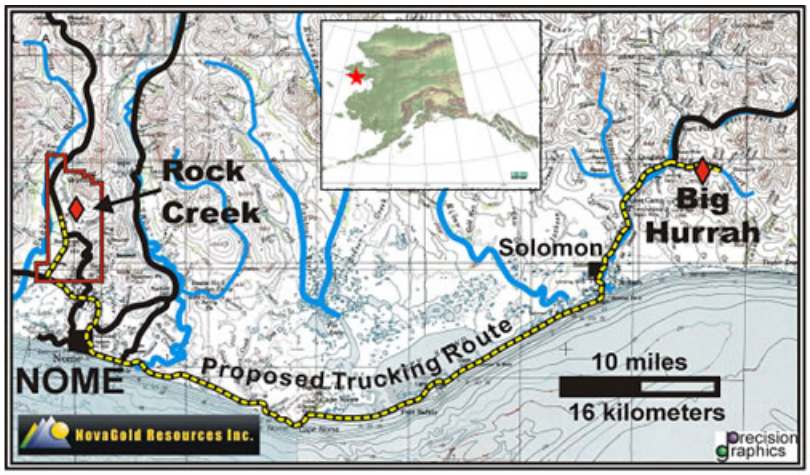
The Big Hurrah deposit lies about 80 km east of Nome and is accessed via state-maintained roads during summer months. The terrain is fairly hilly with narrow valleys. The deposit is at an elevation of about 100 masl. Vegetation at the site consists mainly of low shrubs and tundra grasses. Forested areas and trees are non-existent in the deposit area. There currently are no unusual social, political or environmental encumbrances to exploration, development or production on the prospect. The Big Hurrah project occurs within patented land owned 100% by AGC, with the remainder of the surrounding area within BSNC (who own the subsurface mineral rights) and Solomon Native Corporation (who own the surface rights) lands. All of the mining land and the proposed current configuration of related facilities are located on AGC owned land.

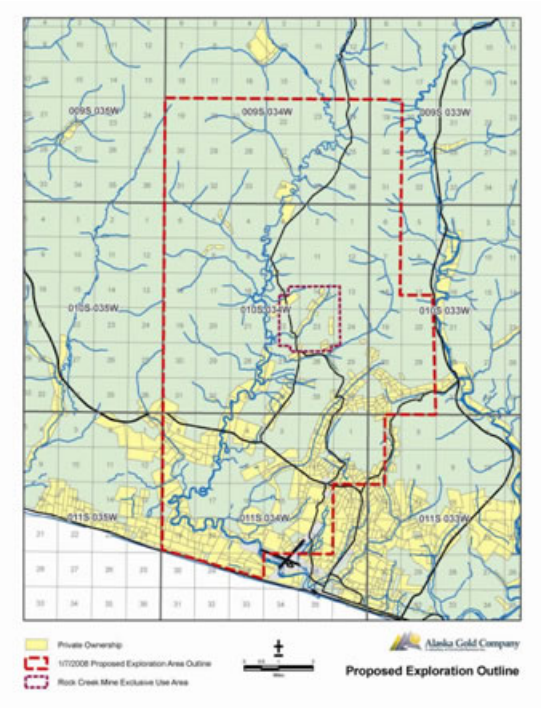
The following information regarding claims at the Rock Creek project was compiled by the Company and is not included in the Rock Creek Report.

NovaGold owns all or a part interest in 323 mineral surveys made up of one or more patented claims in the Nome area through AGC. These mineral surveys are fee simple and have no annual requirements. Municipal taxes apply to lands within the City of Nome.

The Company has also entered into two agreements with BSNC through its operating subsidiary, Golden Glacier Inc. ("GGI") for subsurface mineral rights on approximately 50,930 acres of non-patented land in and around the Rock Creek mine. The first agreement, "Mining Sublease" dated April 13, 2006, was derived from the lease agreement dated March 13, 2002. The sublease applies to 2,930 acres immediately around the Rock Creek mine and prescribes certain payments related to 2.5% net smelter and 5.0% net proceeds royalties on production. In lieu of production, an advance royalty payment of $126,560 plus inflation amount is due on January 1 of each year. A second "Exploration and Option" agreement signed on June 24, 2008 with GGI is for surrounding lands totaling 48,000 acres and is valid to December 31, 2013. The agreement calls for annual payments ranging from US$0.06 million to US$0.10 million and annual work commitments ranging from US$0.07 million to US$0.10 million.

For surface rights, separate agreements approximately mirroring the GGI land areas have been executed with Sitnasuak Native Corporation. The document dated May 26, 2006 "Surface Use Agreement – Exclusive Use Area" applies to 1,789 acres of Native land in and adjacent to the Rock Creek Mine. The agreement calls for annual payments of US$0.07 million plus inflation amount and annual fee on newly disturbed lands at $900 per acre plus inflation amount. For the 48,000-acre exploration block of lands surrounding the core block, the agreement is dated April 1, 2008 and is valid until December 31, 2012. The agreement calls for annual payments ranging from US$0.05 million to US$0.10 million and an annual fee on newly disturbed lands of $750 per acre.





Rock Creek & Big Hurrah – History and Exploration

Rock Creek
Placer miners commonly found and reported gold-bearing quartz veins throughout the Seward Peninsula but were unable to mine them profitably due to the discontinuous nature of the veins. Limited lode exploration was conducted after a few failed attempts at underground mining during the early part of the century. In 1986, R.V. Bailey came to Nome with bulk mineable targets in mind and quickly consolidated the district land holdings. Rock Creek was discovered by trenching shortly thereafter. Rock Creek has been worked on by several different mining companies since 1986. During each of these work projects, soil sampling, geophysics and geologic mapping and various campaigns of drilling were conducted. Work on the property was carried out subsequent to 1986, and prior to the Company's involvement, by Placer Dome, Tenneco, Newmont, Kennecott and AGC. A total of 33,000 meters of core and rotary drilling was carried out by these companies on the property (of which 18,600 meters was on the Rock Creek deposit), as well as metallurgical test work.

In June 1999, after the Company concluded the purchase of AGC, the Company began a review and compilation of all previous work in the Nome Area. In September of that year, six RC drill holes (437 meters) were completed for metallurgical test work, and also to test the reliability and continuity of previous drilling. All six holes intersected significant widths of greater than 3 g/t gold mineralization.

In 2000, 30 additional drill holes totaling 2,449 meters were completed. Sampling was carried out on each 1.52 -meter interval and strict sample protocols were employed to ensure adequate sample size and quality. The Company's program used experienced RC drillers employing a compressor with 900CFM capacity, with the air-lift to ensure complete sample recovery. The Company stationed a geologist on the rig full time to ensure strict sampling protocols were undertaken. In 2002, NovaGold completed 16 HQ diamond core drill holes totaling 1,182 meters in a program funded by TNR Gold Corp. This drill program was designed to expand the extent of the known gold resource and to complete in-fill core drilling along the higher-grade Albion zone of the deposit in preparation for an independent preliminary economic assessment report.

In 2003, a 30,000-foot in-fill feasibility delineation drill program was completed and a feasibility study was begun. Also in 2003, environmental baseline monitoring was initiated. The 2003 drilling program confirmed that the coarse gold component of the mineralization at Rock Creek produced differing results between core and rotary drilling. In 2004, a comprehensive twinning and in-fill drilling program was developed to define a final reserve model, provide additional material to carry out further metallurgical test work to optimize the recovery of gold, and allow the Company to develop the best approaches to grade control and mining methods.

Big Hurrah
The Big Hurrah project is the only lode deposit with recorded commercial production on the Seward Peninsula. In 1901, a large quartz boulder was found at the junction of Big and Little Hurrah Creeks, and in 1902, the first gold-bearing quartz veins were located by trenching.

In 1903, a 10-stamp mill was constructed on the property and commenced production. It is believed that the property was owned by Mr. Tom T. Lane. Ten additional stamps were added in 1904. Production continued until October 1907. During this time, an inclined shaft was sunk and three levels were opened at 60, 150 and 250 feet below the collar of the shaft. The reported production was achieved by crushing the ore in stamp mills fitted with 50-mesh screens and recovering the gold that was liberated by mercury amalgamation. Poor gold recovery was reported and confirmed by subsequent sampling and assaying of tailings. The property was sold to Mr. A.G. Lane in 1905.

Underground development and production were centered around an 85-meter deep 60 inclined shaft and three production levels (160-foot, 150-foot, and 250-foot levels). All of the production and development work were confined to an area located east of Little Hurrah Creek. Production records are incomplete, but it has been estimated that about 50,000 short tons (45,350 metric tones) were mined and processed between 1902 and 1908 at a grade of 0.72 opt or about 25 g/t. The material was processed in a ten-stamp mill that featured gravity and amalgamation circuits yielding about 35,000 ounces of gold. The mill was expanded to twenty-stamps in 1904. In 1906, the mine was deemed to be exhausted and shut down. Continued underground development in 1906–1907 allowed for intermittent operation of the mill, but eventually the mine closed down around 1908.

The mine was leased to C.O. Roberts in 1944, who worked the mine intermittently from 1944 to 1947. This work consisted of surface gouging of vein outcrops and mining of the shaft and level pillars. No tonnage or assay records were kept, but it is estimated that about 2,000 tons were mined. This lease was terminated in 1949.

In November 1949, a lease with the option to purchase was granted to T.P. Lane and Sherwood B. Owens. After the summer season of 1950 was spent in sampling and testing, a small cyanide plant was constructed in 1951 to treat the old tailings, and a test run was completed. The plant was operated for two months in 1952.

During the winter of 1953, Lane rehabilitated the mill and camp, but insufficient work was completed to develop enough ore reserves to begin production. After a short tune-up run of the milling facilities, it was decided to shut down the milling phase until more ore reserves were delineated. The mine and mill did not operate again.

Beginning in the early 1980s, a number of companies obtained lease option agreements and conducted various exploration programs including surface channel sampling in a number of shallow trenches and diamond core drilling. During the 1980s a number of polygonal “resource/reserve” estimates were made by several consulting groups that were contracted by Cornwall Pacific Resources Ltd. and Solomon Resources Ltd. Various “resource” and “reserve” nomenclature were used by the consultants of that era which are not applicable or recognized using the standards of the present time.

AGC obtained the property in 2002 and conducted exploration programs in 2004 and 2005.

Rock Creek & Big Hurrah – Drilling

The total length of diamond drill (“DD”) holes as at February 21, 2008 was 30,617 meters of which 30,362 meters had been analyzed for gold. The total length of RC drilling as at February 21, 2008 was 11,040 meters of which 9,483 meters had been analyzed for gold. There are 950 meters of trenches with 930 meters of samples. Over 98% of RC samples are 1.5 meters in length. DD samples vary in length with 95% of the samples less than or equal to 1.5 meters in length. Approximately 25% of trench samples are 1 meter in length and the remaining 75% are in 2-meter sample intervals.

The resource estimate used to define the current reserve base is based on the sample results from a total of 261 DD holes, 294 RC holes and 22 trenches. The gold grades from a total of 242 intervals in 29 RC holes were rejected due to suspected contamination during drilling. A total of 1724 DD core intervals were also rejected because the core recoveries were less than 60%.

Exploration programs at Big Hurrah continued in 2006 and 2007. The total length of DD holes at Big Hurrah is 11,734 meters of which 10,955 meters have been analyzed for gold. The total length of RC drilling is 7,798 meters of which 7,617 meters have been tested for gold. There are 2,828 meters of trenches with 2,555 meters of samples.

The resource estimate is based on the sample results from a total of 201 DD holes, 139 RC holes and 68 trenches. The results from 10 small trenches, which have been deemed unreliable, were excluded from the resource estimations. The gold grades from select intervals in five RC holes were assigned a grade of 0.025 g/t Au as a result of suspected contamination during drilling.

Drilling in 2008 consisted of 19 RC drill holes totaling nearly 2,000 meters and ,1312 samples were tested for gold. These holes were drilled primarily along the western margin of the Rock Creek open pit targeting tension vein mineralization. The results of these drill holes are expected to be incorporated into a new resource estimate during the first half of 2009. Two trenches totaling 116 m were excavated elsewhere on the property exploring for extensions of mineralized structures. Narrow ore grade mineralization was identified in one of the trenches; however, its significance has not yet been determined.

Rock Creek & Big Hurrah – Feasibility Study

Geology and Resource Estimate
Rock Creek has been explored by RC and core holes over a 16-year period. Included in the Rock Creek Report were 25,427 meters of core drilling in 261 holes and 16,686 meters of RC drilling in 294 holes, as well as 1,490 meters of trenching, predominately in zone 99. With the completion of the 2007-drilling program, the main mineralized zones of the Rock Creek gold occurrence have been delineated RC and core holes on roughly a 25 meter grid, which is adequate to permit the interpretation of mineralized zones having similar grade or structural regime.

Resource modeling was performed using ordinary kriging, with validation models being prepared using a nearest neighbor approach. The base-case model was constructed using composites adjusted to core datum. This model was tuned to give coefficients of variation for 10x5x5 meter blocks that are similar to those expected for 10x10x5 m selective mining units; these were chosen by AGC for an envisioned 7,000 tpd open-pit operation.

Resources were classified according to hole spacings in the vicinity of a block. In general, the area drilled on a 30-meter grid is considered indicated. The remainder is considered inferred resources and was not included in the mineable reserve estimates. The Rock Creek mineral resource tonnage estimates are shown in the table in the Mining section below.

Mineralization in the Big Hurrah deposit occurs in variably dipping fissure zones that range from 1 to 15 meters wide. Mineralization may expand considerably at the intersection of low- and high-angle structures. Sectional polygons of mineralization based on drill hole logging of shearing, stock work, quartz veining and gold grade were used to construct six distinct 3D units. The units trend north-south (relative to the rotated mine grid) and have varying thicknesses and dip angles in the cross strike direction. Most of the units or zones are between 5 and 15 meters thick. All of the zones dip to the west (mine grid) except zone 4, which dips steeply to the east (mine grid).

Based on an analysis of the frequency distribution of the sample gold values and the spatial continuity of higher grades, a cap value of 70 g/t was applied to samples. The 16 composite samples with grades greater than 32 g/t after the cap was applied to individual samples were allowed to influence grade estimates only in the block where they occurred. The Big Hurrah mineral resource tonnage estimates are shown in the table in the Mining section below.

Mining

The Rock Creek project was envisioned to entail the development of two open-pit mining operations: the Rock Creek pit and the Big Hurrah pit. The feasibility study anticipated mining at Big Hurrah would commence shortly after Rock Creek; however, the Company decided not to mine Big Hurrah in 2008.

The Rock Creek mine is the larger of the two mining operations and was intended to operate year round to supply ore feed to the Rock Creek mill. The mine plan was based upon operating for approximately nine months of the year at full capacity at Rock Creek with a three-month summer campaign at Big Hurrah. In a typical year, 87% of the ore would come from the Rock Creek pit and 13% from the Big Hurrah pit.

For each of the two pits, an estimate has been made for the mineable reserves as summarized in the table below.

Summary of Reserve and Resource Estimates[2]

Reserve Estimates[1]			
Probable	**Tonnes (000's)**	**Grade (g/t)**	**Contained Gold (oz)**
Rock Creek (Cut-off Grade = 0.60 g/t)	7,790	1.30	324,400
Big Hurrah (Cut-off Grade = 1.33 g/t)	1,193	4.82	185,000
Total	8,983	1.76	509,400
Resource Estimates exclusive of Reserve Tonnage			
Indicated	**Tonnes (000's)**	**Grade (g/t)**	**Contained Gold (oz)**
Rock Creek (Cut-off Grade = 0.60 g/t)	4,567	1.16	170,300
Big Hurrah (Cut-off Grade = 1.00 g/t)	887	2.68	76,400
Total	5,454	1.41	246,700
Inferred[2]	**Tonnes (000's)**	**Grade (g/t)**	**Contained Gold (oz)**
Rock Creek (Cut-off Grade = 0.60 g/t)	2,023	1.08	70,200
Big Hurrah (Cut-off Grade = 1.00 g/t)	168	2.97	16,100
Total	2,191	1.23	86,300

[1] Resource estimates are stated at the respective cut-off grades and exclusive of any proven and probable reserves tonnage and inclusive of inferred resources contained within the pit and indicated resources within the pit which are below the stated reserve NSR cut-off grade. Reserve estimates were developed using pit optimizations at a US$500/oz gold price.

[2] 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. See "Cautionary Note to U.S. Investors – Information Concerning Preparation of Reserve and Resource Estimates".

Note: As at November 30, 2008, the Company had mined 771,000 tonnes of material from the Rock Creek mine at an average grade of 1.03 g/t for contained gold of 25,000 ounces. The material is in stock piles and has not been processed. These stockpile amounts have not been shown separately from the probable reserves at Rock Creek.

ROCK CREEK PIT RESERVE ESTIMATES[1]			
Cut-off Grade = 0.60 g/t Au	Total all Zones		
	Tonnes (0000's)	Grade (g/t)	Contained Au (oz)
ORE			
Probable	7790	1.30	324400
WASTE			
Waste Rock	14282		
Surficial Overburden (2t/m3)	1530		
Total Waste	15812		
Strip Ratio	2.03		

BIG HURRAH PIT RESERVE ESTIMATES[1]			
Cut-off Grade = 1.33 g/t Au	Total all Zones		
	Tonnes (0000's)	Grade (g/t)	Contained Au (oz)
ORE			
Probable	1193	4.82	185000
WASTE			
Waste Rock	3856		
Surficial Overburden (2t/m3)	604		
Total Waste	4460		
Strip Ratio	3.73		

[1] Reserve estimates were developed using pit optimization at a US$500/oz gold price. See "Cautionary Note to U.S. Investors – Information Concerning Preparation of Reserve and Resource Estimates".

Based on the 7,000 tpd milling rate, the combined mine life was estimated at four years, excluding the reclamation and closure work required after operations cease.

Processing
The main Rock Creek ore body consists of two distinct mineralization types, Albion Shear Veins and Tension Vein ores. The Albion material is a more complex ore type and drives the process scenario required at Rock Creek. The host rocks for mineralization at Big Hurrah are carbonaceous metamorphic rocks of the Nome Schist Group.

Metallurgical test work on the Albion Zone, Tension Vein and Big Hurrah materials shows that a high recovery can be obtained by using a combination of gravity concentration and flotation. The gravity middlings and the flotation concentrate can then be effectively leached using a weak cyanide solution in a 40 to 50% solids slurry. Due to the presence of organic carbon in the Big Hurrah ore, the cyanide leaching for this ore type was observed to give the best recovery when leaching occurred in the presence of activated carbon. The following table summarizes the results of the test work performed on the three ore types when the gravity-flotation-cyanide leach circuit is used.

Gold Recovery by Designated Metallurgical Process at a P80 of 212 microns

Ore Type	Gravity Gold Recovery (%)	Flotation Gold Recovery (%)	Leach Gold Recovery (%)	Combined ProcessGold Recovery (%)
Tension Vein	93.0	71.6	74.9	96.8
Albion Shear	54.5	55.5	87.3	76.5
Big Hurrah	75.8	38.4	92.4	84.4

After gold extraction is complete, the tailings will be directed through a deep cone thickener to produce paste for placement in the tailings storage facility. Water extracted during the deep cone thickener phase of the process will be returned to the gravity circuit for reuse.

Infrastructure & Human Resources
The following is a description of the infrastructure completed for the Rock Creek site:

- electric power supply and distribution;
- process water supply;
- potable water supply;
- dewatering system;
- water treatment plant;
- site access;
- fuel storage facility;
- administration offices;
- shops and warehouses;
- explosive storage facility;
- fire control system;
- refuse disposal system;
- sewage disposal system;
- communications system; and
- security.

Big Hurrah requires limited infrastructure due to its only being operated for a small portion of the year and therefore facilities constructed at that site will be built to allow for short-term usage or future relocation at the end of the pit life. No infrastructure development at Big Hurrah has been completed to date.

The total manpower required for Rock Creek was estimated to average about 145 persons for administration and technical support, mining operations and milling operations. The planned manpower was subsequently increased to 169 persons. When in operations, the Rock Creek project was expected to operate 12 months of the year, 24 hours/day. The project is currently on care and maintenance with total manpower averaging 15 to 20 persons.

Environmental
Development of the Rock Creek project required the granting of a range of permits. The following is a list of some of the major approvals received:

- Wetlands Permit;
- Air Quality Construction Permit;
- Water Withdrawal Permit;
- Stream Crossings Permit;
- Land Application of pit-water Permit;
- Class V Injection Well Permit;
- Solid Waste Permit;
- EPA Stormwater Discharge Permit;
- Coastal Zone Management Permit;
- Telecommunications Permits; and
- Fire Marshall Permit.

The project may be in violation of some permit requirements, but no agency has asserted a violation of current permits. See also "— Rock Creek – Permitting and Environmental Concerns".

The geochemistry results at Rock Creek suggest that the host rocks are non-acid generating and therefore no segregation of rocks types is required based on geochemistry. After mine operations cease, the pit will become a flow-through lake. The lake water is predicted to meet the background water quality levels of Rock Creek. The west side of the pit encounters some rocks with acid rock drainage potential; if left exposed in the pit wall, there could be some acid rock drainage development.

The geochemistry results at Big Hurrah suggest that some segregation of rocks types is required. Development rock designated as potentially acid generating will be stockpiled and the material showing the highest potential for acid generation will be placed back into the Big Hurrah pit at the completion of mining, after which the pit will be flooded to provide a water cap over the material. The capacity of the pit is limited and waste rock will still remain in the external rock dump; therefore, monitoring of the seepage will be required to determine if it meets acceptable water quality criteria.

Capital Costs
The following table summarizes combined capital expenditures as described in the Rock Creek Report. NovaGold management has since updated these numbers to more accurately reflect capital costs at the Rock Creek project. See "— Rock Creek Update".

Capital Summary

Item	**Cost (US$ millions)**
Direct & Indirect Costs	
Development Capital	$134.1
Owner's Cost	$3.3
Incident Cost	$2.9
Subtotal	$140.3
Contingency	$7.1
Owner's Cost	$0.6

Item	Cost (US$ millions)
Capitalized Mining Ore	$1.1
Working Capital(1)	$8.7
Total To Commercial Production	**US$157.8**

* Note: (1) Working capital is assumed recovered in the last year of the project.

As previously announced on November 24, 2008, the Company suspended operations at Rock Creek as a result of expected further capital requirements and increased operating costs together with uncertainty regarding the operation of the project and the resulting cash flow. See "— Rock Creek Update".

Operating Costs
The operating costs in the Rock Creek Report were developed from zero-base budgeting using site labor rates and estimates for equipment productivities. The overall direct mine operating costs would vary over the project's life and were expected to range from a high of US$2.79/t -mined in the final year of production, due to lower volumes, to a low of US$1.49/t -mined. Mine operating costs were expected to average US$1.81/t - -mined or US$3.34/t ore over the project's life.

The haulage of ore from Big Hurrah to Rock Creek was estimated at US$16/t ore using 35t capacity highway trucks, based on a contractor quote, and amounted to an annual cost of approximately US$4.5 million per year. Based on a haul distance of 80 km, the trucking cost was estimated to be about US$0.20/t -km.

Anticipated mill operating costs were determined based on manpower, grinding media and liners, electric power, miscellaneous costs and maintenance supplies. The mill operating cost was expected to average US$10.56/t of ore milled over the project's life. The administration cost per tonne of ore milled was expected to average US$1.77/t ore over the mine life.

As previously announced on November 24, 2008, the Company suspended operations at Rock Creek as a result of expected further capital requirements and increased operating costs. See "— Rock Creek Update".

Financial Analysis from the Rock Creek Report
Project cash flows in the Rock Creek Report were determined using a base case gold price of US$750/oz. Sensitivities for gold prices ranging up to US$909/oz (February 2008 New York closing price) were also examined. The project's projected economics were determined on both a before and after tax stand alone project basis. Royalties from Alaskan Native Corporation controlled lands and state mining taxes were also calculated.

All revenues and costs moving forward were in Q4 2007 constant U.S. dollars. Cash flows were discounted at after tax discount rates of 0% and 5%. Economic results were calculated on a go-forward basis as of January 1, 2008 and on a total project basis, which included capital items already purchased or committed to as of December 31, 2007. Total capital committed to December 31, 2007 was estimated in the Rock Creek Report at US$141 million.

The results were presented in this manner so that management could consider project economics from the start of capital investment in the project so as to assess the recovery of that investment to date with future project cash flows. Go-forward economics allowed management to consider the risk/reward potential of going ahead with the project if the investments to date were considered as "sunk capital" not influencing project economics. The following table shows the NPV and IRR for the Rock Creek mine that were estimated in the Rock Creek Report.

Rock Creek Mine NPV & IRR

	Base Case	Spot Case
Gold Price	US$750 per ounce	US$909 per ounce
NPV 0% discount – after tax	US$107.2 million	US$156.7 million
NPV 5% discount – after tax	US$92.4 million	US$136.2 million
IRR % discount – after tax	180%	265%

Note: NPV = net present value. IRR = internal rate of return.

The following table shows the production and economic estimates for the Rock Creek mine that were estimated in the Rock Creek Report.

Production & Economic Estimates for Rock Creek Mine

Mine life	4 years
Production – average annual Production – life of mine	111,000 ounces of gold 446,750 ounces of gold
Average strip ratio	2.26
Life of mine average cash cost per ounce	US$467/oz of gold

If sunk costs were included in the economic analysis for a total project basis using a 5% discount rate and a gold price of US$750/oz, the net present value decreased to negative US$42.8 million on an after-tax basis. If a 0% discount rate was used, the total project showed an NPV of negative US$26.4 million. Using a 0% discount rate, the total project case achieved a break-even point on an after tax basis at a gold price of approximately US$835/oz.

Rock Creek Update
In mid-October 2008, NovaGold anticipated cash flow in 2009 from the Rock Creek mine of over $25 million at the then prevailing gold price and exchange rates. In November 2008, the Company revised its expectations based on a gold price of US$750 per ounce and then current exchange rates, and predicted that the Rock Creek mine would not generate significant net cash flow over the next six months. As a result of expected further capital requirements and increased operating costs together with the uncertainty regarding the operation of the project and the resulting cash flow, on November 24, 2008 the Company decided to suspend operations at the Rock Creek mine.

As of November 30, 2008 the Company had incurred approximately US$240 million on construction and start-up activities at Rock Creek. These included constructing a process plant rated for 7,000 tpd, purchasing mining equipment rated to move up to 25,000 tonnes of material a day, a multi-lift tailings storage facility, surface works for storm water pollution prevention, and significant start-up costs, repair costs and regulatory compliance costs.

During 2009, expenditures at the Rock Creek project totaled approximately $27.7 million. NovaGold worked diligently in 2009 to improve the project's water management structures and action plan to ensure the project remains in compliance with all environmental regulations during the spring freshet, with the objective that the project have no reportable environmental incidents in 2010.

In the month before the decision was made to suspend start-up, systems testing and commissioning activities, gold had averaged approximately US$750 per ounce. Since the suspension announcement there have been positive improvements in gold prices, and fuel and other input materials have been decreasing in price. NovaGold is evaluating the potential to recommence start-up activities at Rock Creek but does not plan to recommence start-up and commissioning in the near term. The cost of restart and the cost of complying with the environmental permits and regulatory requirements to recommence operations cannot be determined at this time. As an alternative to restart, NovaGold may divest itself of its interest in Rock Creek. There can be no assurance that start-up activities at Rock Creek will recommence or that NovaGold can successfully divest its interest in Rock Creek.

As part of the Company's financial statement preparation, the Company assessed the estimated recoverability of the Rock Creek project and recorded an asset impairment of $160.9 million, reducing the book value of Rock Creek to $112.0 million in the fiscal year ended November 30, 2008. The impairment adjustment was calculated by using present value to estimate fair value of the project through estimated future cash flows in accordance with CICA Handbook Section 3063, "Impairment of Long-lived Assets". The impairment loss was allocated proportionately to construction in progress, mining and milling equipment, and mineral properties and related deferred costs. The economic and financial analysis outlined in the Rock Creek feasibility study should be read in the context of this accounting analysis.

Rock Creek & Big Hurrah – Mineral Processing and Metallurgical Testing

Much of the test work was performed through June 2005 under the supervision of Pennstrom Consulting. This process design included several activities, which were:

- review of the historical metallurgical work previously performed on Rock Creek and Big Hurrah ores;
- development of a project definitive test work program;
- analysis of the program and current test work results;
- incorporation of all of the results into a process flow sheet and plant design; and
- incorporating the information into a feasibility level project study.

Test work was initiated on Rock Creek ores in the mid 1980s by Newmont Mining Company and Placer Dome, who began with simple in house cyanidation tests of samples collected at surface. The most important test work that was performed prior to this investigation was that work performed by McClelland Laboratories Incorporated in Reno, Nevada. This work followed up previous tests with larger, more representative samples of the Rock Creek ore types. McClelland's focus was on treating the whole ore with cyanidation and gravity followed by whole ore cyanide leaching of the gravity tails. This work clearly indicated that the Rock Creek ores were amenable to gravity and cyanide leaching.

The current test work program focused on obtaining sufficient test work data to develop a process flow sheet that would have the highest financial return for Rock Creek ores. Big Hurrah ores were also sampled and tested in this program. High Nome power costs coupled with high freight costs directed the testing program to examine minimized grinding requirements and reagent needs. A test work flowsheet was developed to focus on a coarse grind gravity and flash flotation circuit that would be followed by onsite concentrate treatment. The concentrate treatment test work focused on methods to remove the gold from the concentrates in order to produce a doré product suitable for shipment to a precious metals refinery. This most recent program was performed by Process Research Associates in Vancouver, British Columbia, and Resource Development Inc. in Wheat Ridge, Colorado.

Test work on the Albion zone, Tension Vein, and Big Hurrah materials suggests that a high recovery can be obtained by using a combination of gravity concentration and flotation. The gravity middlings and the flotation concentrate can then be effectively leached using a weak cyanide solution in a 40 to 50% solids slurry. Due to the presence of organic carbon in the Big Hurrah ore, the cyanide leaching for this ore type was observed to give highest results when leaching occurred in the presence of activated carbon. The following table summarizes the results of the test work performed on the three ore types when the gravity-flotation-cyanide leach circuit was used.

Gold Recovery by Designated Metallurgical Process at a P80 of 212 microns

Ore Type	Gravity Gold Recovery (%)	Flotation Gold Recovery (%)	Leach Gold Recovery (%)	Combined Process Gold Recovery (%)
Tension Vein	93.0	71.6	74.9	96.8
Albion Shear	54.5	55.5	87.3	76.5
Big Hurrah	75.8	38.4	92.4	84.4

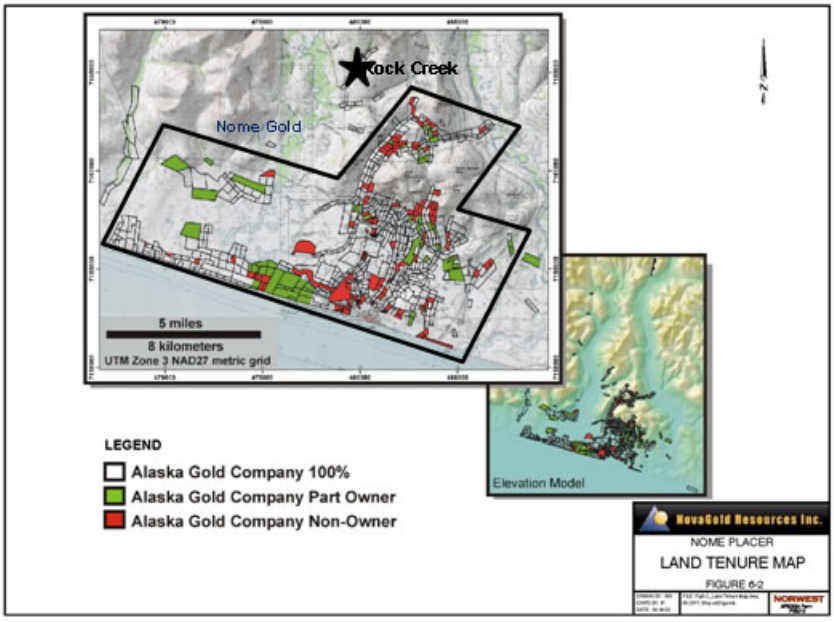
Gold recovery was found to be optimal on the Tension Vein material at a grind of 212 microns. Since the Tension Vein material makes up approximately 75% of the ores treated at Rock Creek, this became the target grind for future test work.

However, test work results on the Albion zone ore, and later on the Big Hurrah ore, were slightly lower than predicted at this target grind. Gold recoveries for the Albion zone material responded well at 212 microns, but were somewhat improved at finer grinds of 145 microns (76.5% recovery versus 81.5%) . This was also true for the Big Hurrah ores as recoveries improved from 84.4% to 91.6% by decreasing the grind size from 212 microns to 145 microns. The goal of minimizing reagent consumption is met by designing the process to only leach the concentrates, which is approximately 15% of the total ore stream tonnage fed to the mill.

Nome Gold – Property Description and Location

The Nome Gold property is located 5 kilometers north of Nome, Alaska on lands owned by the Company. The resources are hosted by near-surface unconsolidated sands and gravels and have been historically mined for over 100 years. Since 1900, more than four million ounces of gold have been extracted by various parties from the Nome Gold property. Mining was shut down on the project in 1998 due to low gold prices. In 2004, the Company commenced engineering studies to evaluate the viability of restarting mining operations at the property.

AGC owns 6,270 hectares (15,491 acres) of patented mining claims in and around the City of Nome with an estimated 4,050 hectares (10,000 acres) within Nome City limits. The property consists of 323 mineral surveys made up of one or more patented claims generally 100% owned by AGC. Approximately 819 hectares (2,024 acres) are subject to royalties to various third parties. The surficial placer gold and gravel deposits on the patented mining claims surround the city of Nome to the northeast, north and northwest. Patented mining claims convey a fee simple title to the owners which includes both surface and subsurface estates. These patented claims have no annual work requirements associated with them.



Nome Gold – Resource

On September 12, 2006, Norwest Corporation completed an independent Qualified Person's review and technical report on the Nome Gold property entitled "Technical Report, Nome Placer Property". Bruce Davis, Ph.D., FAusIMM, then an employee of Norwest, and Robert Sim, P.Geo, an associate geologist with Norwest, served as the Qualified Persons responsible for the preparation of the Technical Report as defined in NI 43-101, Standards of Disclosure for Mineral Projects, and in compliance with Form 43-101F1 an NI 43-101 compliant resource estimate and Technical Report for the property.

The resource estimate was generated from churn and RC drill hole sample assay results and the associated thickness of gravel. The resource estimate is based on a 2D computer gridded seam model with gold block grades estimated into 100 foot x 50 foot blocks using drill hole assays composited into single samples. Prior to compositing the drill hole grades, high-grade outlier values were cut based on examination of probability plots. The grade estimation model was validated by visual and statistical methods and deemed to be globally unbiased. The blocks were then classified into measured, indicated and inferred mineral resource categories using the number of data and distance to data method. No environmental, permitting, legal, title, taxation, sociopolitical, marketing or other issues are expected to materially affect the above estimates of mineral reserves or resources.

The Nome Gold project gold resource estimate is as follows:

100% Owned Resources(1)– Nome Gold Project – 0.00484 oz/cuyd Cut-off Grade

	Cubic Yards(1) (millions)	Grade (oz/cuyd)	Contained Ounces (millions)
Measured	100.0	0.0078	0.78
Indicated	102.7	0.0070	0.72
Total Measured and Indicated	**202.7**	**0.0074**	**1.50**
Inferred	**36.5**	**0.0064**	**0.23**

Partially Owned Resources(1)– Nome Gold Project – 0.00484 oz/cuyd Cut-off Grade

	Cubic Yards(1) (millions)	Grade (oz/cuyd)	Contained Ounces (millions)
Measured	3.5	0.0063	0.02
Indicated	6.9	0.0063	0.04
Total Measured and Indicated	**10.4**	**0.0063**	**0.07**
Inferred	**3.5**	**0.0056**	**0.02**

(1) 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 as to whether they can be mined legally or economically. It cannot be assumed that all or any part of inferred resources will ever be upgraded to a higher category. See “Cautionary Note to U.S. Investors – Information Concerning Preparation of Reserve and Resource Estimates”.

Ambler Project, Alaska

The information in this section has been reviewed and verified by Dr. Neal Rigby, CEng, MIMMM, PhD, and Russ White, P.Geo, each of whom is a “Qualified Person” as defined in NI 43-101.

Ambler – Property Description and Title

The Ambler project is located in the southern Brooks Range of northwestern Alaska, approximately 270 km east of Kotzebue, 35 km north of the village of Kobuk and 260 km west of the Dalton Highway. The current size of the property is approximately 65 km long x 8k m wide and comprises a total of 36,750 ha.

The Ambler property comprises 36,670 hectares (90,614 acres) of Federal patented and unpatented mining claims and State of Alaska mining claims, covering a major portion of the precious-metal-rich Ambler volcanogenic massive sulfide (“VMS”) belt. The project land tenure consists of 1,230 contiguous claims, including 789 40-acre State claims, 347 160-acre State claims, 79 40-acre State select claims, 15 20-acre Federal claims and 272 acres of patented land. The Federal patented claim corners at the project were located by U.S. Government Surveys (“USGS”). NovaGold has used some of these points along with USGS benchmarks to survey drill collars in the district with an Ashtech ProMark2 Global Positioning System (“GPS”) unit. A third-party survey of drill collars has not been performed on the property. Rent for each claim is paid annually to the Alaska Department of Natural Resources.

The project is located near the southern edge of the center of the claim block. Mineralization is interpreted to extend west and east and potentially north of the project area and is covered by claims in these directions.

Kennecott Exploration Company, Kennecott Arctic Company (collectively “Kennecott”) and AGC were parties to a joint venture agreement on the Project effective March 23, 2004. In this agreement, NovaGold could have earned up to 51% in the project subject to the completion by NovaGold of certain requirements. As of August 2007, NovaGold had achieved the first two requirements of the joint venture agreement. Exploration programs in excess of the minimum requirement have been completed, and NovaGold had addressed identified environmental concerns associated with the former Kennecott-operated Arctic camp, the Arctic airstrip and the Picnic Creek campsite.

On January 7, 2010, NovaGold and AGC purchased a 100% interest in the Ambler property in northern Alaska, which hosts the high-grade copper-zinc-gold-silver Arctic deposit. NovaGold issued to Kennecott 931,098 common shares valued at US$5 million, and agreed to make cash payments to Kennecott of US$12 million each in January 2011 and January 2012. Kennecott retains a 1% net smelter return royalty that NovaGold can purchase at any time for a one-time payment of US$10 million.

Ambler – Accessibility, Climate, and Physiography

There is no developed surface access to the project area. Primary access is by air using both fixed wing aircraft and helicopters. There are four well-maintained, approximately 1,500-meter long gravel airstrips capable of accommodating charter aircraft. These airstrips are located 66 km west at Ambler, 46 km southwest at Shungnak, 36 km southwest at Kobuk and 32 km southwest at Dahl Creek. From these points of fixed wing access, helicopter use is required to access the Project site and transport personnel, equipment and supplies. A one-lane dirt track suitable for high-clearance vehicles or construction equipment links the project site to the Shungnak River Camp and the Arctic airstrip. River access to Ambler, Shungnak and Kobuk by barge is occasionally possible via the Kobuk River from Kotzebue Sound via Hotham Inlet. The center of the project area is 263 km east of the town of Kotzebue, 36 km northeast of the village of Kobuk, 260 km west of the Dalton Highway, and 480 km northwest of Fairbanks. All distances are direct by air.

The climate in the Ambler district is typical of a sub-arctic environment. Weather conditions change suddenly during the field season and can vary significantly from year to year. During the field season average high temperatures range from 4 to 18°C, while average lows range from -2 to 10°C. Record high and low temperatures during the regular field season are 29 and - -17°C, respectively. The winter months are long and cold as the property is blanketed by snow and ice. During this time, snow cover allows for increased access to the property by snow machine, track vehicle or by fixed wing aircraft. Winter temperatures are routinely below -28°C and can exceed -51°C. Annual precipitation in the region is 546.1 mm with the most rainfall occurring from July through October and the most snowfall occurring from December through April.

The project is located along the south side of the Brooks Range in Alaska. The project is located on the east side of Subarctic Creek straddling a 970-meter ridge between Subarctic Creek and the Kogoluktuk River Valley. Subarctic Creek is a tributary of the Shungnak River. The project area is marked by steep and rugged terrain. Elevations range from 30 meters above mean sea level (“amsl”) at Ambler, Alaska along the Kobuk River to 1,180 meters amsl on the peak immediately north of the project area. Nearby surface water includes Subarctic Creek, both the Shungnak and Kogoluktuk Rivers, the Kobuk River and numerous small lakes. The Kobuk Valley marks the transition zone between boreal forest and arctic tundra, and permafrost is widespread.

Spruce, birch and poplar can be found in better drained portions of the valley, with lichen and moss covering the ground. Willow and alder thickets as well as isolated cottonwoods follow drainages, and alpine tundra is found on the higher slopes and ridges. Because of the remote location of the project, infrastructure, specifically transport of material and personnel to and from the project and power, are the largest cost items. There is no developed surface access to the project area and no power infrastructure near the project area.

Ambler – History and Exploration

Prospectors came up the Kobuk River into the Ambler Lowlands and parts of the Brooks Range around 1900. Several small gold placer deposits in the Cosmos Hills were discovered and worked intermittently. A second wave of prospectors returned to the region after World War II looking for gold, uranium and copper. Copper mineralization was observed at Ruby Creek in 1905, but not much work occurred there until its rediscovery by Rhinehart Berg in the 1940s. By 1957, Berg exposed significant amounts of high-grade copper mineralization. At this time Bear Creek Mining Corporation ("BCMC"), the exploration subsidiary of Kennecott, optioned Ruby Creek from Mr. Berg. The project came to be known as Bornite. Kennecott later began underground development at Bornite, but an attempt to mine the discovery was short lived.

BCMC conducted regional exploration of the Cosmos Hills and the southern Brooks Range while drilling extensively at Ruby Creek. Stream silts sampling in 1963 revealed a 1,400ppm Cu anomaly in Arctic Creek. This anomaly contributed to discoveries of massive sulfide at Arctic and Dead Creeks in 1965. In 1967, eight core holes were drilled at Arctic Creek yielding impressive massive sulfide intercepts over a strike length of 460 meters. BCMC intermittently conducted exploration programs on the project from August 1967 to 1998. Over that span, 92 holes were drilled at the project, including 14 large-diameter metallurgical holes, totaling 17,572 meters. No drilling or additional exploration on the project was conducted between 1998 and 2004.

In addition to drilling on the project, BCMC continued their exploration of other prospects in the Ambler District. In 1993, Kennecott Minerals, the successor of BCMC, began to re-evaluate the project. This included a review of the deposit geology and the assembly of a computer database. A new computer-generated block model was constructed in 1990 and an updated resource was estimated from the block model. The result was an internal historical estimate of an inferred resource of 36.3 million tonnes averaging 4.0% Cu, 5.5% Zn, 0.8% Pb, 54.9 g/t Ag and 0.7 g/t Au. This historical resource estimate pre-dates the development of NI 43-101 reporting guidelines, was not estimated in compliance with NI 43-101 procedures and should not be relied on.

Exploration on the project was intermittent between the discovery of Arctic in 1965 through to 1998. From 1998 until 2003, there was no work performed on the project. NovaGold entered into negotiations with Kennecott to explore its Ambler land position in mid 2003. Negotiations were completed and a joint venture agreement signed on March 23, 2004.

Exploration activities at Arctic have been performed within industry standards using appropriate models and techniques for a VMS target. NovaGold advanced the Ambler project significantly from 2004 to 2007, completing nearly 3,000 meters of core drilling in 2007 alone. Two exploration holes identified the existence of a deeper limb of a recumbent fold structure containing the same stratigraphy as the Arctic massive sulfide deposit. These drill results outline an area of approximately 4.5 square km of productive stratigraphy within drill depth below and adjacent to the Arctic deposit. For comparison, the footprint of the Arctic deposit is only 0.75 square km. Clearly exploration potential remains in this district.

Ambler – Geological Setting

The Ambler district centers around both VMS deposits and carbonate-hosted Cu+/-Zn deposits hosted by Paleozoic metasediments and volcanics along the southern flanks of the Brooks Range. The Ambler project focuses on the VMS deposits and prospects that occur in a metamorphosed formation of Devono-Mississippian volcanic and volcanoclastic sediments known as the Ambler sequence. These rocks are mapped along a 100 km long belt of exposures and lie within a much thicker section of schistose pelitic rocks, the Anirak schist. These rocks, together with younger schist and phyllite and older metaclastic rocks comprise the Ambler schist belt and were deposited in a back-arc submarine setting along a cratonic margin. The Ambler sequence represents a period of tectonic extension accompanied by volcanism and hydrothermal activity resulting in deposition of the VMS deposits.

The base of the Ambler sequence consists of meta-calcarenite, limestone and quartzite and grades up to calcareous graphitic schist and pillowed basaltic lava flows. Quartz muscovite schist and graphitic schist cap this and host much of the sulfide mineralization in the district. These sediments are capped by a "button" schist unit in which albite metamorphic overgrowths overprint re-sedimented pyroclastic ejecta shed into the deeper water setting. Variable accumulations of metagreywacke and silicic volcanoclastic detritus grade upward in to Anirak schist. Variable thicknesses of stratigraphic units suggest local syndepositional faulting which may have focused hydrothermal activity. The Ambler sequence underwent two periods of intense, penetrative deformation. Sustained upper greenschist-facies metamorphism and associated folding has resulted in the deformed and folded geometries of the host rocks.

Ambler – Mineralization

The mineralization at the project and within the Ambler District consists of Devonian age, polymetallic (Zn-Cu-Pb-Ag) VMS occurrences. VMS deposits are formed by and associated with sub-marine volcanic-related hydrothermal events. These events are related to spreading centers such as fore arc, back arc or mid-ocean ridges. VMS deposits are often stratiform accumulations of sulfide minerals that precipitate from hydrothermal fluids on or below the seafloor. These deposits are found in association with volcanic, volcaniclastic and/or siliciclastic rocks. They are classified by their depositional environment and associated proportions of mafic and/or felsic igneous rocks to sedimentary rocks.

Mineralization occurs as stratiform semi-massive to massive sulfide beds. The sulfide beds average 4 meters thick but vary from less than 1 to 18 meters thick. All of the zones of mineralization are within an area of roughly 1 km2, with average zone length ranging from 600 to 850 meters and width ranging from 350 to 700 meters. Depths of known mineralization extend to approximately 250 meters below the surface. Host rocks are primarily graphitic chlorite schists and fine-grained quartz sandstones.

Mineralization is predominately coarse-grained sulfides consisting mainly of chalcopyrite, sphalerite, galena, pyrite and pyrrhotite, and may or may not include tetrahedrite. Tetrahedrite-tennantite, electrum and enargite are also present in minor amounts. Pyrite is commonly associated with the massive sulfide horizons, and pyrrhotite and arsenopyrite are present in lesser amounts. Gangue minerals associated with the mineralized horizons include quartz, barite, white mica, black chlorite, calcite, and dolomite while talc is common in the footwall.

Ambler – Drilling

The 2004 drilling focused on the project area and was principally designed to verify the grade and continuity of the mineralized intercepts encountered in the previous drill campaigns. Eleven holes totaling 2,996 meters were drilled. Significant mineralized intervals were encountered in eight of the eleven holes drilled in the program. The twin and in-fill drilling confirmed previously drilled intervals of base-metal mineralization. The results of the 2004 drilling program showed a high degree of variability in thickness and grade within areas of the deposit. Drill holes designed to test extension of the ore deposit failed to extend significant ore grade mineralization.

Frontier Geosciences, Inc. was contracted to complete down hole probing of selected holes at the Project. They also completed a large loop TDEM survey over the Project area. Because mapping indicated permissive stratigraphy coincident with the airborne anomaly west of Riley Ridge, Frontier completed an additional TDEM loop survey over the anomaly core. NovaGold geologists completed geochemical sampling of all NovaGold core and spot sampling of much of the historical BCMC/Kennecott Minerals Arctic core.

Drilling in 2005 again focused on extending and confirming mineralization, particularly in the lower limb of the Arctic antiform at the project. Approximately 3,030 meters of core drilling was completed in nine holes and, although good mineralization was encountered in several holes, structural discontinuities appeared to limit expansion of mineralization to the south and east. Results suggested that the model remained open to the northeast and that the faulted off-root zone had yet to be identified.

During the 2006 field season, an additional 3,010 meters of drilling in 12 drill holes was completed. This drill program was focused on a more regional basis to extend existing mineralization and to identify new mineralized targets within the claim block. Field collar surveys were done with an Ashtech GPS survey system using postprocessing software to obtain survey coordinates. The Riley Vertical Angle Bench Mark was used as the base for all surveys in 2004. Final surveys are listed in the Ambler survey files. The majority of pre-2004 drill collars were also surveyed as part of data verification. Down-hole surveys were collected using a reflex camera. Individual survey readings were collected at the site; data was collected at 50-meter intervals from the bottom of the hole. Data were initially captured on paper and subsequently entered into an electronic spreadsheet. All data were incorporated into a single Access database.

The 2007 drilling program completed nearly 3,000 meters of core drilling in five holes. Two holes located a deeper limb of the complex fold containing the Arctic massive sulfide deposit, and show up to 10 meters of weak mineralization and chlorite-talc alteration 0.5 km north of the Arctic deposit. These drill results outline 4.5 square km of the Arctic horizon within drill depth below and adjacent to the Arctic deposit. An ongoing effort to gather and compile data for a new resource model for the project includes re-logging of historical drill core, detailed logging of individual ore intersections at 1:50 scale and work with hole-to-hole correlations.

All NovaGold drill core was logged, photographed and sawn, with half sent to the lab for analysis and half stored near the property. Core logging was done using metric measurements. Lithology and visual alteration features were captured on observed interval breaks. Mineralization data, including total sulfide (recorded as percent), sulfide type (recorded as a relative amount), gangue and vein mineralogy were collected for each sample interval with an average interval of approximately 2 meters. Structure data were collected as point data. Geotechnical data (core recovery, RQD) were collected along drill run intervals. Using the 2004 logging procedure as a guide, data from the earlier campaigns were taken from those drill logs and entered into the database, with a focus on mineralization information.

Drilling at Arctic has been performed within industry standards using appropriate methods and techniques for a VMS target. Multiple drill hole intersections have resulted in a reasonably accurate knowledge of the orientation of the mineralization. Mineralization follows enclosing stratigraphic layering and is further defined, except where tightly folded, by bedding parallel to bedding subparallel foliation. Most holes intersect the mineral zone nearly perpendicular to foliation and to the mineralization, so the intersections represent near true thickness. Exceptions are where mineralized zones wrap around tight fold hinges, but these instances are rare.

The NovaGold-operated exploration program in 2008 focused on testing continuity and character of sulfide packages within the Arctic deposit. NovaGold targeted the central zone of known mineralization with 3,258.6 meters of core in fourteen drill holes. Updated geologic sections of the deposit show general lateral continuity as expected from previous drilling programs. NovaGold also mapped much of Arctic ridge at a 1:2000 scale for an updated compilation map of the surface geology.

The property lay largely inactive during 2009 with the exception of continued water quality sampling and monitoring. No drilling or other field work was conducted.

Ambler – Sampling, Assaying & Data Verification

The sampling protocol for all the NovaGold drill programs at the Arctic deposit from 2004–2007 is the same. Core logging geologists mark the sample intervals, which range from 1 to 3 meters in length. Varying rock types, lithologic contacts and mineralized zones influence sample interval selection. Sample boundaries are placed at lithologic contacts. Each hole was sampled in its entirety, even in areas that encountered significant intervals of unmineralized core. Sample intervals of 2 to 3 meters are most common in weakly to unmineralized core, and sample intervals of 1 to 2 meters are more common in mineralized zones or areas of varying lithology. Sample intervals used are well within the width of the average mineralized zone in the resource area. After logging, the core was digitally photographed and cut in half using diamond core saws. Specific attention to core orientation was maintained during core sawing to ensure the best representative sampling. One-half of the core was returned to the core box for storage on site and the other half was bagged and labeled for sample processing and analysis. There are no known drilling and/or recovery factors that could materially impact accuracy. ALS Chemex in Vancouver, B.C. was used for all analyses conducted by NovaGold. ALS Chemex has attained SIO 9001:2000 registration. In addition, the ALS Chemex Vancouver laboratory is accredited to ISO 17025 by the Standards Council of Canada for a number of specific test procedures including fire assay Au by AA, ICP and gravimetric finish, multi-element ICP and AA assays for Ag, Cu, Pb and Zn.

Sampling of drill core prior to 2004 by Kennecott and BCMC focused primarily on the mineralized zones. During the 1998 campaign, Kennecott did sample some broad zones of alteration and weak mineralization, but much of the unaltered and unmineralized rock remains unsampled. ALS Chemex was also used for analyses conducted by Kennecott. Earlier BCMC sampling was even more restricted to mineralized zones of core. Intervals of visible sulfide mineralization were selected for sampling and analyses were conducted by Union Assay Office Inc. of Salt Lake City, Utah. Numerous intervals of weak to moderate mineralization remain unsampled in the historical drill core. NovaGold conducted some limited sampling of this historical drill core to gain a better understanding of trace element distribution around the Arctic deposit.

During the relogging of much of this historical core, 1-meter intervals were selected over each 10 meters of unmineralized core. These 1-meter intervals were sawn in half, with one-half returned to the box and the other half placed in a bag, labeled and sent to the laboratory for analysis. This type of sampling was used to determine trace element distribution about the deposit; none of the mineralized zones were sampled in this way.

With the lack of outcrop in a folded metamorphic terrane, it is necessary to have a good understanding of the geologic model to predict positioning of the drill to get a sample of true thickness in the mineralized zone. NovaGold has been diligently relogging core and mapping the project to gain this understanding. The use of oriented core is very important to this interpretation. There is confidence that the samples collected at the project are representative of the geometry of the mineralized zone.

The core from the NovaGold programs was sawn in half, with half sent to labs in Fairbanks, AK for sample preparation and the other half returned to the core box for storage. Samples were crushed to 70% <2mm and a nominal 250 g split was sent to Vancouver, B.C. for analysis by ALS Chemex. There the splits were pulverized to 85% <75um. Initial gold analysis was done by fire assay atomic absorption (“FA-AA”) on a nominal 30 g split of the pulp. Samples returning over limit gold values (>10ppm) were rerun using fire assay techniques. Initial results for all other elements (27) were done via four acid digestion ICP analysis on a nominal 25 g split of the pulp. Samples with over limit values for copper (>10,000ppm), lead (>10,000ppm), zinc (>10,000ppm) or silver (>100ppm) were rerun using atomic absorption (“AA”) techniques.

A QA/QC program was instituted for the 2004 drill program. Samples were broken into 20 sample batches that included three QA/QC samples. The QA/QC samples included one duplicate, one blank and one standard. Duplicate samples were prepared at the prep facility by taking a second split from the entire prepped sample. A local limestone source was used as the blank material. A series of samples taken from the source area and assayed confirm that the limestone is a suitable blank material. The standard material was obtained from WCM Minerals of Burnaby, B.C. A base-metal standard was selected that best represented the grade of the Arctic ore. Samples were either in the custody of NovaGold personnel or the assay labs at all times. The apparently poor reproducibility of historical assay values is likely a sign of a highly variable deposit, and not an assaying issue.

The QA/QC data appear to be reasonable for a program of this scope; a few discrepancies exist which are normal. No formal assessment of the QA/QC data from the 2004–2005 data has been made. This should also be done before prefeasibility, and any significant problems addressed by re-assaying samples which had issues. QA/QC data were also made available for the 2005 sampling program, consisting of 166 duplicate samples, 282 standards and 293 blanks. These samples were well within acceptable limits. All pre-2004 drill assay values in the database provided by Kennecott were compared to assay values from the original assay certificates. Local discrepancies, mainly associated with precious metal results, were identified and corrected.

Ambler – Adjacent Properties

There are three properties adjacent to Arctic: Sun, Smucker and Ruby Creek (Bornite). Sulfide systems similar in character to Arctic occur at the exploration properties of Sun and Smucker, held by Andover and Teck Cominco, respectively. Copper mineralization at Bornite, held by NANA, occurs with hydrothermal dolomitization of the Bornite carbonate sequence. The information for Sun, Smucker and Bornite, and the comparisons with Arctic, is in no way indicative that a mineral deposit of similar size or grade does occur or will be found at the Project.

Ambler – Mineral Processing and Metallurgical Testing

The principal minerals containing metals of interest are chalcopyrite (Cu), tetrahedrite (Cu, Ag), galena (Pb, Ag) and sphalerite (Zn). The present study considers production of concentrates for shipment to an existing off-site conventional smelter. Metallurgical testing and the selection process are summarized in this section. A metallurgical testwork program was performed for Kennecott by Lakefield Research (“Lakefield”) in 1998, with a report issued in January 1999. In previous work completed in the 1970s, high levels of lead and zinc were found to report to the copper concentrate, which would at best incur significant smelter penalties, and at worst would not be acceptable to a copper smelter. The objective of the Lakefield test program, therefore, was to define a metallurgical flow sheet that would produce three marketable concentrates: lead/precious metals, copper and zinc.

Two composites were prepared from five drill holes for the metallurgical test program and are thought to be representative of various ore characteristics of the deposit. The first composite, which was defined as the Upper Zone, showed much better metallurgy than the Lower Zone. The Lower Zone samples contained significant quantities of easily floating talc.

Conclusions from the test program are summarized below:

- The copper and lead recoveries and concentrate grades for the Lower Ore Zone, containing high talc, did not yield satisfactory results;
- Copper and zinc concentrates grading 26% Cu and 59% Zn, respectively, in the Upper Zone should be readily marketable;
- The lead concentrate grades for both ore zones were less than 50% Pb, relatively low by world standards;
- The lead recoveries for both ore zones were also low at 68.1% for the low talc and only 31.7% for the high talc with the talc pre-float;
- A talc pre-float appears to be more effective for the Lower Zone material than talc depression, confirming earlier work;
- Primary grinds were generally finer than in previous work (P80 of 74µ versus 120µ); and
- Gold and silver recoveries were generally lower than the projections in the 1996 study but more in line with the actual testwork data from the 1970s.

The data obtained from the Lakefield tests, as expressed in the points above, provided a significant improvement from previous testwork campaigns in the ability to separate payable metals into saleable concentrates.

Ambler – Mineral Resource Estimate

In 1995, based on Kennecott's interpretation of the mineralized horizons of the Arctic deposit as a series of stack sheets, a computer-generated block model was constructed and a resource compiled. The resource estimate has been upgraded from historical to NI 43-101 compliant, as summarized below.

Ambler Arctic Project Resource Estimate [(1)]

		In situ Grade					Total Contained Metal			
Resource Category	**Tonnes (Millions)**	**Cu (%)**	**Zn (%)**	**Au (g/t)**	**Ag (g/t)**	**Pb (%)**	**Cu (Mlb)**	**Zn (Mlb)**	**Au (Moz)**	**Ag (Moz)**
Indicated	16.8	4.1	6.0	0.83	59.6	0.94	1,538	2,237	0.45	32.3
Inferred [(2)]	11.9	3.6	5.0	0.67	48.4	0.80	937	1,313	0.26	18.6

(1) Effective date of January 31, 2008. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

(2) Inferred resources are in addition to measured and indicated resources. Inferred resources have a great amount of uncertainty as to their existence and whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred resources will ever be upgraded to a higher category. See "Cautionary Note to U.S. Investors – Information Concerning Preparation of Resource and Reserve Estimates".

(3) US$100 gross metal value/tonne cutoff. Gross metal value was calculated based on metal prices of Cu US$2.25/lb, Zn US$1.05/lb, Au US$525/oz, Ag US$9.5/oz and Pb US$0.55/lb applied to each individual grade. The gross metal value is equal to the sum of each grade multiplied by the value of the metal unit. No metallurgical recovery has been applied. The resource estimate for the Arctic deposit is based on the technical report titled "NI 43-101 Technical Report on Resources, Ambler Project, Arctic Deposit" dated January 31, 2008, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. The report was authored by Russ White, PGeo, a qualified person as defined by NI 43-101.

The block model was defined with an orientation of 49° to parallel the trend of the dominant recumbent fold. Blocks are 5m x 5m in the X and Y dimensions, and variable to within the closest 0.2m in the Z dimension in order to fit the volume of the narrow flat Massive Sulfide zones, as defined by the wireframe solid models. Block model grades for each of the 5 relevant metals were estimated separately, within the ore zones. Ordinary kriging was used, with indicated resources requiring at least 2 samples within a 50m radius. Inferred resources within the modeled zones were allowed for distances up to 150m. Outside of the modeled zones, as yet uncorrelated intercepts were used with a narrow 40x40x5m search to define inferred resources. After the metal grades were estimated, a simplified GMV was calculated based on metal prices applied to each individual grade. Specific gravity (SG) values vary considerably in massive sulfide deposits.

Measured values within each zone were used to interpolate SG into the block model using inverse distance squared, but where SG sample density was too sparse, a default value of 4.2 was used in the mineralized zones. A default of 2.9, the average SG of quartz mica schist samples, was used for all host rock.

The Arctic deposit is a high-grade, VMS deposit with excellent potential but logistical challenges. Geologic interpretations by NovaGold geologists show a complexly folded and potentially faulted deposit. Based on the widely spaced data available, the current resource model omits these complexities due to lack of correlatable data. However, based on the available samples, this resource estimate should be volumetrically representative. The resource estimate has been completed based on industry standards for this type of deposit with this level of sample spacing. Given the amount of work performed on the project, additional activities are required to confirm previous work and further define the development scheme.

Ambler – Current Activities

Work at the Ambler property throughout 2008–2009 has focused primarily on community engagement, realizing broad support for the project in the region. NovaGold has participated in the Northwestern Alaska Resource Transportation Study, working closely with the Kobuk River villages, the Northwest Arctic Borough, NANA Corporation and the State of Alaska to discuss and evaluate various transportation alternatives, specifically identifying opportunities for synergies in the region. As at all of its projects, NovaGold is committed to working with local communities and Alaska Native corporations to build a collaborative relationship, ensuring the project is developed in a manner that protects the environment and traditional cultures and brings tangible, lasting benefits to local communities.

During 2010, NovaGold will continue its community engagement programs at Ambler and has appointed a project team to plan exploration activities, advance environmental baseline studies and conduct engineering and technical studies at the Ambler project, with the goal of gaining a better understanding of the true size and potential of the district as well as the continuity and mineability of the other deposits in the Ambler VMS belt.

ITEM 4 RISK FACTORS

An investment in the common shares of the Company is speculative and involves a high degree of risk due to the nature of the Company's business and the present stage of exploration and development of its mineral properties. The following risk factors, as well as risks not currently known to the Company, could materially adversely affect the Company's future business, operations and financial condition and could cause them to differ materially from the estimates described in the forward-looking statements relating to the Company and should be read in conjunction with the Risk Factors in the Company's year-end Management's Discussion and Analysis which is available on SEDAR at www.sedar.com.

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

NovaGold has no history of commercially producing precious metals from its current portfolio of mineral exploration properties and the Company has no ongoing mining operations or revenue from mining operations. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The Company has only defined or delineated reserves at its Rock Creek and Donlin Creek projects. None of the Company's properties are currently under construction. The future development of any properties found to be economically feasible will require obtaining permits and financing and the construction and operation of mines, processing plants and related infrastructure. As a result, NovaGold is subject to all of the risks associated with establishing new mining operations and business enterprises, including:

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

- the availability of funds to finance construction and development activities;
- potential opposition from non-governmental organizations, environmental groups or local groups which may delay or prevent development activities; and
- potential increases in construction and operating costs due to changes in the cost of fuel, power, materials and supplies and foreign exchange rates.

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

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

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

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

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

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

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

NovaGold's ability to continue its exploration activities and any future development activities, and to continue as a going concern, will depend in part on its ability to commence production and generate material revenues or to obtain suitable financing.

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

There can be no assurance that the Company will re-commence start-up activities at Rock Creek, commence production at any of its other mineral properties or generate sufficient revenues to meet its obligations as they become due or obtain necessary financing on acceptable terms, if at all. The Company's failure to meet its ongoing obligations on a timely basis could result in the loss or substantial dilution of the Company's interests (as existing or as proposed to be acquired) in its properties. In addition, should the Company incur significant losses in future periods, it may be unable to continue as a going concern, and realization of assets and settlement of liabilities in other than the normal course of business may be at amounts materially different than the Company's estimates.

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

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

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

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

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

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

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

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is limited because these investments, although available-for-sale, are generally held to maturity. In respect of financial liabilities, the bridge loan, convertible notes and capital leases are not subject to interest rate risk because they are at fixed rates. The promissory note owed to Barrick is variable with the U.S. prime rate. Based on the amount owing on the promissory note as at November 30, 2009, and assuming that all other variables remain constant, a 1% change in the U.S. prime rate would result in an increase/decrease of $0.6 million in the interest accrued by the Company per annum.

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and the United States and a portion of its expenses are incurred in U.S. dollars. A significant change in the currency exchange rates between the Canadian dollar relative to the U.S. dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. Based on the Company's net exposures as at November 30, 2009, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the U.S. dollar would result in an increase/decrease of $10.5 million in the Company's net earnings.

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

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

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

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

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

- these estimates will be accurate;

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

Because the Company has not commenced commercial production at any of its properties, mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

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

The Company has established the presence of proven and probable reserves only at its Donlin Creek and Rock Creek properties. There can be no assurance that subsequent testing or future studies will establish proven and probable reserves at the Company's other properties. The failure to establish proven and probable reserves could restrict the Company's ability to successfully implement its strategies for long-term growth.

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

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

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

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

Mining involves various types of risks and hazards, including:

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

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

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

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

The Company is subject to significant governmental regulation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- $73.4 million for the year ended November 30, 2009;

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

The Company had an accumulated restated deficit of $403.9 million as of November 30, 2007, an accumulated deficit of $598.9 million as of November 30, 2008 and an accumulated deficit of $672.3 million as of November 30, 2009.

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

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

Due to the nature of its business, the Company may be subject to numerous regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal. There can be no assurances that these matters will not have a material adverse effect on the Company's business. See "Legal Proceedings and Regulatory Actions".

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

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

If there is an event of default under the Notes, the principal amount of the Notes, plus accrued and unpaid interest, if any, may be declared immediately due and payable. If such an event occurs, NovaGold could lose its properties and NovaGold's shareholders could lose their entire investment.

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

Electrum Strategic Resources LLC ("Electrum") is the single major shareholder of the Company, controlling approximately 28% of the outstanding voting securities and warrants exercisable for 46,153,847 Company common shares which, if exercised would increase its holdings a further 14% if no other shares were issued. Electrum also has certain rights to participate in any future equity offerings by the Company. Accordingly, Electrum will have significant influence in determining the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including mergers, consolidations and the sale of all or substantially all of the Company's assets and other significant corporate actions. Unless full participation of all shareholders takes place in such shareholder meetings, Electrum may be able to approve such matters itself. Additionally, while Electrum agreed to vote its common shares at the 2009 annual general meeting of the Company in favor of management's nominees to the Company's Board of Directors or to abstain from voting on such matter, in the years following 2009, Electrum will have significant influence in determining the members of the Board of Directors. Without the consent of Electrum, the Company could be prevented from entering into transactions that are otherwise beneficial to the Company. The interests of Electrum may differ from the interests of the Company's other shareholders.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company has documented and tested its internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act ("SOX"). Commencing November 30, 2006, the end of the Company's 2006 fiscal year, SOX requires an annual assessment by management of the effectiveness of the Company's internal control over financial reporting and an attestation report by the Company's independent auditors addressing this assessment. Management concluded that the Company's internal control over financial reporting was ineffective as of November 30, 2007 due to a material weakness identified by its external auditors in the preparation and review of the U.S. GAAP reconciliation to Canadian GAAP, specifically in respect to project expenditures capitalized or expensed under U.S. GAAP. At November 30, 2008, and again at November 30, 2009, management concluded that the Company's internal control over financial reporting was effective. The Company may in the future fail to achieve and maintain the adequacy of its internal control over financial reporting, as such standards are modified, supplemented or amended from time to time, and the Company may not be able to ensure that it can conclude on an ongoing basis that it has effective internal controls over financial reporting in accordance with Section 404 of SOX. The Company's failure to satisfy the requirements of Section 404 of SOX on an ongoing, timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm the Company's business and negatively impact the trading price of its common shares. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's operating results or cause it to fail to meet its reporting obligations. Future acquisitions of companies may provide the Company with challenges in implementing the required processes, procedures and controls in its acquired operations. Acquired companies may not have disclosure control and procedures or internal control over financial reporting that are as thorough or effective as those required by securities laws currently applicable to the Company.

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

Acquiring, holding or disposing of NovaGold's securities may have tax consequences under the laws of Canada and the United States that are not disclosed in this Annual Information Form and, in particular, potential investors should be aware that NovaGold may be a "passive foreign investment company" under the U.S. Internal Revenue Code and if it is or becomes a passive foreign investment company, there may be tax consequences for investors in the United States.

Acquiring, holding or disposing of NovaGold's securities may have tax consequences under the laws of Canada and the United States that are not disclosed in this Annual Information Form. In particular, potential investors that are U.S. taxpayers should be aware that the Company may be considered a "passive foreign investment company" under Section 1297(a) of the U.S. Internal Revenue Code (a "PFIC"). If the Company is or becomes a PFIC, any gain recognized on the sale of common shares and any excess distributions paid on the 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 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.

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 the Company's "net capital gain" and "ordinary earnings" (calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by the Company. U.S. taxpayers should be aware that there can be no assurance that the Company will satisfy record-keeping requirements or that it will supply U.S. taxpayers with required information under the QEF rules, in event that the Company is 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 the Company is a PFIC and the common shares are marketable stock. A U.S. taxpayer that makes a mark-to-market election generally will include in gross 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. taxpayer's tax basis in such common shares.

Investors should consult their tax advisors as to the tax consequences of an investment in NovaGold.

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

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

ITEM 5 DESCRIPTION OF CAPITAL STRUCTURE

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.

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 Annual Information Form.

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.

ITEM 6 SELECTED CONSOLIDATED FINANCIAL INFORMATION

Annual Information – Canadian GAAP

Fiscal Years Ended November 30, 2009, 2008 and 2007

in $000's except per share amounts

	2009 $	**2008 $**	**(Restated) 2007 $**
Net revenues	1,344	4,270	6,911
Expenses and other items	(80,770)	(195,212)	(133,809)
Loss for the year	(73,364)	(194,972)	(109,043)
Loss per share – basic and diluted	(0.42)	(1.84)	(1.10)
Total assets	781,253	777,185	895,685
Total long-term financial liabilities	(142,212)	(180,671)	(139,131)

Amounts have been restated to conform to a change in accounting policy. See "Changes in accounting policies" in the Company's Management's Discussion and Analysis or note 2 of the consolidated financial statements for the year ended November 30, 2009, both of which are available on SEDAR at www.sedar.com.

Quarterly Information

in $000's except per share amounts, for the fiscal quarters ended

	11/30/09 $	**8/31/09 $**	**5/31/09 $**	**2/28/09 $**	**11/30/08 $**	**8/31/08 $**	**5/31/08 $**	**2/29/08 $**
Net revenues	296	261	365	422	856	1,427	275	1,712
Earnings (loss) for the quarter	(21,999)	(18,113)	(4,769)	(28,483)	(196,768)	818	(23,185)	24,163
Earnings (loss) per share - basic	(0.09)	(0.10)	(0.03)	(0.20)	(1.83)	0.01	(0.22)	0.23
Earnings (loss) per share - diluted	(0.09)	(0.10)	(0.03)	(0.20)	(1.83)	0.01	(0.22)	0.22

Fiscal quarters prior to the quarter ended November 30, 2008 have all been restated to confirm to a change in accounting policy. See “Changes in accounting policies” in the Company’s Management’s Discussion and Analysis or note 2 of the consolidated financial statements for the year ended November 30, 2009, both of which are available on SEDAR at www.sedar.com.

ITEM 7 MARKET FOR SECURITIES

Common shares

The common shares of the Company are listed and posted for trading on TSX and the NYSE Amex under the symbol “NG”. The Company traded on the American Stock Exchange (“AMEX”) until trading transferred to the NYSE Alternext (renamed NYSE Amex LLC) when the NYSE Euronext completed its acquisition of AMEX. The Company believes that more than half its shares are beneficially owned by investors in the United States. The following tables set out the market price range and trading volumes of the Company’s common shares on the TSX and NYSE Amex for the periods indicated.

Toronto Stock Exchange

Fiscal 2009[1]	High ($)	Low ($)	Volume (no. of shares in thousands)
November	5.90	4.22	56,765
October	6.15	4.09	67,890
September	5.74	3.68	75,002
August	4.28	3.33	34,050
July	4.66	3.54	34,234
June	5.97	3.85	58,788
May	5.30	2.66	37,589
April	3.02	2.15	25,840
March	2.98	2.11	41,175
February	3.87	2.36	51,287
January	3.83	1.26	80,693
December (2008)	3.05	0.53	31,879

NYSE Amex

Fiscal 2009[1]	High (US$)	Low (US$)	Volume (no. of shares in thousands)
November	5.9	4.22	56,765
October	6.15	4.09	67,890
September	5.74	3.68	75,002
August	4.28	3.33	34,050
July	4.66	3.54	34,234
June	5.97	3.85	55,654
May	5.3	2.66	37,589
April	3.02	2.15	25,840
March	2.98	2.11	41,175
February	3.87	2.36	51,287
January	3.83	1.26	80,693
December (2007)	2.95	0.4	61,982

Note:
(1) The Company’s fiscal year end is November 30.

ITEM 8 DIRECTORS AND OFFICERS

All of the directors of the Company were elected at the annual general meeting of the Company held May 26, 2009, each of the directors holds office until the close of the next annual meeting of the shareholders of the Company or until their successors are duly elected or appointed. The following table sets forth the name and municipality of residence, office held with the Company, date on which each first became a director (if applicable) and principal occupation during the last five years of each of the directors and officers of the Company as of February 16, 2010.

The following are the directors and officers of the Company:

Name and Municipality of Residence	Office(s) Held	Principal Occupation	Director Since
Rick Van Nieuwenhuyse(1) British Columbia, Canada	President, Chief Executive Officer and Director	President and Chief Executive Officer (CEO) of the Company	1993
Robert J. (Don) MacDonald British Columbia, Canada	Senior Vice President and Chief Financial Officer	Senior Vice President, Chief Financial Officer (CFO) of the Company; Senior Vice President, CFO and Corporate Secretary (2002–2008)	-
Kevin Francis Colorado, USA	Vice President, Technical Services	Vice President, Technical Services of the Company; Manager, Resources of the Company (2005–2009)	
Sacha Iley British Columbia, Canada	Vice President, Human Resources	Vice President, Human Resources of the Company; Human Resources Manager of the Company (2006–2007); Human Resources Manager, Placer Dome (2003–2006)	-
Gregory Johnson British Columbia, Canada	Vice President, Strategic Development	Vice President, Strategic Development of the Company; Vice President, Corporate Communications & Strategic Development (1998– 2008)	-
Joseph Piekenbrock Colorado, USA	Vice President, Exploration	Vice President, Exploration of the Company; Consultant (2002–2003)	-
Elaine Sanders British Columbia, Canada	Vice President, Finance and Corporate Secretary	Vice President, Finance and Corporate Secretary of the Company; Company Controller (2003–2008)	-
Tony Giardini(3) British Columbia, Canada	Director	CFO, Ivanhoe Mines Ltd. (2006–present); Vice President & Treasurer, Placer Dome Inc. (2003–2006)	2008

Name and Municipality of Residence	Office(s) Held	Principal Occupation	Director Since
Kalidas V. Madhavpeddi(3) Arizona, USA	Director	President, Azteca Consulting LLC (2006–present); CEO, Aurizon Resources Ltd. (2008–present); Senior Vice President, Phelps Dodge (2002–2006)	2007
Gerald J. McConnell(4) Nova Scotia, Canada	Director	President and Chief Executive, Etruscan Resources Inc. (1990–present)	1984
Clynton R. Nauman(1) Washington, USA	Director	CEO, Alexco Resource Corp. and Asset Liability Management Group ULC (2005–present); President, Viceroy Gold Corporation and Viceroy Minerals Corporate (1998–2003); Director, Viceroy Resource Corporation (1998–2003)	1999
James L. Philip(3)(4) British Columbia, Canada	Director	President, Clan Chatton Finance Ltd. (2004–present); Partner, Morgan and Co., Chartered Accountants (1981–2004)	2003

(1) Member of the Technical Committee.
(2) Member of the Audit and Corporate Governance Committee.
(3) Member of the Compensation Committee.

As of February 16, 2010, the directors and officers of the Company beneficially owned or controlled, directly or indirectly, 2,007,756 common shares, being 1.1% of the total issued and outstanding common shares of the Company.

Corporate Governance

Audit and Corporate Governance Committee

National Instrument 52-110 – *Audit Committees* ("NI 52-110") requires the Corporation to disclose annually in its AIF certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth below.

Audit Committee Charter

The Corporation's Audit and Corporate Governance Committee is governed by a charter, the text of which is available on SEDAR at www.sedar.com and is incorporated by reference herein.

Composition of the Audit and Corporate Governance Committee

The Corporation's Audit and Corporate Governance Committee is comprised of Messrs. Philip (Chair), Giardini and Madhavpeddi. As defined in NI 52-110, each of the directors is considered to be "independent" and "financially literate". Biographies of each of the directors are included below.

Audit and Corporate Governance Committee Members' Experience and Education

James Philip, CA (Chair)
Mr. Philip is the President of Clan Chatton Finance Ltd., a private investment holding company. Mr. Philip joined Morgan & Company Chartered Accountants in May 1980 and became a partner in June 1981 and managing partner in August 1993 until 2005. Mr. Philip is a chartered accountant and has over 25 years of public accounting experience, servicing mainly companies listed on Canadian and United States stock exchanges. His clients included a significant number of public companies in the mining resource sector. The services he provided his clients included assisting them with the financial aspects of continuous disclosure reporting requirements in Canada and the United States.

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

Kalidas Madhavpeddi
Mr. Madhavpeddi has over 25 years experience in business development, corporate strategy, global mergers and acquisitions, marketing, trading and sales. After over 25 years with Phelps Dodge, at that time the world's largest publicly traded copper company, Mr. Madhavpeddi now works as CEO of Aurizon Resources Ltd. (overseas subsidiary of China Molybdenum Inc.) and President of Azteca Consulting LLC, an investment and advisory company to the mining industry. Mr. Madhavpeddi has held various executive positions at Phelps Dodge including Senior Vice President, Business Development, President, Phelps Dodge Wire and Cable Co., and Senior Vice President, Phelps Dodge Sales Company.

Pre-Approval Policies and Procedures

Pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the *de minimis* exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Audit Committee at its next scheduled meeting. All fees have been pre-approved since the adoption of this policy.

External Auditor Service Fees

The Auditors of the Corporation since May 22, 2002 have been PricewaterhouseCoopers LLP, Chartered Accountants ("PWC"), 250 Howe Street, 7th Floor, Vancouver, British Columbia.

(a) *Audit Fees*
The total fees billed by PWC in each of the last two fiscal years for audit services are as follows:
For the year ended November 30, 2009: $520,000
For the year ended November 30, 2008: $608,650

(b) *Audit Related Fees*
The total fees billed by PWC in each of the last two fiscal years for assurance and related services by PWC that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under (a) are as follows:
For the year ended November 30, 2009: $101,500
For the year ended November 30, 2008: $Nil

(c) *Tax Fees*
The total fees billed in each of the last two fiscal years for professional services rendered by PWC for tax compliance, tax advice and tax planning are as follows:
For the year ended November 30, 2009: $Nil
For the year ended November 30, 2008: $Nil

(d) *All Other Fees*

The total fees billed in each of the last two fiscal years for products and services provided by PWC, other than the services reported under causes (a), (b) and (c) above are as follows:

For the year ended November 30, 2009: $Nil
For the year ended November 30, 2008: $Nil

Limitation of Audit Committee's Role

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with Canadian and U.S. GAAP applicable rules and regulations. These are the responsibilities of management and the independent auditor.

Other Board Committees

The Board of Directors has also designated a Compensation Committee consisting of Messrs. McConnell, Giardini and Philip and a Safety, Environment and Sustainability Committee consisting of Messrs. Nauman, Van Nieuwenhuyse and Madhavpeddi.

All of the directors of the Company hold office until the close of the next annual meeting of the shareholders of the Company or until their successors are duly elected or appointed.

Conflicts of Interest

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

In 2008, the Company provided exploration and management services totaling $0.5 million to Alexco Resource Corp. ("Alexco"), and during 2009 the Company provided exploration and management services totaling $0.1 million to Alexco. Alexco is a related party having two common directors. In January 2009, NovaGold sold its interest in Alexco.

In 2009, the Company provided exploration and management services to TintinaGold Resources Inc. ("TintinaGold") totaling $0.05 million. In March 2009, TintinaGold (formerly Mantra Mining Inc.) purchased five early-stage Alaskan base metal properties from the Company. In consideration for the sale of the five properties, the Company received 3,125,000 shares of Mantra common stock worth $1.6 million at deal closing. In October 2009, TintinaGold completed its plan of arrangement to spin out AsiaBaseMetals, of which NovaGold's Vice President Exploration, Mr. Piekenbrock, is a Director. At November 30, 2009, the Company held 3,125,000 shares in both companies with a combined fair value of $2.1 million. Mr. Van Nieuwenhuyse is a significant shareholder and director on the board of TintinaGold. Electrum and Cougar Gold LLC, a party that may be considered a joint actor with Electrum, control approximately 30.1% of TintinaGold's outstanding voting securities with warrants exercisable for 20,327,407 common shares which, if exercised, would increase Electrum's holdings to 44.1%, (calculated on a partially-diluted basis assuming the exercise only of the warrants held by Electrum). Electrum also controls approximately 11% of the outstanding voting securities for TintinaGold's wholly-owned subsidiary, AsiaBaseMetals.

ITEM 9 LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Litigation Regarding Galore Creek Disclosure

On February 16, 2010, NovaGold announced that it has entered into a memorandum of understanding to settle outstanding securities class action lawsuits in both the United States and Canada, in which NovaGold and certain of its directors and officers were named as defendants. The settlement will be covered by NovaGold's insurance, and the Company does not anticipate having to pay out any of its cash under the terms of the settlement. The memorandum of understanding is subject to agreement on formal documentation and both U.S. and Canadian court approval after public notice. A description of the claims follows.

On December 22, 2008, the Company, certain of its officers and directors, and the Galore Creek Mining Corporation were named as defendants in a consolidated securities class action lawsuit filed in the United States District Court for the Southern District of New York. This complaint consolidated similar complaints filed on August 7, September 9, and November 21, 2008. The plaintiff alleged violations of the Securities Exchange Act of 1934 and the Securities Act of 1933 on the basis of alleged misstatements and omissions in various public statements and filings between October 25, 2006 and November 23, 2007, including the April 16, 2007 registration statement, concerning the Galore Creek property. On June 5, 2009, the court granted the defendants' motion to dismiss in part, dismissing all of the plaintiff's claims under the Securities Act of 1933 concerning the registration statement, dismissing all claims against Galore Creek Mining Corporation, and dismissing certain claims against the Company and its officers and directors under the Securities Exchange Act of 1934.

On October 14, 2009, NovaGold and certain of its directors and officers together with Hatch Ltd., the engineering firm that completed the October 2006 Galore Creek feasibility study, were named as defendants in a purported class action lawsuit commenced by a Notice of Action filed in the Ontario Superior Court of Justice in Canada (the "Ontario Action"). The Notice of Action alleged, among other things, that the defendants made, or were responsible for, misrepresentations in various public statements and filings made from October 25, 2006 through January 16, 2008 concerning NovaGold's Galore Creek project. On December 29, 2009, the Ontario Action was amended by a Fresh Statement of Claim that made additional allegations and extended the time for the alleged class period back to October 25, 2005. The total amount of damages sought remained at $100 million, unchanged from the October Notice of Action referred to above.

On October 28, 2009, the same parties were named as defendants in a class action lawsuit commenced in the Supreme Court of British Columbia (the "BC Action"). The Statement of Claim in the BC Action also alleged that the defendants made, or were responsible for, misrepresentations in various public statements and filings made from October 25, 2006 through January 16, 2008 concerning NovaGold's Galore Creek project.

Other

On July 15, 2009, two claims were filed in the United States District Court for the District of Alaska against NovaGold, AGC and other parties arising out of an accident on July 19, 2007, where two employees of a contractor were killed in a construction-related accident at the Company's Rock Creek mine. The claims are seeking wrongful death damages in excess of US$2.5 million. The Company and AGC filed an answer to the complaint denying all allegations and asserting certain affirmative defenses. The Company and AGC dispute these claims and believe they have substantial and meritorious legal and factual defenses, which they intend to pursue vigorously. There can be no assurance that these proceedings will be resolved in favor of NovaGold.

Regulatory Action

In 2008 and 2009, the Rock Creek mine received various NOVs from various State of Alaska regulators relating to preventative measures for stormwater discharges and the tailings storage facility dam. These NOVs have been resolved through execution of a COBC with ADEC, and through issuance of a renewed COA by ADNR. See "General Development of the Business – General Development of the Business – Environmental" and "Narrative Description of the Business – Nome Operations Project, Alaska – Rock Creek – Permitting and Environmental Concerns".

ITEM 10 TRANSFER AGENT AND REGISTRAR

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.

ITEM 11 MATERIAL CONTRACTS

The Company's material contracts include:

- Unit Purchase Agreement dated December 31, 2008 between Electrum and NovaGold;
- Indenture dated as of March 26, 2008 between NovaGold and The Bank of New York (the "Indenture") and Supplemental Indenture No. 1 dated as of March 26, 2008 to the Indenture between NovaGold and The Bank of New York providing for the issuance of the Notes;
- Limited Liability Company Agreement dated December 1, 2007 between Donlin Creek LLC, Barrick Gold U.S. Inc. and NovaGold Resources Alaska, Inc., as amended by an agreement dated January 13, 2010;
- Galore Creek Partnership General Partnership Agreement dated August 1, 2007 between NovaGold Canada Inc., Teck Cominco Metals Ltd., Galore Creek Mining Corporation, NovaGold Resources Inc. and Teck Cominco Limited, the amendment thereto dated November 25, 2007, and the amendment thereto dated February 11, 2009.

ITEM 12 INTERESTS OF EXPERTS

AMEC Americas Limited, Kirk Hanson, Gordon Seibel, Simon Allard, Gregory Wortman, Alexandra Kozak, Norwest Corporation, Sean Ennis, Bruce Davis, William Pennstrom, Jr., Ken Shinya, Kevin Francis, Russ White, Neal Rigby and Robert Sim, each being companies or persons who have prepared reports relating to the Company's mineral properties, or any director, officer, employee or partner thereof, as applicable, received or has received a direct or indirect interest in the property of the Company or of any associate or affiliate of the Company. As at the date hereof, the aforementioned persons, and the directors, officers, employees and partners, as applicable, of each of the aforementioned companies and partnerships beneficially own, directly or indirectly, in total, less than one percent of the securities of the Company.

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

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

ITEM 13 ADDITIONAL INFORMATION

Additional information, including details as to directors' and officers' remuneration, principal holders of the Company's shares, options to purchase shares of the Company and certain other matters is contained in the Company's Management Information Circular for its most recent annual meeting of shareholders that involved the election of directors. Additional financial information is provided in the Company's comparative financial statements and related Management's Discussion and Analysis for its year ended November 30, 2009. Copies of the above and other disclosure documents may be examined and/or obtained on SEDAR at www.sedar.com.

The Company will provide to any person, upon request to the Secretary of the Company:

a) when securities of the Company are in the course of a distribution pursuant to a short form prospectus, or a preliminary short form prospectus has been filed in respect of a distribution of its securities:

   i) one copy of the Annual Information Form of the Company, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the Annual Information Form;

   ii) one copy of the comparative financial statements of the Company for its most recently completed financial year together with the accompanying report of the auditor and one copy of any interim financial statements of the Company subsequent to the financial statements for its most recently completed financial year;

   iii) one copy of the management information circular in respect of the most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared in lieu of that information circular, as appropriate; and

   iv) one copy of any other documents incorporated by reference into the preliminary short form prospectus or the short form prospectus not required to be provided under (i) to (iii) above; or

b) at any other time, one copy of any other documents referred to in (a), (i) to (iii) above, provided that the Company may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Company.



NovaGold Resources Inc.

Consolidated Financial Statements
November 30, 2009 and 2008

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Management's Responsibility for Financial Reporting – Canada

The accompanying consolidated financial statements of the Company have been prepared by management in accordance with accounting principles generally accepted in Canada, and within the framework of the summary of significant accounting policies in these consolidated financial statements.

A system of internal accounting control is maintained in order to provide reasonable assurance that assets are safeguarded and that transactions are properly recorded and executed in accordance with management's authorization. This system includes established policies and procedures, the selection and training of qualified personnel and an organization providing for appropriate delegation of authority and segregation of responsibilities.

The Audit Committee of the Board of Directors meets periodically with management and the Company's independent auditors to review the scope and results of their annual audit and to review the consolidated financial statements and related financial reporting matters prior to submitting the consolidated financial statements to the Board of Directors for approval.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP on behalf of the shareholders and their report follows.

/s/ Rick Van Nieuwenhuyse
Rick Van Nieuwenhuyse
President & Chief Executive Officer

/s/ R. J. MacDonald
R. J. (Don) MacDonald
Senior V.P. & Chief Financial Officer

February 10, 2010

Management's Report on Internal Control over Financial Reporting – U.S.

The management of NovaGold Resources Inc. is responsible for establishing and maintaining adequate internal control over financial reporting under Rule 13a-15(f) and 15d-15(f). The Securities Exchange Act of 1934 defines this as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transaction and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that may have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of November 30, 2009. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework.

Based upon our assessment and those criteria, management concluded that the Company's internal control over financial reporting was effective as of November 30, 2009.

PricewaterhouseCoopers LLP, our independent auditors, has issued an attestation report on internal control over financial reporting for NovaGold Resources Inc. as of November 30, 2009, which is included herein.

/s/ Rick Van Nieuwenhuyse
Rick Van Nieuwenhuyse
President & Chief Executive Officer

/s/ R. J. MacDonald
R. J. (Don) MacDonald
Senior V.P. & Chief Financial Officer

February 10, 2010

Independent Auditors' Report

To the Shareholders of NovaGold Resources Inc. ("the Company")

We have completed integrated audits of NovaGold Resources Inc.'s 2009 and 2008 consolidated financial statements and of its internal control over financial reporting as at November 30, 2009. Our opinions, based on our audits, are presented below.

Consolidated financial statements

We have audited the accompanying consolidated balance sheets of NovaGold Resources Inc. as at November 30, 2009 and November 30, 2008, and the related consolidated statements of operations and deficit, comprehensive income (loss), changes in shareholders' equity and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits of the Company's financial statements in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. A financial statement audit also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at November 30, 2009 and November 30, 2008 and the results of its operations and its cash flows for each of the years then ended in accordance with Canadian generally accepted accounting principles.

Internal control over financial reporting

We have also audited NovaGold Resources Inc.'s internal control over financial reporting as at November 30, 2009, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report in Internal Control over Financial Reporting – US. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as at November 30, 2009 based on criteria established in Internal Control - Integrated Framework issued by the COSO.

/s/ PricewaterhouseCoopers LLP

Chartered Accountants
Vancouver, British Columbia
February 10, 2010

Comments by auditors for U.S. readers on Canada – U.S. reporting difference

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by conditions and events that cast substantial doubt on the Company's ability to continue as a going concern, such as those described in Note 1 to the financial statements. Our report to the shareholders dated February 10, 2010 is expressed in accordance with Canadian reporting standards which do not permit a reference to such events and conditions in the auditor's report when these are adequately disclosed in the financial statements.

/s/ PricewaterhouseCoopers LLP

Chartered Accountants
Vancouver, British Columbia
February 10, 2010

Consolidated Balance Sheets
As at November 30, 2009 and 2008

in thousands of Canadian dollars

	November 30, 2009 $	November 30, 2008 $
Assets		
Current assets		
Cash and cash equivalents	38,180	12,224
Accounts and GST receivable	942	2,305
Deposits and prepaid amounts	2,154	2,671
	41,276	17,200
Accounts receivable	130	556
Land	1,892	1,891
Inventories (note 4)	15,547	15,236
Property, plant and equipment (note 5)	454,271	471,121
Mineral properties, rights and development costs (note 6)	247,130	245,982
Investments (note 7)	4,287	7,221
Investment tax credits	3,393	3,393
Reclamation deposits (note 10)	13,326	14,585
	781,252	**777,185**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	13,132	35,930
Current portion of asset retirement obligations (note 10)	860	483
Current portion of long-term liabilities	705	-
	14,697	36,413
Long-term liabilities		
Suspension costs	-	1,101
Bridge loan (note 9)	-	23,446
Promissory note (note 7 (b))	61,532	68,821
Convertible notes (note 8)	58,553	63,573
Capital lease obligations	1,148	2,556
Asset retirement obligations (note 10)	20,730	20,876
Future income taxes (note 16)	8,524	14,381
Other liabilities	249	298
	165,433	231,465
Non-controlling interest (note 3)	293,247	291,231
Shareholders' equity		
Share capital (note 11)	878,086	776,237
Equity component of convertible notes (note 8)	43,352	43,352
Contributed surplus	9,994	9,994
Stock-based compensation (note 11)	31,838	22,223
Warrants (note 11)	31,065	1,995
Deficit	(672,258)	(598,894)
Accumulated other comprehensive income (loss)	495	(418)
	322,572	254,489
	781,252	**777,185**
Nature of operations and going concern (note 1)		
Commitments and contingencies (note 13)		

(See accompanying notes to consolidated financial statements)

/s/ Rick Van Nieuwenhuyse Director *

Consolidated Statements of Operations and Deficit
For the years ended November 30, 2009 and 2008

in thousands of Canadian dollars, except for per share and share amounts

	Year ended November 30, 2009 $	Year ended November 30, 2008 $
Revenue		
Land, gravel, gold and other revenue	1,195	2,167
Interest income	414	2,234
	1,609	4,401
Cost of sales	265	131
	1,344	4,270
Expenses		
Corporate development and communication	1,478	1,509
Exploration	17,916	49,593
Foreign exchange loss (gain)	(15,160)	28,699
General and administrative	4,294	4,389
Interest and accretion	18,470	5,821
Professional fees	4,244	3,631
Salaries	5,364	5,487
Salaries – stock-based compensation (note 11 (c) and (e))	9,623	1,443
Project care and maintenance	39,561	13,421
Total expenses	85,790	113,993
Loss before other items	84,446	109,723
Other items		
Gain on disposal of investments (note 7)	(125)	(47,271)
Gain on disposal of mineral properties	(1,563)	-
Asset impairment (notes 5 and 6)	-	160,883
Project suspension cost recovery	(648)	(36,097)
Loss on disposal of property, plant and equipment	9,707	-
Non-controlling interest (note 3)	(12,391)	3,704
	(5,020)	81,219
Loss for the year before income taxes	(79,426)	(190,942)
Future income tax expense (recovery) (note 16)	(6,062)	4,030
Loss for the year after income taxes	**(73,364)**	**(194,972)**
Deficit – beginning of year	(598,894)	(403,922)
Deficit – end of year	**(672,258)**	**(598,894)**
Loss per share		
Basic and diluted	(0.42)	(1.84)
Weighted average number of shares (thousands)	172,654	105,727

(See accompanying notes to consolidated financial statements)

Consolidated Statements of Comprehensive Income (Loss)
For the years ended November 30, 2009 and 2008

in thousands of Canadian dollars

	Year ended November 30, 2009 $	Year ended November 30, 2008 $
Net loss for the period before other comprehensive income	(73,364)	(194,972)
Unrealized gains (losses) on available-for-sale investments	1,119	(1,151)
Realized gains on available-for-sale investments	-	(15,278)
Future income tax recovery (expense)	(206)	84
Comprehensive loss	**(72,451)**	**(211,317)**

Consolidated Statements of Changes in Shareholders' Equity
For the years ended November 30, 2009 and 2008

in thousands of Canadian dollars

	Year ended November 30, 2009 $	Year ended November 30, 2008 $
Share capital		
Balance – beginning of year	776,237	760,468
Issued pursuant to private placement	61,480	-
Issued pursuant to stock option exercised	1,558	417
Issued pursuant to warrant exercised	14,601	15,352
Issued pursuant to debt conversion	24,210	-
Balance – end of year	878,086	776,237
Equity component of convertible notes		
Balance – beginning of period	43,352	-
Issuance of convertible notes	-	43,352
Balance – end of year	43,352	43,352
Contributed surplus		
Balance – beginning of year	9,994	820
Expiration of warrants	-	9,174
Balance – end of year	9,994	9,994
Stock-based compensation		
Balance – beginning of year	22,223	19,739
Stock option grants	9,117	2,484
Performance share unit grants	1,265	-
Fair value of exercises	(767)	-
Balance – end of year	31,838	22,223
Warrants		
Balance – beginning of year	1,995	9,178
Expiration of warrants	-	(9,174)
Issuance of warrants	34,606	1,995
Fair value of warrant exercises	(5,536)	(4)
Balance – end of year	31,065	1,995
Deficit		
Balance – beginning of year	(598,894)	(403,922)
Loss for the year	(73,364)	(194,972)
Balance – end of year	(672,258)	(598,894)
Accumulated other comprehensive income		
Balance – beginning of year	(418)	15,927
Unrealized gains (losses) on available-for-sale investments	1,119	(1,151)
Realized gains on available-for-sale investments	-	(15,278)
Future income taxes on unrealized losses (gains)	(206)	84
Balance – end of year	495	(418)
Total shareholders' equity	**322,572**	**254,489**

(See accompanying notes to consolidated financial statements)

Consolidated Statements of Cash Flows
For the years ended November 30, 2009 and 2008

in thousands of Canadian dollars

	Year ended November 30, 2009 $	Year ended November 30, 2008 $
Cash flows used in operating activities		
Loss for the year	(73,364)	(194,972)
Items not affecting cash		
Exploration	14,745	28,241
Amortization	258	284
Interest and accretion	12,435	4,652
Future income tax expense (recovery)	(6,062)	4,030
Foreign exchange loss (gain)	(16,253)	26,028
Stock-based compensation	9,622	1,443
Gain on sale of investments (note 7)	(125)	(47,271)
Gain on disposal of mineral properties	(1,563)	-
Loss on disposal of property, plant and equipment	9,707	-
Project suspension recovery	(648)	(36,097)
Non-controlling interest	(12,391)	3,704
Asset impairment	-	160,883
Net change in non-cash working capital		
Decrease in GST and other receivables, deposits and prepaid amounts	1,879	13,519
Increase in inventories	(311)	(6,039)
Increase (decrease) in accounts payable and accrued liabilities	2,046	(21,851)
Decrease in suspension costs – short term	-	(18,636)
Decrease in suspension costs – long term	(453)	(37,271)
	(60,478)	(119,353)
Cash flows from financing activities		
Proceeds from issuance of common shares – net	93,948	417
Proceeds from issuance of convertible notes – net	-	93,186
Proceeds from bridge loan – net	-	19,320
Proceeds from non-controlling interest	14,407	69,773
Proceeds from warrant exercises – net	9,065	15,348
	117,420	198,044
Cash flows used in investing activities		
Acquisition of property, plant and equipment	(27,674)	(204,533)
Proceeds from disposition of property, plant and equipment	7,683	-
Expenditures on power project development	-	(903)
Expenditures on mineral properties and related deferred costs – net	(3,090)	(53,443)
Decrease in restricted cash	-	58,600
Decrease (increase) in reclamation deposits	(87)	7,305
Decrease (increase) in accounts receivable	426	(289)
Proceeds on sale of investments	3,769	57,540
Increase in investments	(12,013)	(28,660)
	(30,986)	(164,383)
Increase (decrease) in cash and cash equivalents during the period	25,956	(85,692)
Cash and cash equivalents – beginning of year	12,224	97,916
Cash and cash equivalents – end of year	**38,180**	**12,224**
Supplemental disclosure		
Decrease in accounts payable and accrued liabilities and other liabilities related to mineral properties and property, plant and equipment	(28,056)	(49,501)
Bridge loan converted into shares	24,210	-
Interest received	394	3,239
Interest paid	6,292	4,063

(See accompanying notes to consolidated financial statements)

1 Nature of operations and going concern

NovaGold Resources Inc. (“NovaGold” or “the Company”) is a precious metals company engaged in the exploration and development of mineral properties in North America. The Company has a portfolio of mineral properties located in Alaska and British Columbia.

The Donlin Creek project is held by a limited liability company owned equally by NovaGold and Barrick Gold U.S. Inc. (“Barrick”). The Galore Creek project is held by a partnership owned equally by NovaGold and Teck Resources Limited (“Teck”).

While these financial statements have been prepared on the basis of a going concern which contemplates the realization of assets and satisfaction of liabilities in the normal course of operations, there are conditions and events that cast substantial doubt about the validity of that assumption. As at November 30, 2009, the Company had consolidated cash of $38.2 million and working capital of $26.6 million. Based on anticipated but not committed expenditures on its projects, the Company will require financing within 12 months to meet its expected ongoing requirements, which include funding for work at Donlin Creek, general and administrative expenses, and care and maintenance expenditures at Rock Creek. Under the terms of the revised partnership agreement with Teck, the Company has no near-term funding obligations at Galore Creek. The Company also expects to require significant financing in future years to meet its share of development costs on the Donlin Creek and Galore Creek projects. The Company intends to fund its plan of operations from working capital and the proceeds of financings. Future financings are expected to be obtained through joint ventures, debt financing, convertible debt, exercise of warrants and options, equity financing, production-sharing arrangements or other means. However, there is no assurance that these initiatives will be successful.

These financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2 Accounting policies

Basis of presentation

These consolidated financial statements have been prepared using accounting principles generally accepted in Canada (“Canadian GAAP”) and include the accounts of NovaGold Resources Inc. and its material wholly-owned subsidiaries, NovaGold Canada Inc., Alaska Gold Company and NovaGold Resources Alaska, Inc. All significant inter-company transactions are eliminated on consolidation. In addition, the Company consolidates variable interest entities for which it is determined to be the primary beneficiary. As described in note 18, accounting principles generally accepted in Canada differ in certain material respects from accounting principles generally accepted in the United States.

Revenue recognition

Revenue from land sales is recognized when title passes to the purchaser. Gravel revenue is recognized upon shipment when title passes to the purchaser. Lease and rental revenue is recognized as services are rendered. Gold royalties and incidental gold production revenues earned from third-party placer mining activities carried out on the Company’s sand and gravel resource properties are recognized as revenue when the amounts are determinable and collectible and title to the gold has transferred.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, term deposits and short-term highly liquid investments with an original term to maturity of three months or less, which are readily convertible to known amounts of cash and which, in the opinion of management, are subject to an insignificant risk of changes in value. Interest from cash and cash equivalents is recorded on an accrual basis. Cash equivalents are stated at cost, which approximates fair market value.

Reclamation deposits

Certain cash is held in long-term reclamation bonds to support future reclamation work. Interest from reclamation deposits is recorded on an accrual basis.

Inventories

Inventories consist of supplies and spare parts to be consumed in operations, as well as stockpile ore, and are stated at the lower of cost and net realizable value. Supplies inventory was purchased for the Rock Creek project prior to production and transported to Nome, Alaska by barge to be available once the mine is in operations. Transportation costs have been capitalized. Inventories not expected to be consumed during the next twelve months are classified as long-term.

Property, plant and equipment

Property, plant and equipment are recorded at cost and amortization begins when the asset is substantially put into service. Amortization of heavy machinery and equipment and office furniture and equipment is calculated on a straight-line basis over their estimated useful lives at annual rates between 20 to 30%. Amortization of leasehold improvements is calculated on a straight-line basis over the term of the lease.

Construction in progress and pre-construction costs relate to the Rock Creek mine and Galore Creek project and are recorded at cost. No amortization is calculated until the assets are substantially put into service.

Intangible assets

Intangible assets consist of power transmission rights acquired by the Company upon the asset acquisition of Coast Mountain Power Corp. Intangible assets are recorded at cost and amortized over their respective useful lives on a straight-line basis. The Company intends to amortize the power transmission rights over the expected life of the Galore Creek project on a straight-line basis. The Company assesses the fair value of these intangible assets with the Galore Creek long-lived assets and, if there are indications of impairment, the carrying value would be written down.

Management of the Company reviews and evaluates the carrying value of each intangible asset for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. If the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset, an impairment loss is recognized and assets are written down to fair value, which is normally determined using the discounted value of future cash flows. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether carrying value can be recovered by considering alternative methods of determining fair value.

Land and gravel resources

Land is recorded at cost and, at the time of acquisition, cost was allocated to each of the identifiable parcels of land on a pro rata basis in accordance with that parcel's estimated value as a percentage of the value of the entire parcel acquired. Cost of sales is determined on the basis of the allocated costs. The costs of the remaining unsold parcels of land are reviewed regularly to determine if impairment exists and, if impairment is determined, the costs would be written down to fair value. To date, there have been no charges for impairment. Property taxes are charged as a current expense in the statement of operations and deficit.

Mineral properties and development costs

The Company expenses mineral property exploration expenditures when incurred.

When it has been established that a mineral deposit is commercially mineable and an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized and will be amortized against production following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned.

The acquisition of title to mineral properties is a complicated and uncertain process. The Company has taken steps, in accordance with industry standards, to verify mineral properties in which it has an interest. Although the Company has made efforts to ensure that legal title to its properties is properly recorded in the name of the Company, there can be no assurance that such title will ultimately be secured.

Impairment of long-lived assets

The Company assesses the possibility of impairment in the net carrying value of its long-lived assets when events or circumstances indicate that the carrying amounts of the asset or asset group may not be recoverable. Management calculates the estimated undiscounted future net cash flows relating to the asset or asset group using estimated future prices, proven and probable reserves and other mineral resources, and operating, capital and reclamation costs. When the carrying value of an asset exceeds the related undiscounted cash flows, the asset is written down to its estimated fair value, which is usually determined using discounted future cash flows. Management's estimates of mineral prices, mineral resources, foreign exchange, production levels and operating capital and reclamation costs are subject to risk and uncertainties that may affect the determination of the recoverability of the long-lived asset. It is possible that material changes could occur that may adversely affect management's estimates.

Capitalized financing costs

Financing costs, including interest, are capitalized when they arise from indebtedness incurred, directly or indirectly, to finance development and construction activities on properties that are not yet subject to depreciation or depletion. Once commercial production is achieved, financing costs are charged against earnings.

Asset retirement obligation

The Company's asset retirement obligation ("ARO") relates to expected mine reclamation and closure activities. An ARO is recognized initially at fair value with a corresponding increase in related assets. The ARO is accreted to full value over time through periodic accretion charges recorded to operations using the Company's credit-adjusted risk free rate. In subsequent periods, the Company adjusts the carrying amounts of the ARO and the related asset for changes in estimates of the amount or timing of underlying future cash flows.

Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes. Future income tax assets are evaluated and, if realization is not considered more likely than not, a valuation allowance is provided.

Investment tax credits

The Company is eligible to receive investment tax credits ("ITCs") related to certain of its mineral property expenditures. The ITCs are accounted for as a reduction in the cost of mineral properties or exploration costs in the period when related expenditures are incurred.

Translation of foreign currencies

Foreign operations are integrated with the parent company, NovaGold, and consequently the financial statements of foreign subsidiaries are translated into Canadian currency, NovaGold's functional currency, using the temporal method. Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date and non-monetary assets and liabilities at the exchange rate in effect at the time of acquisition or issue. Revenues and expenses are translated at rates approximating the exchange rate in effect at the time of the transactions. Exchange gains or losses arising on translation are included in income or loss for the year.

Loss per share

Loss per common share is calculated based on the weighted average number of common shares outstanding during the year. The Company follows the treasury stock method in the calculation of diluted earnings per share. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. Since the Company has losses, the exercise of outstanding stock options and warrants has not been included in this calculation as it would be anti-dilutive.

Variable interest entities

The Company accounts for variable interest entities ("VIE") in accordance with CICA Accounting Guideline 15, "Consolidation of Variable Interest Entities" ("AcG 15"). AcG 15 prescribes the application of consolidation principles for entities that meet the definition of a VIE. An enterprise holding other than a voting interest in a VIE could, subject to certain conditions, be required to consolidate the VIE if it is considered its primary beneficiary, whereby it would absorb the majority of the VIE's expected losses, receive the majority of its expected residual returns, or both.

Stock-based compensation and warrants

The Company accounts for stock options and warrants at fair value pursuant to CICA Handbook section 3870, which established standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments. Compensation expense for options granted to employees is determined based on estimated fair values of the options at the time of grant using the Black-Scholes option pricing model. The cost is recognized over the vesting period of the respective options and is capitalized to mineral properties and development costs for grants to individuals working directly on advanced mineral projects or to exploration costs on projects in the exploration stage. Warrants granted are recorded at estimated fair values using the Black-Scholes option pricing model.

The Company grants employees performance shares units ("PSUs"), wherein each PSU entitles the participant to receive one common share of the Company at the end of a one-year period if certain market performance and service vesting criteria have been met. The performance and vesting criteria are based on the Company's performance relative to a representative group of other mining companies and the Toronto Stock Exchange index. The number of units that will ultimately vest will be in the range of 0 to 150% of the original grant. The fair value of the PSUs is measured at the grant date using Monte Carlo simulation, which takes into account, as of the grant date, the fair market value of the shares, expected volatility, expected dividend yield and the risk-free interest rate over the life of the PSU, to generate potential outcomes for stock prices which are used to estimate the probability of the PSUs vesting at the end of the performance measurement period. The fair value is recognized in earnings over the related service period.

Use of estimates and measurement uncertainty

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions of future events that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reported period. Significant estimates include the basis of impairment of mineral properties, future income taxes and the provision for reclamation costs. Actual results could differ materially from those reported.

Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

New accounting pronouncements

The CICA issued the new Handbook Section 3064, "Goodwill and Intangible Assets", which replaced Section 3062, "Goodwill and Intangible Assets". The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred. On December 1, 2008, the Company adopted these changes, with no impact on its consolidated financial statements.

In March 2007, the CICA issued the new Handbook Section 3031, "Inventories", which will replace Section 3030, "Inventories". The new Section recommends that inventories be measured at the lower of cost and the net realizable value. It provides guidelines on determining cost, prohibiting going forward the use of the last in, first out method ("LIFO"), and requires the reversal of a previous write-down when the value of inventories increases. On December 1, 2008, the Company adopted these changes with no impact on its consolidated financial statements.

In January 2009, the CICA issued EIC-173, “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities”. The EIC provides guidance on how to account for the credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. On December 1, 2008, the Company immediately adopted the EIC, with no impact on its consolidated financial statements.

In March 2009, the CICA issued EIC-174, “Mining Exploration Costs”, which provides guidance on the accounting and the impairment review of exploration costs. The Company immediately adopted the EIC with no impact on it s consolidated financial statements.

In June 2009, CICA Handbook Section 3862, Financial Instruments – Disclosures (“Section 3862”), was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The Company immediately adopted this amended standard in 2009 and required disclosures are included in note 15.

Future Canadian pronouncements

In January 2009, the CICA issued CICA Handbook Section 1582, “Business Combinations”, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method and related disclosures. In addition, the CICA issued Section 1601, “Consolidated Financial Statements”, and Section 1602, “Non-controlling Interests”, which replaces the existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements and Section 1602 provides guidance on accounting for non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards apply prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, with earlier application permitted. The Company is currently evaluating these new standards to determine the potential impact on its consolidated financial statements.

3 Galore Creek Partnership

The Company determined that the Galore Creek Partnership is a variable interest entity and consequently uses the principles of AcG-15 Consolidation of Variable Interest Entities to determine the accounting for its ownership interest. Management concluded that the Company is the primary beneficiary and consolidates the activities of the Galore Creek Partnership.

On November 26, 2007, the Company and Teck announced that construction activities would be suspended at the Galore Creek project in order to undertake a comprehensive review of the overall design plan when it was recognized that industry wide cost increases and an extension of the anticipated project schedule would likely result in significantly higher cost estimates for the project. At that time, the terms of Teck’s initial contribution into the Galore Creek Partnership (“Partnership”) were amended. Under the amended arrangements, in addition to Teck’s funding from August 1, 2007 to the year ended November 30, 2007 of $264 million, Teck’s total committed investment in the Partnership would be $403 million, including $72 million to be invested in the Partnership over the next five years principally to reassess and evaluate the project’s alternative development strategies. Excluding costs covered by Teck’s $72 million above, the Company and Teck agreed to share the next $100 million of project costs 33% and 67% respectively, and share project costs on a 50/50 basis thereafter.

In February 2009, the Company and Teck renegotiated the Partnership agreement to reduce the $72 million to $60 million, and from November 1, 2008 onwards Teck agreed to fund all of the costs at the project until the $60 million is fully spent. Remaining suspension-related activities, estimated at November 30, 2008 to cost approximately $1.1 million, were fully completed during the three-month period ended February 28, 2009 and funded entirely by Teck.

Teck's contributions to date have been recorded as non-controlling interest as follows.

in thousands of Canadian dollars

	November 30, 2009 $	November 30, 2008 $
Balance – beginning of year	291,231	217,754
Contributions by Teck	14,407	69,773
Teck's share of suspension recoveries	324	18,049
Teck's share of care and maintenance costs	(7,863)	(14,345)
Teck's share of loss on disposal of fixed assets	(4,852)	-
Balance – end of year	**293,247**	**291,231**

Certain cash contributions by Teck have been expensed for accounting purposes. At November 30, 2009, Galore Creek had cash of $4.7 million. Total cash contributions to date by Teck at November 30, 2009 were $348 million and $25 million remained to be contributed for Teck to earn its 50% interest.

4 Inventories

in thousands of Canadian dollars

	November 30, 2009 $	November 30, 2008 $
Supplies	13,609	13,523
Stockpiled ore	1,499	1,499
Gold	439	214
Current portion	-	-
Long-term portion	15,547	15,236

5 Property, plant and equipment

in thousands of Canadian dollars

	November 30, 2009		
	Cost $	Accumulated amortization $	Net $
Alaska, USA			
Construction costs – Rock Creek	90,519	-	90,519
Mining and milling equipment – Rock Creek	15,342	-	15,342
Heavy machinery and equipment – Rock Creek	2,408	(364)	2,044
British Columbia, Canada			
Construction costs – Galore Creek (a)	318,985	-	318,985
Mobile equipment – Galore Creek (a)	26,651	-	26,651
Office furniture and equipment	1,716	(1,291)	425
Leasehold improvements	575	(270)	305
	456,196	(1,925)	**454,271**

(a) During 2009, the Galore Creek project disposed of some construction and mobile equipment, which resulted in a $9.1 million loss on disposition.

in thousands of Canadian dollars

	November 30, 2008			
	Cost $	Accumulated amortization $	Impairment (a) $	Net $
Alaska, USA				
Construction costs – Rock Creek	220,512	-	(129,993)	90,519
Mining and milling equipment – Rock Creek	36,035	-	(21,243)	14,792
Heavy machinery and equipment – Rock Creek	2,404	(334)	-	2,070
British Columbia, Canada				
Construction costs – Galore Creek	324,711	-	-	324,711
Mobile equipment – Galore Creek	38,048	-	-	38,048
Office furniture and equipment	1,648	(1,030)	-	618
Leasehold improvements	575	(212)	-	363
	623,933	(1,576)	(151,236)	**471,121**

(a) Asset impairment

Construction of the Rock Creek mine located in Nome, Alaska was substantially completed during 2008 and start- up process began in September 2008, upon receipt of the operating permits. During start-up, the mine experienced unanticipated mechanical problems in the mill and arctic weather conditions caused problems with the crushing circuit. On November 24, 2008 the Company suspended the start-up, system testing and commissioning activities at the Rock Creek mine to conserve cash reserves, and with restricted credit and equity markets the Company believed that it would not be able to obtain financing to continue start-up activities. As a result of the suspension the mine was placed on care and maintenance. The Company had assessed the estimated recoverability of the Rock Creek project and recorded an asset impairment of $160,883,000. The impairment adjustment was calculated by using the present value of the estimated future cash flows to estimate the fair value of the project in accordance with CICA Handbook Section 3063, “Impairment of Long-lived Assets”. The impairment loss was allocated proportionately to construction in progress, mining and milling equipment and mineral properties and development costs.

6 Mineral properties, rights and development costs

in thousands of Canadian dollars

	November 30, 2008 $	Tax credit $	Expenditures (Amortization) $	November 30, 2009 $
Alaska, USA				
Rock Creek	6,717	-	1,678	8,395
British Columbia, Canada				
Galore Creek	183,597	(625)	1,428	184,400
Power transmission rights	55,668	-	(1,333)	54,335
	245,982	**(625)**	**1,773**	**247,130**

in thousands of Canadian dollars

	November 30, 2007 $	Expenditures (Amortization) $	Impairment $	November 30, 2008 $
Alaska, USA				
Donlin Creek	-	-	-	-
Rock Creek	901	15,463	(9,647)	6,717
British Columbia, Canada				
Galore Creek	126,707	56,890	-	183,597
Power transmission rights	57,001	(1,333)		55,668
	184,609	71,020	(9,647)	245,982

7 Investments

in thousands of Canadian dollars

	November 30, 2009 $	November 30, 2008 $
Available-for-sale investments (a)	3,438	255
Investments accounted for under the equity method		
Donlin Creek LLC (b)	849	3,197
Alexco Resource Corp. (c)	-	3,769
Total investments	**4,287**	**7,221**

Investment in Donlin Creek LLC accounted for using the equity method is as follows.

in thousands of Canadian dollars

	November 30, 2009 $	November 30, 2008 $
Balance – beginning of year	3,197	-
Funding	12,389	28,660
Exploration and development	(14,737)	(25,463)
Balance – end of year	**849**	**3,197**

(a) Investments classified as available-for-sale are reported at fair value (or marked-to-market) based on quoted market prices, with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. The total cost as at November 30, 2009 was $2,785,000 (November 30, 2008: $673,000) and total unrealized holding gains as at November 30, 2009 was $495,000 (total unrealized loss at November 30, 2008: $418,000). The balance includes 126,625 shares in Etruscan Resources Inc. (cost: $5,000; fair value at November 30, 2009: $48,874), a company having two directors in common with the Company; 3,125,000 shares in TintinaGold Resources Inc. ("TintinaGold") (cost: $916,839; fair value at November 30, 2009: $1,406,250), a company having one director and a major shareholder in common with the Company; and 3,125,000 shares in AsiaBaseMetals Inc. (cost: $645,661; fair value at November 30, 2009: $656,250), a company having one director and a major shareholder in common with the Company.

(b) On December 1, 2007, together with Barrick, the Company formed a limited liability company ("Donlin Creek LLC") to advance the Donlin Creek project. The Donlin Creek LLC has a board of four directors, with two nominees selected by each company. All significant decisions related to Donlin Creek require the approval of both companies. As part of the Donlin Creek LLC agreement, the Company agreed to reimburse Barrick over time approximately US$64.3 million, representing 50% of Barrick's approximately US$128.6 million in expenditures at the Donlin Creek project from April 1, 2006 to November 30, 2007. Reimbursement had been made by the Company paying US$12.7 million of Barrick's share of project development costs during 2008. A promissory note for the remaining US$51.6 million plus interest at a rate of U.S. prime plus 2% will be paid out of future mine production cash flow. Both parties are currently sharing development costs on a 50/50 basis. Interest on this long- term debt is expensed.

The Company determined that the Donlin Creek LLC is a variable interest entity and consequently used the principles of AcG 15 Consolidation of Variable Interest Entities to determine the accounting for its 50% ownership interest. Management concluded that the Company is not the primary beneficiary and has accounted for its investment in the Donlin Creek LLC using the equity method of accounting. The equity method is a basis of accounting for investments whereby the investment is initially recorded at cost and the carrying value, adjusted thereafter to include the investor's pro rata share of post-acquisition earnings of the investee, is computed by the consolidation method. Profit distributions received or receivable from an investee reduce the carrying value of the investment.

(c) The Company sold its entire investment in Alexco Resource Corp. ("Alexco") in January 2009 for net proceeds of $3.8 million.

(d) On July 31, 2008, the Company sold 100% of its NovaGreenPower subsidiary to AltaGas Ltd. ("AltaGas") for $35.0 million plus an additional contingent amount of $5.0 million payable on or before February 15, 2009, dependent on AltaGas receiving certain government approvals. Due to delays in receiving approvals and consequent uncertainty of payment, the Company agreed to settle the contingent payment on November 26, 2008 for $3.5 million thus receiving total proceeds of $38.5 million. NovaGreenPower owned several development-stage run-of-river hydroelectric projects located in northwest British Columbia. The carrying value to the Company of the assets sold, along with transaction costs, was approximately $6.5 million. A gain of $32.0 million was recorded on the sale. The Company believes it has sufficient tax pools to shelter any current tax arising from this sale. The Company will be responsible for certain contingent costs that relate to the predisposition activities of NovaGreenPower. No provision has been made for those costs due to their contingent nature.

8 Convertible notes

On March 26, 2008, the Company issued US$95.0 million ($96.7 million) in 5.5% unsecured senior convertible notes ("Notes") maturing on May 1, 2015, and incurred a 3.0% underwriter's fee and other expenses aggregating $3.5 million, for net proceeds of $93.2 million. Interest is payable semi-annually in arrears on May 1 and November 1 of each year, beginning November 1, 2008. The Notes are convertible into the Company's common shares at a fixed conversion rate of US$10.61 per common share. A total of 8,952,971 common shares are issuable upon conversion and additional shares may become issuable following the occurrence of certain corporate acts or events. On conversion, at the Company's election, holders of the Notes will receive cash, if applicable, or a combination of cash and shares. Holders of the Notes will have the right to require the Company to repurchase all or part of their Notes on May 1, 2013, or upon certain fundamental corporate changes, at a price equal to 100% of the principal amount of such Notes plus any accrued and unpaid interest.

The Notes are classified as a liability, less the portion relating to the conversion feature ($43.4 million) which is classified as a component of shareholders' equity. As a result, the recorded liability to repay the Notes is lower than its face value. Using the effective interest rate method and the 17.78% rate implicit in the calculation, the difference of $43.4 million, characterized as the note discount, is being capitalized to certain projects funded by this offering and charged to interest expense for projects that do not meet the criteria to capitalize, and added to the liability over the term of the Notes.

in thousands of Canadian dollars

	November 30, 2009 $	November 30, 2008 $
Beginning balance	63,573	-
Present value of convertible notes on issue	-	51,718
Financing costs allocated to debt component	-	(1,884)
Accretion of debt discount for the year	4,692	2,621
Foreign exchange revaluation	(9,712)	11,118
Convertible notes	**58,553**	**63,573**
Conversion right	44,992	44,992
Financing costs allocated to equity component	(1,640)	(1,640)
Equity component of convertible notes	**43,352**	**43,352**

9 Bridge loan

On September 26, 2008, the Company secured a bridge loan in the amount of US$20.0 million for proceeds of US$18.8 million, net of commitment fees of US$1.2 million, from Auramet Trading, LLC ("Auramet"). The bridge loan was to mature on December 29, 2008 and bore interest at a rate of 12.0% per annum. Auramet had the right to convert the principal amount of the bridge loan into common shares of the Company at a price of $12.00 per common share. The Company also issued to Auramet warrants to purchase 750,000 common shares of the Company at an exercise price of $7.18 per common share at any time before September 25, 2010. The Company granted to Auramet a security interest in the Rock Creek mine and a pledge of securities in certain material subsidiaries and guarantees. At November 30, 2008, the bridge loan was classified as a long-term liability, less the portion relating to the warrants ($2.0 million) which was classified as a component of shareholders' equity.

On December 29, 2008, Auramet extended the repayment of the bridge loan to March 13, 2009. As consideration, the Company paid an extension fee of US$1.2million, increased the annual interest rate to 15.0% and re-priced the conversion of the loan and the 750,000 warrants previously issued to the five-day weighted average price of the Company's common stock at that time of $1.53. The Company also issued an additional 1,000,000 warrants priced at $1.53 with an expiry date of December 29, 2010.

In January and February 2009, Auramet converted the entire US$20.0 million bridge loan into common shares. During 2009, Auramet exercised all of its 1,750,000 warrants at an exercise price of $1.53 per share for proceeds of $2.7 million.

in thousands of Canadian dollars

	November 30, 2009 $	November 30, 2008 $
Bridge loan balance – beginning of the year	23,446	-
Additional equity component on extension of bridge loan	(9,557)	18,561
Financing costs allocated to debt component	(968)	(1,235)
Accretion of debt discount for the period	3,883	2,637
Foreign exchange revaluation	(189)	3,483
Conversion of bridge loan	(16,615)	-
Bridge loan balance – end of the year	**-**	**23,446**
Conversion right of extension	8,125	-
Financing costs allocated to equity component	(530)	-
Conversion of bridge loan	(7,595)	-
Equity component	**-**	**-**
Warrant component – beginning of period	1,995	-
Warrant component of issuance	1,391	2,137
Financing costs allocated to warrant component	(90)	(142)
Exercise of warrants	(3,296)	-
Fair value of warrants	**-**	**1,995**

10 Asset retirement obligation

Although the ultimate amount of the reclamation costs to be incurred cannot be predicted with certainty, the total undiscounted amount of estimated cash flows required to settle the Company's estimated obligations is $23.3 million, which has been discounted using a credit adjusted risk free rate of 5.0%, except for Galore Creek, which has not been discounted due to the uncertainty of the timing of the reclamation activities as a result of the suspension of the project. Significant reclamation and closure activities include land rehabilitation, decommissioning of roads, bridges, buildings and mine facilities, and other costs.

Changes to the reclamation and closure cost balance during the year are as follows.

in thousands of Canadian dollars

	November 30, 2009 $	November 30, 2008 $
Asset retirement obligation – beginning of year	21,359	13,517
Revision in estimates and liabilities incurred	872	8,058
Reclamation expenditures	(641)	(216)
Balance – end of year	21,590	21,359
Less current portion of asset retirement obligation	(860)	(483)
Long-term portion of asset retirement obligation	20,730	20,876

The retirement obligation allocated by projects is as follows.

in thousands of Canadian dollars

	November 30, 2009 $	November 30, 2008 $
Galore Creek	13,670	13,584
Rock Creek	7,060	7,292
Nome Gold	860	403
Murray Brook	-	80
	21,590	21,359

The present value of the reclamation liabilities may be subject to change based on management's current estimates, changes in remediation technology or changes to the applicable laws and regulations.

As required by regulatory authorities, at November 30, 2009, the Company had cash reclamation deposits totaling $13.3 million (2008: $14.6 million) comprising the following:

in thousands of Canadian dollars

	November 30, 2009 $	November 30, 2008 $
Galore Creek (a)	6,100	6,013
Rock Creek	7,226	8,467
Murray Brook	-	105
	13,326	14,585

(a) Galore Creek's reclamation deposit is supplemented with an additional $6.1 million letter of credit guaranteed by Teck.

These deposits are invested in government bonds and treasury bills and bear interest at rates ranging from 0.2 to 1.75% per annum.

11 Share capital

Authorized
1,000,000,000 common shares, no par value
10,000,000 preferred shares issuable in one or more series

in thousands of Canadian dollars

	November 30, 2009		November 30, 2008	
	Number of shares (thousands)	Ascribed value $	Number of shares (thousands)	Ascribed value $
Balance – beginning of year	107,509	776,237	104,889	760,468
Issued period to date				
For cash pursuant to private placement	57,692	61,480	-	-
Pursuant to debt conversion	15,763	24,210	-	-
For cash and fair value pursuant to stock option agreements	538	1,558	307	417
For cash and fair value pursuant to warrant agreements	5,631	14,601	2,313	15,352
Balance – end of year	187,133	878,086	107,509	776,237
Shares held by a wholly-owned subsidiary eliminated on consolidation	9	-	9	-
Total issued and outstanding	187,142	878,086	107,518	776,237

(a) Private placement

In January 2009, the Company issued by way of private placement 57,692,308 Units for gross proceeds of US$75.0 million. Each Unit consists of one common share of the Company and one common share purchase warrant of the Company. Each share purchase warrant entitles the holder to acquire one common share of the Company at a price of US$1.50 on or before January 21, 2013.

As the Units contain multiple equity components, consisting of common shares and share purchase warrants, the Company used the relative-fair-value approach to allocate the proceeds. The fair value of the share purchase warrants was calculated using the Black-Scholes model based on an average risk-free interest rate of 1.13%, expected life of four years and an expected volatility of 64.6% . As a result, the common shares were recorded at $61.5 million, and the share purchase warrants were recorded at $33.3 million, both inclusive of transaction costs.

(b) Debt conversion

In January and February 2009, Auramet converted the entire US$20.0 million bridge loan into common shares. During 2009, Auramet exercised all of its 1,750,000 warrants at an exercise price of $1.53 per share for proceeds of $2.7 million.

(c) Stock options

The Company has a stock option plan providing for the issuance of options at a rolling maximum number that shall not be greater than 10% of the issued and outstanding common shares of the Company at any given time. The Company may grant options to its directors, officers, employees and service providers. The exercise price of each option cannot be lower than the market price of the shares at the date of the option grant. The number of shares optioned to any single optionee may not exceed 5% of the issued and outstanding shares at the date of grant. The options are exercisable immediately for a maximum of five years from the date of grant or may be exercisable 1/3 six months after commencement of employment, 1/3 at the first anniversary date and 1/3 at the second anniversary date for a maximum of five years from the date of grant. The Company recognizes compensation cost on a straight-line basis over the respective vesting period for the stock options.

During the year ended November 30, 2009, the Company revised the terms of the stock option plan to provide for tandem stock appreciation rights and cashless exercise provision. A tandem stock appreciation right gives the holder of a stock option the right to surrender to the Company all (or a portion) of a stock option in exchange for a distribution in shares of an amount equal to the excess of (i) the fair market value, on the date such stock option (or such portion thereof) is surrendered, of the common stock covered by such stock option (or such portion thereof), over (ii) the aggregate exercise price of such stock option (or such portion thereof). The modification to outstanding awards did not result in any incremental compensation expense to recognize and the Company continues to measure compensation cost of employee awards based upon the grant date fair value of awards after this amendment.

For the year ended, November 30, 2009, the Company granted 7,711,750 (2008: 1,732,450) stock options at a weighted average fair value of $1.66 (2008: $3.96) and recognized a stock-based compensation charge against income of $8.4 million (2008: $2.5 million of which $1.4 million was charged to income and $1.1 million was capitalized to mineral properties) for options granted to directors, employees and consultants in accordance with CICA 3870, net of forfeitures. As of November 30, 2009, there were 3,695,906 non-vested options outstanding with a weighted average exercise price of $4.55; the non-vested stock option and PSU expense not yet recognized was $5.4 million (2008: $2.7 million); this expense is expected to be recognized over the next two years.

The fair value of the stock options recognized in the consolidated statements of operations and deficit has been estimated using an option pricing model. Assumptions used in the pricing model for each year are provided below.

	Year ended November 30, 2009	Year ended November 30, 2008
Average risk-free interest rate	0.44% – 1.73%	2.99% – 4.01%
Expected life	1.00 – 3.71 years	3.22 – 4.27 years
Expected volatility	70% – 98%	59% – 61%
Expected dividends	Nil	Nil

The Black-Scholes and other option pricing models require the input of highly subjective assumptions. The expected life of the options considered such factors as the average length of time similar option grants in the past have remained outstanding prior to exercise and the vesting period of the grants. Volatility was estimated based upon historical price observations over the expected term. Changes in the subjective input can materially affect the fair value estimate and therefore do not necessarily provide a reliable measure of the fair value of the Company's stock options.

A summary of the Company's stock option plan and changes during the years ended is as follows.

	November 30, 2009		November 30, 2008	
	Number of options (thousands)	Weighted average exercise price $	Number of options (thousands)	Weighted average exercise price $
Balance – beginning of year	8,356	8.15	8,761	8.76
Granted	7,712	4.16	1,733	8.17
Exercised	(644)	2.20	(308)	1.36
Expired	(2,355)	9.96	(1,830)	12.25
Balance – end of year	13,069	5.62	8,356	8.15

The following table summarizes information about the stock options outstanding and exercisable at November 2009.

Range of price	Number of outstanding options (thousands)	Weighted average years to expiry	Weighted average exercise price $	Number of exercisable options (thousands)	Weighted average exercise price $
$ 0.62 to $ 1.99	841	2.407	1.00	841	1.00
$ 2.00 to $ 3.99	3,343	3.874	2.69	1,781	2.90
$ 4.00 to $ 5.99	4,890	4.314	5.19	3,380	5.19
$ 6.00 to $ 7.99	1,322	5.312	6.96	1,208	6.86
$ 8.00 to $ 9.99	1,638	6.245	8.65	1,129	8.84
$10.00 to $11.99	30	6.040	10.16	30	10.16
$12.00 to $13.99	40	6.497	13.90	40	13.90
$14.00 to $15.99	795	6.288	14.08	795	14.08
$16.00 to $17.99	150	7.545	16.34	150	16.34
$18.00 to $19.78	20	6.844	19.76	20	19.76
	13,069	4.593	5.62	9,374	6.05

The aggregate intrinsic value of vested share options (the market value less the exercise value) at November 30, 2009 was $11,927,478 (2008: $77,500) and exercised options in 2009 was $1,655,931 (2008: $2,958,482).

(d) Warrants

On December 29, 2008, as part of the extension of the bridge loan discussed in note 9, 1.0 million share purchase warrants were issued with an exercise price of $1.53 per share with a two-year term. Additionally, the 750,000 share purchase warrants issued on the original bridge loan were re-priced at $1.53 per share as part of this agreement; the re-pricing was valued at $0.5 million. During the year, 5,631,582 share purchase warrants were exercised for total proceeds of $9.1 million.

A summary of the Company's share purchase warrants and the changes for the years then ended is presented below.

	November 30, 2009		November 30, 2008	
	Number of warrants (thousands)	Weighted average exercise price $	Number of warrants (thousands)	Weighted average exercise price $
Balance – beginning of year	750	7.18	6,582	9.42
Granted	58,692	1.64	750	7.18
Exercised	(5,632)	1.61	(2,312)	7.00
Expired	-	-	(4,270)	10.74
Balance – end of year	53,810	1.65	750	7.18

A summary of the Company's share purchase warrants outstanding at November 30, 2009 is presented below.

Prices	Warrants outstanding and exercisable (thousands)	Weighted average exercise price $	Weighted average remaining contractual life (years)
US$ 1.50	53,810	1.65	3.17

(e) Performance share units

The Company has a long-term incentive plan that provides for the issuance of PSUs in amounts as approved by the Company's Compensation Committee. On May 29, 2009, the Company granted 524,550 PSUs to employees and consultants. Each PSU entitles the participant to receive one common share of the Company at the end of a one year period if certain performance and vesting criteria have been met. The performance and vesting criteria are based on the Company's performance relative to a representative group of other mining companies and the Toronto Stock Exchange index.

The actual performance against each of these criteria generates a multiplier that applies against 50% of the PSUs and varies from 0 to 150%. Thus, the shares that may be issued varies between 0 and 150% of 524,550, as reduced by the amounts for recipients no longer at the Company on May 29, 2010. Based upon the Company's actual performance in January to December 2009, a multiplier of 125% has been determined.

The grant date fair value of PSU granted in 2009 was $4.89 per PSU and compensation expense is recognized over the vesting period. A compensation expense of $1.2 million was recorded during the year. No PSUs are vested as at November 30, 2009. Subsequent to year end, the Company granted an additional 169,800 PSUs to its employees.

12 Related party transactions

In March 2009, the Company closed an agreement with Mantra Mining Inc. ("Mantra"), a related party having a director and a major shareholder in common, to sell to Mantra 100% of its interest in five properties in Alaska. In consideration for the sale of the five properties, the Company received 3,125,000 shares of Mantra common stock with a fair value at the date of issuance of $1.6 million. In September 2009, Mantra changed its name to TintinaGold Resources Inc. ("TintinaGold") and in October 2009 TintinaGold completed its plan of arrangement to spin out AsiaBaseMetals. At November 30, 2009, the Company held 3,125,000 shares in both companies with a combined fair value of $2.1 million.

During 2009, the Company provided exploration and management services totaling $0.1 million (2008: $0.5 million) to Alexco, a related party having two common directors; exploration and management services totaling $0.05 million (2008: nil) to TintinaGold; and exploration and management services totaling US$0.8 million (2008: $0.07 million) to the Donlin Creek LLC. These transactions were in the normal course of business and are measured at the exchange amount, which is the amount agreed to by the parties. At November 30, 2009, the Company had $0.3 million receivable from related parties.

13 Commitments and contingencies

(a) Lease commitments

The Company is party to certain operating leases. These operating leases include the Company's leased head office location and certain office equipment with commitments ranging from one to ten years. The future minimum lease payments as at November 30, 2009 are approximately as follows.

in thousands of Canadian dollars

	November 30, 2009 $
2010	787
2011	828
2012	629
2013	571
2014	580
Thereafter	2,021

(b) Purchase commitments

As at November 30, 2009, the Company has commitments outstanding in the amount of US$1.4 million relating to the operation of the Rock Creek mine.

(c) Legal actions

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

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

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

(d) Environmental

On December 31, 2009, AGC received a renewed Certificate of Approval to Operate a Dam ("COA") from the Alaska Department of Natural Resources ("ADNR"). The COA authorizes AGC's continued operation of the mine's tailings storage facility dam. The current term of the renewed COA expires on November 24, 2011. The renewed COA contains conditions AGC must follow to ensure dam safety including, similar to the COBC, the requirement to treat, inject and apply water at an increased rate to reduce water levels behind the mine's tailings storage facility dam. The renewed COA also requires that AGC notify ADNR of AGC's preliminary, future intentions concerning the mine site by November 1, 2010. The COA terminated an NOV that had been issued in December 2008.

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

On July 2, 2009, the Company received a Notice of Violation ("NOV") from ADEC alleging that AGC violated the terms of its Waste Management Permit at the Rock Creek mine by failing to comply with the water treatment and injection requirements of the mine's Temporary Closure Plan. On October 6, 2009, the Company entered into a Compliance Order by Consent ("COBC") with ADEC resolving the NOV. As a part of the NOV, the Company will treat, inject, and apply water at an increased rate to reduce water levels behind the mine's Tailings Storage Facility dam. If the Company does not comply with the requirements of the COBC, ADEC may assess financial penalties; however, no financial penalties have been assessed at this time.

14 Management of capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk (note 1).

In the management of capital, the Company includes the components of shareholders' equity and convertible notes. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue new debt or acquire or dispose of assets.

To facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Company's Board of Directors.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

15 Financial instruments

The Company's activities expose it to a variety of risks arising from financial instruments. These risks and management's objectives, policies and procedures for managing these risks are disclosed as follows.

Fair values

Held-for-trading financial assets and liabilities are recorded at fair value as determined by active market prices and valuation models, as appropriate. Valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining these assumptions, the Company uses readily observable market inputs where available or, where not available, inputs generated by the Company. Changes in fair value of held-for-trading financial instruments are recorded in net earnings.

Available-for-sale financial assets are recorded at fair value as determined by active market prices. Unrealized gains and losses on available-for-sale investments are recognized in other comprehensive income. If a decline in fair value is deemed to be other than temporary, the unrealized loss is recognized in net earnings. Investments in equity instruments that do not have an active quoted market price are measured at cost.

Loans and receivables are recorded initially at fair value, net of transaction costs incurred, and subsequently at amortized cost using the effective interest rate method.

The Company's held-to-maturity reclamation deposits are carried at cost and bear fixed interest rates. The fair value of these deposits approximates their carrying values.

The following provides a comparison of carrying and fair values of each classification of financial instrument as at November 30, 2009.

in thousands of Canadian dollars

	Loans and receivables	Available for sale	Held for trading	Other financial liabilities	Total carrying amount	Total fair value
Financial assets						
Cash and cash equivalents	-	-	38,180	-	38,180	38,180
Accounts and prepaid receivable	943	-	-	-	943	943
Investments						
At cost (a)	-	500	-	-	500	N/A
At fair value	-	2,937	-	-	2,937	2,937
Reclamation deposits	-	-	13,326	-	13,326	13,326
Long term accounts receivable	130	-	-	-	130	130
Financial liabilities						
Accounts payable and accrued liabilities	-	-	-	13,132	13,132	13,132
Promissory note (b)	-	-	-	61,532	61,532	61,532
Convertible debt	-	-	-	58,553	58,553	82,082

The following provides a comparison of carrying and fair values of each classification of financial instrument as at November 30, 2008.

in thousands of Canadian dollars

	Loans and receivables	Available for sale	Held for trading	Other financial liabilities	Total carrying amount	Total fair value
Financial assets						
Cash and cash equivalents	-	-	12,224	-	12,224	12,224
Accounts and prepaid receivable	2,305	-	-	-	2,305	2,305
Investments						
At fair value	-	255	-	-	255	255
Reclamation deposits	-	-	14,585	-	14,585	14,585
Long term accounts receivable	556	-	-	-	556	556
Financial liabilities						
Accounts payable and accrued liabilities	-	-	-	35,930	35,930	35,930
Bridge loan	-	-	-	23,446	23,446	24,740
Promissory note (b)	-	-	-	68,523	68,523	68,523
Convertible debt	-	-	-	63,573	63,573	53,191

(a) The investments held at cost are not publicly traded and thus the fair value of the investments is not readily determinable.
(b) The fair value of the promissory note payable to Barrick approximates its carrying value due to the floating interest rate.

On December 1, 2008, the Company adopted the fair value hierarchy that classifies financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value. The financial instruments from the above schedule that are classified as Level 1 – Quoted prices in active markets are: cash and cash equivalents, investments – at fair value and reclamation deposits. Investments – at cost, bridge loan and convertible debt, are classified as Level 3 – Significant unobservable inputs.

Financial risk management

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and price risk.

(a) Currency risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and the United States and a portion of its expenses are incurred in U.S. dollars. A significant change in the currency exchange rates between the Canadian dollar relative to the U.S. dollar could have an effect on the Company's results of operations, financial position or cash flows.

The Company has not hedged its exposure to currency fluctuations. At November 30, 2009, the Company is exposed to currency risk through the following assets and liabilities.

in thousands of U.S. dollars

	November 30, 2009 US$	November 30, 2008 US$
Cash and cash equivalents	9,937	723
Accounts receivables	376	1,159
Reclamation deposits	6,845	6,845
Accounts payable and accrued liabilities	(8,089)	(21,972)
Amounts payable to Barrick	(58,300)	(55,403)
Bridge loan	-	(18,954)
Convertible notes	(55,469)	(51,822)

Based on the above net exposures as at November 30, 2009, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the U.S. dollar would result in an increase/decrease of $10.5 million in the Company's net earnings.

(b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash equivalents and short-term investments are held through large Canadian financial institutions. Short-term and long-term investments (including those presented as part of cash and cash equivalents) are composed of financial instruments issued by Canadian banks and companies with high investment-grade ratings. These investments mature at various dates over the current operating period. The Company's GST and other receivables consist of general sales tax due from the Federal Government of Canada and amounts due from related parties.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due (note 1). The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in note 14 to the consolidated financial statements. Accounts payable and accrued liabilities and coupon interest on the convertible notes are due within one year from the balance sheet date.

Contractual obligated cash flow requirements as at November 30, 2009 are as follows.

in thousands of Canadian dollars, unless otherwise specified

	Total $	< 1 Year $	1–2 Years $	2–3 Years $	3–4 Years $	4–5 Years $	Thereafter $
Accounts payable	13,132	13,132	-	-	-	-	-
Operating leases	5,416	787	828	629	571	580	2,021
Capital leases	1,796	709	751	336	-	-	-
Asset retirement obligations	21,590	860	-	-	-	-	20,730
Convertible notes – interest [1]	US$28,302	US$5,225	US$5,225	US$5,225	US$5,225	US$5,225	US$2,177
Convertible notes – holders option [1]	US$95,000	-	-	--	US$95,000	-	-
Promissory note	US$51,600	-	-	-	-	-	US$51,600

[1] The Convertible notes ("Notes") mature on May 1, 2015. The holders of the Notes have the right to require the Company to repurchase all or part of their Notes on May 1, 2013 and upon certain fundamental corporate changes at a price equal to 100% of the principal amount of such Notes plus any accrued and unpaid interest.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is limited because these investments, although available-for-sale, are generally held to maturity. In respect of financial liabilities, the convertible notes and capital leases are not subject to interest rate risk because they are at fixed rates. The promissory note owed to Barrick is variable with the U.S. prime rate. Based on the amount owing on the promissory note as at November 30, 2009, and assuming that all other variables remain constant, a 1% change in the U.S. prime rate would result in an increase/decrease of $0.6 million in the interest accrued by the Company per annum.

(e) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken. The Company does not have any hedging or other commodity-based risks respecting its operations.

16 Income taxes

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. These differences result from the following items.

in thousands of Canadian dollars

	November 30, 2009 $	November 30, 2008 $
Combined federal and provincial statutory tax rate	30.04%	31.30%
Income taxes at statutory rate	(23,860)	(59,772)
Loss expiry	169	11,964
Share issuance and financing costs	(680)	(1,794)
Foreign exchange on future income tax balance	26,632	(28,343)
Difference in foreign tax rates	(5,725)	(19,173)
Valuation allowance	(5,599)	91,794
Non-deductible expenditures	2,519	1,550
Effect of statutory tax rate change	642	1,576
Others	(160)	6,228
Income tax (recovery) expense	(6,062)	4,030

Future income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The significant components of future income tax assets and liabilities at November 30, 2009 and 2008 are as follows.

in thousands of Canadian dollars

	November 30, 2009 $	November 30, 2008 $
Future income tax assets		
Non-capital losses	63,414	52,659
Mineral property interest	41,925	53,721
Property, plant and equipment	63,886	69,632
Non-controlling interest	73,352	75,719
Suspension liabilities	-	286
Asset retirement obligations	6,123	6,726
Share issuance costs	3,207	4,633
Capital loss carry forwards	4,644	2,728
Other deductible temporary differences	14,092	12,560
Total future tax assets	270,643	278,664
Valuation allowance	(186,623)	(192,222)
Net future income tax assets	84,020	86,442
Future income tax liabilities		
Property, plant and equipment	57,720	64,400
Mineral property, rights and development costs	34,824	36,423
Future income tax liabilities	92,544	100,823
Net future income tax liabilities	8,524	14,381

Future tax assets have been recognized to the extent of future taxable income and the future taxable amounts related to taxable temporary differences for which a future tax liability is recognized can be offset. A valuation allowance has been provided against future income tax assets where it is not more likely than not that we will realize those benefits.

The Company has loss carry forwards of approximately $80.6 million in Canada and US$99.5 million in the United States that may be available for tax purposes. The losses are in the following countries and expire as follows.

in thousands of dollars

	Non-capital losses Canada $	Operating losses United States US$
2010	1,645	-
2011	-	-
2012	-	915
2013	-	-
2014	7,088	-
Thereafter	71,853	98,620
	80,586	99,535

Future use of these U.S. loss carry-forwards is subject to certain limitations under provisions of the Internal Revenue Code including limitations subject to Section 382, which relates to a 50% change in control over a three-year period, and are further dependent upon the Company attaining profitable operations. Another ownership change under Section 382 occurred on March 31, 2009 regarding the losses incurred by AGC and NovaGold Resources Alaska, Inc. Therefore, approximately US$81.6 million of the U.S. losses above are subject to limitation under Section 382. Accordingly, the Company's ability to use these losses may be limited.

An additional change in control could have occurred since November 30, 2009 which may further limit the availability of losses prior to the date of change in control.

17 Segmented information

The Company's revenues and cost of sales from external customers are generated from one reportable operating segment: sales from land and gravel and gold royalties from its operations located in Nome, Alaska. The Company's property, plant and equipment and exploration assets are located in the United States and Canada and the geographical breakdown is shown in notes 5 and 6.

18 Significant differences from United States accounting principles

Canadian generally accepted accounting principles ("Canadian GAAP") vary in certain significant respects from the principles and practices generally accepted in the United States ("U.S. GAAP"). The effect of the principal measurement differences on the Company's consolidated financial statements is quantified below and described in the accompanying notes.

in thousands of Canadian dollars

	Year ended November 30, 2009 $	Year ended November 30, 2008 $
Loss for the year reported under Canadian GAAP	(73,364)	(194,972)
Foreign exchange gain (loss) (a)	7,521	(9,695)
Interest and accretion expense (a) (e)	8,231	5,821
Future income tax expense (recovery) (f)	(626)	5,821
Gain on disposal of investment (b)	1,472	-
Dilution gain on shares issued by subsidiary (b)	-	(802)
Loss and comprehensive loss for the year under U.S. GAAP	(56,766)	(199,648)
Net loss per common share – U.S. GAAP		
Basic and diluted	(0.33)	(1.89)
Shareholders' equity reported under Canadian GAAP	322,572	254,489
Cumulative adjustments to shareholders' equity		
Equity component of bridge loan (a)	(3,883)	-
Equity component of convertible notes (a)	(43,352)	(43,352)
Equity investment (b)	-	(1,472)
Future income taxes (f)	(420)	-
Foreign exchange loss (a)	(2,174)	(9,695)
Interest and accretion expense (a) (e)	14,052	5,821
Development costs (c)	(73,712)	(73,712)
Shareholders' equity under U.S. GAAP	213,083	132,079
Total assets reported under Canadian GAAP	781,252	777,185
Deferred financing costs (d)	2,880	3,291
Property, plant and equipment-interest capitalization (a) (d) (e)	3,492	3,491
Equity investment (b)	-	(1,472)
Development costs (c)	(82,656)	(82,656)
Total assets under U.S. GAAP	704,968	699,839
Total liabilities reported under Canadian GAAP	165,433	231,465
Bridge loan (d) (e)	-	66
Convertible notes (a) (e)	41,729	53,942
Future income taxes (c)	(8,524)	(8,944)
Total liabilities under U.S. GAAP	198,638	276,529
Total non-controlling interest under Canadian and U.S. GAAP	293,247	291,231

in thousands of Canadian dollars

	Year ended November 30, 2009 $	Year ended November 30, 2008 $
Cash flows from operating activities under Canadian and U.S. GAAP	(60,478)	(119,353)
Cash flows from financing activities under Canadian and U.S. GAAP	117,420	198,044
Cash flows from investing activities under Canadian and U.S. GAAP	(30,986)	(164,383)

Measurement differences

A description of the material measurement differences between Canadian GAAP and U.S. GAAP is as follows.

(a) Bridge loan and convertible notes

Bridge loan
Under U.S. GAAP, the face value of bridge loan is classified as debt, whereas under Canadian GAAP, the net proceeds of the bridge loan is classified as debt, being accreted over time to its face value with the interest and accretion charged to earnings or capitalized to applicable property, plant and equipment or mineral properties. Accordingly, accretion expense would decrease by $3,883,000.

Convertible notes
Under U.S. GAAP, convertible debt instruments are classified as debt until converted to equity, whereas under Canadian GAAP, the proceeds of the convertible debt instrument has been allocated to both debt and equity components, with the debt component being accreted over time to its face value with the interest and accretion charged to earnings or capitalized to applicable property, plant and equipment or mineral properties.

Under U.S. GAAP, a value is assigned to the conversion feature only if the effective conversion rate is less than the market price of the common stock at the commitment date. No value would be assigned under U.S. GAAP to the conversion feature and thus, the entire convertible note is classified as debt. Accordingly, accretion expense would decrease by $4,692,000, and the foreign exchange gain would increase by $7,521,000.

(b) Equity investment in Alexco

Under U.S. GAAP, changes in the parent company's proportionate share of subsidiary equity resulting from the additional equity raised by a subsidiary in the development stage are accounted for as an equity transaction on consolidation. Under Canadian GAAP, these gains have been credited against income.

(c) Development costs

Under U.S. GAAP, the Company expenses development costs until proven and probable reserves are determined and substantially all required permits are obtained.

(d) Deferred financing costs

U.S. GAAP requires that debt issue costs be reported in the balance sheet as deferred charges. Generally, debt issue costs are capitalized as an asset and amortized over the term of the debt. Financing costs associated with the convertible notes and bridge loan have been offset with the proceeds of the financing under Canadian GAAP. Under U.S. GAAP, the financing costs are set up as a long-term deferred asset and accreted over the life of the debt. In 2008, the accretion amounts were capitalized under ASC Topic 835 to property, plant and equipment and in 2009, the amounts were expensed.

(e) Interest capitalization

ASC Topic 835 provides for interest costs to be capitalized for qualifying assets under development. Under Canadian GAAP policy, interest is capitalized only on project specific debt. In 2008, interest expenses were capitalized to assets under development under U.S. GAAP. In 2009, all interest was charged against income.

(f) Future income taxes

Under U.S. GAAP, the Company records future income tax recovery on unrealized gains in other comprehensive income and eliminates future income tax assets from valuation allowance.

(g) Uncertain tax position

On December 1, 2007, the Company adopted the U.S. GAAP standards regarding uncertain tax positions. The adoption did not result in any adjustment to opening retained earnings. These standards require uncertain tax positions to be classified as non-current income tax liabilities unless expected to be paid within one year. Upon adoption, there was no reclassification of income tax liabilities from current to non-current on the Company's balance sheet.

There were no unrecognized tax benefits as at November 30, 2009 and November 30, 2008.

The Company recognizes interest and penalties related to uncertain tax positions, if any, as interest and penalties expense. As of November 30, 2009 and November 30, 2008, there were no balances of accrued interest and penalties related to uncertain tax positions.

The Company is subject to taxes in Canada and the United States. The Company is not currently under audit by any taxing jurisdiction. The tax years that remain subject to examination as of November 30, 2009 are as follows.

Canada	2004 to 2009
United States	1994 to 2009

Additional disclosures

Additional disclosures required by U.S. GAAP are as follows.

New accounting pronouncements

SFAS-160 (ASC Topic 805) "Non-controlling Interests in Consolidated Financial Statements"

In December 2007, the FASB issued SFAS-160, "Non-controlling Interests in Consolidated Financial Statements" ("SFAS-160"), which specifies that non-controlling interests are to be treated as a separate component of equity, not as a liability or other item outside of equity. Because non-controlling interests are an element of equity, increases and decreases in the parent's ownership interest that leave control intact are accounted for as capital transactions. The statement is effective for business combinations entered into on or after December 15, 2008, and is to be applied prospectively to all non-controlling interests, including any that arose before the effective date. The Company is evaluating the impact of this new standard on the Company's consolidated financial statements and will adopt the standard on December 1, 2009.

SFAS-141R (ASC Topic 805), "Business Combinations"

In December 2007, FASB issued a revised standard on accounting for business combinations, SFAS-141R. The statement is effective for periods beginning on or after December 15, 2008. SFAS-141R requires fair value measurement for all business acquisitions, including pre-acquisition contingencies. The standard also expands the existing definition of a business and removes certain acquisition related costs from the purchase price consideration. The Company is evaluating the impact of this new standard on the Company's consolidated financial statements and will adopt this standard on December 1, 2009.

SFAS-165 (ASC Subtopic 855-10) "Subsequent Events"

In May 2009, the FASB issued Statement of Financial Accounting Standards No. 165, Subsequent Events, ("SFAS 165"). The statement is effective for financial statements ending after June 15, 2009. SFAS 165 establishes general standards of accounting for and disclosure of subsequent events that occur after the balance sheet date. Entities are also required to disclose the date through which subsequent events have been evaluated and the basis for that date.

SFAS-168 (ASU 2009-1) "FASB Accounting Standards Codification"

In July 2009, U.S. GAAP switched to a completely new codification scheme aimed to simplify U.S. GAAP accounting research. The old system was a compilation of several unrelated labeling systems and sub systems (FASB system, SEC system, etc.) that were poorly cross-referenced and as a result was difficult when researching a particular subject to know if all applicable GAAP had been found. The statement is effective for financial statements issued for interim and annual periods ending after September 15, 2009 and is adopted by the Company in the 2009 annual consolidated financial statements.

FSP APB 14-1 (ASC Subtopic 470-20), "Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion"

In May 2008, FASB issued FASB Staff Position Accounting Principles Board 14-1 ("APB 14-1"), which revises the accounting treatment for convertible debt instruments that may be settled in cash upon conversion, including partial cash settlement. APB 14-1 requires the issuer to separately account for the liability and equity components of convertible debt instruments. The value assigned to the liability component would be the estimated fair value, as of the date of issuance, of similar debt without the conversion option, but including any other embedded features. The difference between the proceeds of the debt and the value allocated to the liability component would be recorded in equity. The standard is effective for periods beginning on or after December 15, 2008, and is to be applied retrospectively. The Company is evaluating the impact of APB 14-1 on the Company's consolidated financial statements and will adopt this standard on December 1, 2009.

EITF 07-5 (ASC Topic 815) "Determining Whether an Instrument (or Embedded Feature) is Indexed to an Entity's Own Stock"

In June 2008, FASB Task Force reached a consensus on EITF Issue No. 07-5, "Determining Whether an Instrument (or Embedded Feature) is Indexed to an Entity's Own Stock" (EITF 07-5"). The standard provides that an equity-linked financial instrument (or embedded feature) would not be considered indexed to the entity's own stock if the strike price is denominated in a currency other than the issuer's functional currency. EITF 07-5 is effective for periods beginning on or after December 15, 2008. The Company is evaluating the impact of EITF 07-5 on the Company's consolidated financial statements and will adopt this standard on December 1, 2009.

EITF 08-4 (ASC Subtopic 470-20) "Transition Guidance for Conforming Changes to EITF Issue No. 98-5, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios"

In June 2008, FASB Task Force provided transition guidance for conforming changes made to EITF 98-5, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustment Conversion Ratios" that resulted from Issue 00-27 and Statement 150 ("EITF 08-4"). EITF 08-4 is effective for fiscal years ending after December 15, 2008. The Company is evaluating the impact of EITF 08-4 on the Company's consolidated financial statements and will adopt this standard on December 1, 2009.

EITF 08-6 (ASC Subtopic 323-10) "Equity Method Investment Accounting Considerations"

In November 2008, FASB Task Force clarified the accounting for certain transactions and impairment considerations involving equity method investments ("EITF 08-6"). Topics related to equity method investments include the initial carrying value of an equity method investment, impairment assessment of investees intangibles and an equity investee's issuance of shares. EITF 08-6 is effective for fiscal years beginning on or after December 15, 2008. The Company is evaluating the impact of EITF 08-6 on the Company's consolidated financial statements and will adopt this standard on December 1, 2009.

19 Subsequent events

The Company has evaluated subsequent events through the date of issuance, February 10, 2010 and provides disclosure as follows.

On January 7, 2010, the Company purchased 100% of the Ambler property in northern Alaska, which hosts the copper-zinc-gold-silver Arctic deposit. As consideration, the Company issued 931,098 shares with a fair value at issuance of US$5 million and has agreed to make cash payments to the vendor of US$12 million each in January 2011 and January 2012, respectively. The vendor will retain a 1% net smelter return royalty that the Company can purchase at any time for a one-time payment of US$10 million.



NovaGold Resources Inc.
Management's Discussion & Analysis
For the year ended November 30, 2009

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Management's Discussion and Analysis

General

This Management's Discussion and Analysis ("MD&A") of NovaGold Resources Inc. ("NovaGold" or "the Company") is dated February 10, 2010 and provides an analysis of NovaGold's audited financial results for the fiscal year ended November 30, 2009 compared to the previous year. At February 10, 2010, the Company had 188,313,388 common shares issued and outstanding.

The following information should be read in conjunction with the Company's November 30, 2009 audited consolidated financial statements and related notes, which are prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP"). The accounting policies have been consistently followed in preparation of these financial statements except that the Company has adopted the CICA standards outlined in the new accounting pronouncements section below, effective for the Company's first quarter commencing December 1, 2008. All amounts are in Canadian dollars unless otherwise stated.

The Company's shares are listed on the Toronto Stock Exchange ("TSX") and the NYSE Amex LLC under the symbol "NG". Additional information related to NovaGold is available on SEDAR at www.sedar.com or on EDGAR at www.sec.gov.

Description of business

NovaGold is a growth-focused precious metals company engaged in the exploration and development of mineral properties in Alaska, U.S.A. and British Columbia, Canada. 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, with 50% interests in Donlin Creek and Galore Creek, two of the world's largest gold and copper-gold projects, respectively, 100% of the Rock Creek gold mine, 100% of the Ambler copper-zinc-gold-silver project and other exploration-stage properties. The Company is primarily focused on gold properties, some of which also have significant copper, silver and zinc resources.

Corporate developments

Donlin Creek feasibility study
In April 2009, the Company announced the results of a feasibility study for the Donlin Creek project. Based on the feasibility study, the Donlin Creek mine has been designed as a year-round, open-pit operation with a mill throughput estimated at 53,500 tonnes per day and an anticipated mine life of 21 years, using the current 29.3 million ounce gold reserve base. During the first five full years, gold production is expected to average 1.6 million ounces annually at an average total cash cost of US$394/oz. Gold production for the first 12 full years is expected to average nearly 1.5 million ounces annually at an average total cash cost of US$444/oz. The Donlin Creek LLC continues to review the mine plan in light of prevailing gold prices.

Galore Creek Partnership
On February 11, 2009, NovaGold and Teck Resources Limited ("Teck") agreed to amend certain provisions of the Partnership Agreement relating to the Galore Creek project. The agreement confirms that NovaGold and Teck each continue to hold a 50% interest in the Galore Creek Partnership. Under the amended agreement, Teck will now fund 100% of Galore Creek costs until the total amount contributed by Teck after November 1, 2008, together with approximately $15.8 million previously contributed by Teck on optimization studies, equals $60 million. Teck's remaining funding obligation, taking into account the amount 100% funded by Teck to date, is approximately $25 million, which is to be contributed by December 31, 2012. During the period of Teck's sole funding, Teck will have a casting vote on the Galore Creek Partnership's Management Committee with respect to the timing and nature of expenses to be funded. Once Teck has completed its financial earn-in, all further costs at Galore Creek will be funded by Teck and NovaGold in accordance with their respective Galore Creek Partnership interests and there will no longer be a casting vote for either party.

Sale and purchase of properties
In March 2009, the Company closed an agreement with Mantra Mining Inc. ("Mantra"), a related party having a director and a major shareholder in common, to sell to Mantra 100% of its interest in five properties in Alaska. In consideration for the sale of the five properties, the Company received 3,125,000 shares of Mantra common stock with a fair value at the date of issuance of $1.6 million. In September 2009, Mantra changed its name to TintinaGold Resources Inc. ("TintinaGold") and in October 2009 TintinaGold completed its plan of arrangement to spin out AsiaBaseMetals. At November 30, 2009, the Company held 3,125,000 shares in both companies with a combined fair value of $2.1 million.

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

On January 7, 2010, NovaGold and its wholly-owned subsidiary, Alaska Gold Company ("AGC"), purchased a 100% interest in the Ambler property in northern Alaska, which hosts the high-grade copper-zinc-gold-silver Arctic deposit. NovaGold issued to the vendor 931,098 common shares valued at US$5 million, and agreed to make cash payments to the vendor of US$12 million each in January 2011 and January 2012. The vendor will retain a 1% net smelter return royalty that NovaGold can purchase at any time for a one-time payment of US$10 million.

Private placements

On January 22, 2009, the Company completed the sale of 53,134,616 units ("Units") for a purchase price of US$1.30 per Unit, for gross proceeds of US$69 million. Electrum Strategic Resources LLC ("Electrum") purchased 46,153,847 Units and several institutional investors purchased 6,980,769 Units. On January 26, 2009, the Company completed the sale of an additional 4,557,692 Units to several institutional investors for gross proceeds of US$5,925,000. The total gross proceeds to NovaGold of these two unit financings was US$75 million. Each Unit consisted of one common share of NovaGold and one common share purchase warrant of NovaGold. Each warrant entitles the holder thereof to acquire one common share of NovaGold for an exercise price of US$1.50 prior to 5:00 pm EST on January 21, 2013. Upon closing of the private placement, Electrum became NovaGold's largest shareholder, owning approximately 28% of the issued and outstanding common shares of the Company. Electrum also holds NovaGold warrants which, if exercised, would increase its holdings a further 14% if no other shares were issued.

Electrum has the right, for four years, to participate pro-rata (on a fully diluted basis) in any future offering by NovaGold of equity securities or any securities which are exercisable, exchangeable or convertible into equity securities so long as Electrum and its affiliates own more than 15,000,000 common shares of NovaGold. This right of participation is subject to certain exceptions including exceptions relating to a grant or exercise of options issued under the Company's stock option plan, issuances of common shares on the exercise of outstanding warrants and convertible securities, issuance of securities in connection with a strategic acquisition or transaction by NovaGold, the primary purpose of which is not to raise equity, and the issuance of securities in connection with an investment by, or partnership or joint venture with, one or more strategic investors. Any exercise of such rights will be subject to applicable TSX and NYSE Amex rules. NovaGold has also entered into registration rights agreements with Electrum under which Electrum may require NovaGold to qualify certain common shares for distribution in Canada and/or the United States. NovaGold has provided Electrum with the right to designate an observer at all meetings of the Board of Directors of NovaGold and any committee thereof so long as Electrum and its affiliates hold not less than 15% of the Company's common shares.

Credit facility and bridge loan

On September 26, 2008, the Company obtained a secured bridge loan ("Loan") in the amount of US$20 million from Auramet Trading, LLC ("Auramet"). The Loan was originally set to mature on December 29, 2008 and was to bear interest at a rate of 12% per annum. Auramet had the right to convert the principal amount of the Loan into common shares of NovaGold at a price of $12.00 per common share. NovaGold also issued to Auramet warrants to purchase 750,000 common shares of NovaGold at an exercise price of $7.18 per share at any time before September 25, 2010. As security for the Loan, NovaGold granted to Auramet a security interest in the Rock Creek mine, a pledge of securities in certain material subsidiaries and guarantees. On December 19, 2008, the Company announced that it had entered into an agreement with Auramet to extend the maturity date to March 13, 2009 on any portion of the Loan not paid back by December 29, 2008. As part of this agreement, the conversion price of the outstanding balance of the Loan was reduced to $1.53 per share, the exercise price of the 750,000 warrants issued on September 26, 2008 was re-priced to $1.53 per share and the Company issued an additional 1,000,000 common share purchase warrants to Auramet at an exercise price of $1.53 per share expiring on December 29, 2010. The interest rate on the principal amount that remained outstanding increased from 12% per annum to 15% per annum. Auramet was paid an extension fee equal to 6% of the portion of the facility not paid on or before the December 29, 2008 maturity date. In addition, NovaGold retained the right to prepay the facility, in whole or in part, in minimum increments of US$1,000,000 at any time on 10 days prior notice without a penalty or premium. The other terms and conditions of the Loan remained unchanged.

On January 8, 2009, Auramet converted approximately US$6.3 million of the Loan into 5,000,000 common shares of NovaGold, reducing the Loan balance to approximately US$13.7 million. On January 20, 2009, Auramet converted an additional US$6.3 million of the Loan into 5,000,000 common shares of NovaGold and on January 21, 2009, converted the remaining approximately US$7.3 million of the Loan into 5,762,565 common shares of NovaGold, reducing the outstanding principal amount of the Loan to nil. In 2009, Auramet exercised all of its 1,750,000 warrants at an exercise price of $1.53 per share for proceeds of $2.7 million.

Sale of marketable securities
On January 8, 2009, the Company completed the sale of its holdings in Alexco Resource Corp. ("Alexco") for an average net sale price of approximately $0.60 per share and net proceeds of $3.8 million.

Litigation
NovaGold, certain of its officers and directors and the Galore Creek Mining Corporation are named as defendants in securities class action lawsuits concerning the Company's statements regarding the Galore Creek project. NovaGold and AGC are also the subject of a lawsuit arising out of an accident at the Rock Creek mine in 2007 where two contractors were killed. See "Legal proceedings".

Property review

Donlin Creek

Donlin Creek is one of the world's largest known undeveloped gold deposits, with a feasibility study completed and pre-permitting activities underway to construct a mine estimated to produce more than one million ounces of gold annually for more than 20 years. Donlin Creek is operated by the Donlin Creek LLC, a limited liability company that is owned 50% by NovaGold and 50% by Barrick Gold U.S. Inc. ("Barrick"), a subsidiary of Barrick Gold Corporation. Located in Alaska, the 27,000 acre property hosts a gold deposit currently estimated at 29.3 million ounces of proven and probable reserves averaging 2.4 grams per tonne (g/t) gold, 6.0 million ounces of measured and indicated resources and an additional 4.0 million ounces of inferred resources. Life-of-mine production is estimated at an average of 1.25 million ounces of gold annually, for total recovered gold of 26.2 million ounces. These production levels would make Donlin Creek one of the world's largest gold-producing mines. The Donlin Creek LLC continues to review the mine plan in light of prevailing gold prices. Additional exploration potential remains in the Donlin Creek district.

During 2009, expenditures at the Donlin Creek project totaled approximately US$25.3 million, with 50% contributed by NovaGold. Work focused on geotechnical drilling for the location of mine facilities, environmental baseline data collection, pre-permitting community advisory meetings and various optimization studies. For 2010, the Donlin Creek LLC has approved a budget of approximately US$28 million, with 50% contributed by NovaGold, which will focus on completing optimization studies, including the potential to bring a source of natural gas to the project. NovaGold expects that these studies will be completed by mid-2010, at which point the Donlin Creek LLC will either file permit applications for the original project design or, upon unanimous Donlin Creek LLC board approval, approve a supplemental budget and proceed to revise the feasibility study to include the natural gas option.

Galore Creek

Galore Creek, a large copper-gold-silver project located in northwestern British Columbia, is held by a partnership in which NovaGold and Teck each own a 50% interest. The project is managed by the Galore Creek Mining Corporation ("GCMC"), owned equally by NovaGold and Teck. The 321,800 acre property holds a large and high-grade undeveloped porphyry-related copper-gold-silver deposit. A 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 of 4.0 billion pounds of copper, 4.9 million ounces of gold and 80 million ounces of silver. Construction was initiated in June 2007 and suspended in November 2007 in light of new studies indicating the possibility of increased capital costs and a longer construction schedule than originally anticipated. Optimization studies completed in 2008 and 2009 identified a number of modified approaches to the project that show the potential for expansion of project throughput, a shorter construction schedule and relocation of the process facilities along the project access road to allow for easier construction and future expansion.

Work at the project in 2009 focused primarily on roadwork, establishing a road to Km 48 of the proposed 90-Km road. Given the continued strength of the copper market, GCMC is considering a more aggressive program in 2010 to advance the project toward a construction decision. NovaGold plans to release the results of an updated mine plan in Q2-2010 that will use higher copper and gold prices than previous studies and an optimized project design. In addition, GCMC expects to prepare a pre-feasibility study to provide updated capital and operating cost estimates with completion targeted for the first half of 2011. In addition, the Canadian Federal Government recently announced plans to support construction of the 287 kV Northwest Transmission Line ("NTL") in northwestern British Columbia. If advanced, the NTL will bring a source of stable, renewable power to the region, which would be good for local communities and also for the many mining and renewable energy projects in the area, including Galore Creek.

During 2009, expenditures at the Galore Creek project totaled approximately $13.6 million and the project received $7.5 million from the sale of equipment. Under the terms of the Galore Creek Partnership agreement, Teck is funding all costs for the project until it completes its earn-in obligations, and NovaGold expects to have no near-term funding obligations for the Galore Creek project. At November 30, 2009, the Galore Creek Partnership had cash of $4.7 million and Teck had approximately $25 million remaining in project contributions to earn its 50% interest in the project. Certain road construction equipment and facilities are being recovered and sold as the road progresses. The proceeds from the sales directly fund the project's activities and do not reduce Teck's required contributions.

Rock Creek

NovaGold's Nome Operations comprises three properties: Rock Creek, Big Hurrah and Nome Gold. The properties are located on the Seward Peninsula in Alaska, an area with historical gold production and well-maintained roads and infrastructure. The most advanced property is Rock Creek, which is 90% constructed and designed to produce approximately 100,000 ounces of gold annually, based on the existing 0.5 million ounces of probable gold reserves, 1.9 million ounces of measured and indicated resources and 0.3 million ounces of inferred resources at the three properties. Construction on the Rock Creek mine commenced in the summer of 2006, but was suspended in November 2008 as a result of operating and market conditions and the Company's inability to arrange bank financing at the time. The Company is completing a detailed review process to evaluate start-up requirements for the Rock Creek project, but does not currently plan to initiate start-up activities in 2010.

On July 2, 2009, AGC received a Notice of Violation ("NOV") from the Alaska Department of Environmental Conservation ("ADEC"). In the NOV, ADEC alleged that AGC violated the terms of its Waste Management Permit at the Rock Creek mine by failing to comply with the water treatment and injection requirements of the mine's Temporary Closure Plan. On October 6, 2009, AGC entered into a Compliance Order by Consent ("COBC") with ADEC resolving the NOV. As a part of the COBC, AGC will treat, inject and apply water at an increased rate to reduce water levels behind the mine's tailings storage facility dam. If AGC does not comply with the requirements of the COBC, ADEC may assess financial penalties; however, no financial penalties have been assessed at this time. On August 5, 2009, AGC received a Compliance Order from the U.S. Environmental Protection Agency ("EPA") containing a Clean Water Act § 308 Information Request. The Information Request directed AGC to submit an updated Stormwater Pollution Prevention Plan to EPA and ADEC to stabilize storm water diversion structures at the mine and to provide other information regarding construction of these features. On August 11, 2009, AGC responded to the Information Request in writing, and requested clarification of the request. On October 15, 2009, AGC provided detailed responses to the request. Through conversations with EPA regarding this request, AGC has agreed to update its existing Storm Water Pollution Prevention Plan to include additional details regarding the timing of construction of storm water measures.

On December 31, 2009, AGC received a renewed Certificate of Approval to Operate a Dam ("COA") from the Alaska Department of Natural Resources ("ADNR"). The COA authorizes AGC's continued operation of the mine's tailings storage facility dam. The current term of the renewed COA expires on November 24, 2011. The renewed COA contains conditions AGC must follow to ensure dam safety including, similar to the COBC, the requirement to treat, inject and apply water at an increased rate to reduce water levels behind the mine's tailings storage facility dam. The renewed COA also requires that AGC notify ADNR of AGC's preliminary, future intentions concerning the mine site by November 1, 2010. The COA terminated an NOV that had been issued in December 2008.

During 2009, expenditures at the Rock Creek project totaled approximately $27.7 million. NovaGold worked diligently in 2009 to improve the project's water management structures and action plan to ensure the project remains in compliance with all environmental regulations during the spring freshet, with the objective that the project have no reportable environmental incidents in 2010.

Ambler

On January 7, 2010, NovaGold purchased 100% of the Ambler project, which hosts the high-grade copper-zinc-gold-silver Arctic deposit. Ambler is an exploration-stage property located in Alaska comprising 90,614 acres of Federal patented and unpatented mining claims and State of Alaska mining claims, covering a major portion of the precious-metal-rich Ambler volcanogenic massive sulfide ("VMS") belt. A resource estimate for the Arctic deposit totals indicated resources of 2.2 billion pounds of zinc, 1.5 billion pounds of copper, 450,000 ounces of gold, 32 million ounces of silver and 350 million pounds of lead, with additional inferred resources of 1.3 billion pounds of zinc, 937 million pounds of copper, 260,000 ounces of gold, 19 million ounces of silver and 210 million pounds of lead.

During 2010, NovaGold will continue its community engagement programs at Ambler and has appointed a project team to plan exploration activities, advance environmental baseline studies and conduct engineering and technical studies at the Ambler project, with the goal of gaining a better understanding of the true size and potential of the district as well as the continuity and mineability of the other deposits in the Ambler VMS belt.

Other properties

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

Results of operations

in thousands of Canadian dollars, except for per share amounts

	Year ended November 30, 2009 $	Year ended November 30, 2008 $
Project care and maintenance (Galore Creek)	14,072	13,421
Project care and maintenance (Rock Creek)	25,489	-
Exploration expense	17,916	49,593
Foreign exchange loss (gain)	(15,160)	28,699
General and administrative expenses	4,294	4,389
Interest and accretion	18,470	5,821
Asset impairment	-	160,883
Suspension cost recovery	(648)	(36,097)
Gain on disposal of investment	(125)	(47,271)
Loss for the year after taxes	73,364	194,972
Basic and diluted loss per share	0.42	1.84

For the year ended November 30, 2009, the Company reported a loss of $73.4 million (or $0.42 basic and diluted loss per share) compared to a loss of $195.0 million (or $1.84 basic and diluted loss per share) for the previous year.

In 2008, the Company incurred an asset impairment charge of $160.9 million, made gains on disposal of investments totaling $47.3 million and had a project suspension cost recovery of $36.1 million, with no material comparable amounts in 2009.

Other important variances are as follows: (a) the Company's project care and maintenance charges in 2009 were $39.6 million compared to $13.4 million in 2008, due primarily to having both Rock Creek and Galore Creek on care and maintenance in 2009, with just Galore Creek in 2008; (b) interest and accretion expenses for the promissory note, convertible debt and bridge loan in 2009 were $18.5 million compared with $5.8 million in 2008; (c) exploration costs were reduced to $17.9 million in 2009 from $49.6 million in 2008, reflecting reduced activity at Galore Creek and Rock Creek; and (d) a $15.2 million foreign exchange gain occurred during 2009, compared to a loss of $28.7 million in 2008, due primarily to the effect on the Company's U.S. dollar-denominated liabilities of the strengthening of the Canadian dollar against the U.S. dollar.

Income from the Company's land and gravel sales, gold royalties and other revenues were $1.2 million during 2009 compared with $2.2 million in 2008 due to decreased land sales in Nome, Alaska. Interest income decreased to $0.4 million in 2009 from $2.2 million in 2008 as the result of lower interest rates.

Expenses for the year ended November 30, 2009 were $85.8 million compared to $114.0 million in 2008. The decrease is primarily due to the following:

- Lower exploration expenditures of $17.9 million (mainly related to Donlin Creek) compared to $49.6 million in 2008 ($16.3 million Galore Creek, $25.3 million Donlin Creek and $8.0 million Rock Creek).
- The Canadian dollar strengthened against the U.S. dollar during the year ended November 30, 2009, resulting in substantial foreign exchange gain of $15.2 million compared to $28.7 million of foreign exchange loss in 2008.
- An increase in project care and maintenance activities in 2009 compared to 2008, as the Company had two projects on care and maintenance compared with one project in 2008. This resulted in $39.6 million of care and maintenance in 2009 compared to $13.4 million in 2008.

In 2009, the Company completed the sale of 100% of its interest in five Alaskan base-metal exploration-stage properties totaling approximately 397,680 acres of Alaska State mining claims, resulting in a $1.6 million gain on disposal. Also during the year, the disposal of equipment by the Galore Creek Partnership for net proceeds of $7.5 million resulted in a loss of $9.7 million. In 2008, the Company incurred an asset impairment charge of $160.9 million with no comparable amount in 2009.

Fourth quarter results

During the fourth quarter of 2009, the Company recognized a $3.8 million foreign exchange gain due to the strengthening of the Canadian dollar against the U.S. dollar. The Company incurred $15.5 million in care and maintenance ($11.6 million in Rock Creek and $3.9 million in Galore Creek). The Galore Creek project disposed of some its equipment during the fourth quarter, resulting in a $9.1 million loss.

Selected financial data

The following annual and quarterly information is prepared in accordance with Canadian GAAP.

Annual information

Fiscal years ended November 30, 2009, 2008 and 2007:

in thousands of Canadian dollars, except per share amounts

	2009 $	2008 $	2007 $
Net revenues	1,344	4,270	6,911
Expenses and other items	(85,142)	(77,896)	(184,102)
Loss for the year	(73,364)	(194,972)	(109,043)
Loss per share – basic and diluted	(0.42)	(1.84)	(1.10)
Total assets	781,253	777,185	895,685
Total long-term financial liabilities	(142,212)	(180,671)	(139,131)

Quarterly information

Fiscal quarters prior to the quarter ended November 30, 2008, have all been restated to conform to the change in accounting policy and the future income tax impact.

in thousands of Canadian dollars, except per share amounts

	11/30/09 $	8/31/09 $	5/31/09 $	2/28/09 $	11/30/08 $	8/31/08 $	5/31/08 $	2/29/08 $
Net revenues	296	261	365	422	856	1,427	275	1,712
Earnings (loss) for the quarter	(21,999)	(18,113)	(4,769)	(28,483)	8)	818	(23,185)	24,163
Earnings (loss) per share – basic	(0.09)	(0.10)	(0.03)	(0.20)	(1.83)	0.01	(0.22)	0.23
Earnings (loss) per share – diluted	(0.09)	(0.10)	(0.03)	(0.20)	(1.83)	0.01	(0.22)	0.22

Factors that can cause fluctuations in the Company's quarterly results include the timing of stock option grants, foreign exchange gains or losses related to the Company's U.S. dollar-denominated debt when the Canadian dollar exchange rate fluctuates, disposal of assets or investments, and events such as the suspension of construction activities at the Galore Creek project or the suspension of operations at the Rock Creek project and subsequent activities related thereto. During the last quarter of fiscal 2007, the Company suspended construction at the Galore Creek project recording an estimated suspension cost of $46.6 million net of non-controlling interest, of which net $15.2 million was recovered during the quarter ended February 29, 2008 as a result of GCMC's purchase of contractors' equipment remaining at the construction site. During the quarter ended August 31, 2008, the Company recorded a $33.5 million gain on the sale of its NovaGreenPower subsidiary to AltaGas Ltd. During the last quarter of fiscal 2008, the Company recorded an impairment loss on the Rock Creek project of $160.9 million. During the quarter ended February 28, 2009, the Company incurred a total of $16.8 million in interest and accretion and care and maintenance. During the quarter ended May 31, 2009, the Company had a foreign exchange gain of $16.1 million. During the quarter ended August 31, 2009, the Company incurred a total of $12.0 million in interest and accretion and care and maintenance. During the last quarter of fiscal 2009, the Company incurred a $9.1 million loss on disposal of property, plant and equipment and incurred a total of $18.1 million in interest and accretion and care and maintenance. The Company's properties are not yet in production; consequently, the Company believes that its loss (and consequent loss per share) is not a primary concern to investors in the Company.

Liquidity and capital resources

At November 30, 2009, the Company had $38.2 million in cash and cash equivalents, of which $4.7 million was held by GCMC for the Galore Creek project. The Company expended $60.5 million on operating activities during the year ended November 30, 2009, compared with expenditures of $119.4 million on operating activities for the same period in 2008.

During the year, the Company generated $117.4 million in cash flows from financing activities compared with $198.0 million in 2008. In January 2009, the Company completed private placements totaling US$75 million by issuing 57,692,308 Units at a price of US$1.30 per Unit. Each Unit consisted of one common share and one common share purchase warrant exercisable into one share of the Company at a price of US$1.50 prior to the fourth anniversary of the closing date. Warrants and options were exercised during 2009 for net proceeds of $9.1 million, and Galore Creek costs totaling $14.4 million were funded by Teck.

During the year, the Company completed private placements totaling US$75 million by issuing 57,692,308 Units at a price of US$1.30 per Unit. Each Unit consisted of one common share and one common share purchase warrant exercisable into one share of the Company at a price of US$1.50 on or before January 21, 2013. In addition, the Company's US$20 million bridge loan was converted into 15,762,565 shares at a rate of $1.53 per share, and 1,750,000 warrants at $1.53 per share were exercised for net proceeds of $2.7 million.

During the year, the Company expended $31.0 million on investing activities compared with $164.4 million in 2008. A total of $27.7 million was paid out, mainly on Rock Creek related payables outstanding at the 2008 year end. The Company funded $12.0 million for its share of exploration costs at the Donlin Creek project. The Company also sold its holdings in Alexco for net proceeds of $3.8 million.

The Company has no material off-balance sheet arrangements and no material capital lease agreements.

Contractual obligated cash flow requirements, excluding operating leases, as at November 30, 2009 are as follows.

in thousands of Canadian dollars, unless otherwise specified

	Total $	< 1 Year $	1–2 Years $	2–3 Years $	3–4 Years $	4–5 Years $	Thereafter $
Accounts payable and accrued liabilities	13,132	13,132	-	-	-	-	-
Capital leases	1,796	709	751	336	-	-	-
Asset retirement obligations	21,590	860	-	-	-	-	20,730
Convertible notes – interest (a)	US$28,302	US$5,225	US$5,225	US$5,225	US$5,225	US$5,225	US$2,177
Convertible notes – holders option (a)	US$95,000	-	-	-	US$95,000	-	-

(a) The Convertible notes ("Notes") mature on May 1, 2015. The holders of the Notes have the right to require the Company to repurchase all or part of their Notes on May 1, 2013 and upon certain fundamental corporate changes at a price equal to 100% of the principal amount of such Notes plus any accrued and unpaid interest.

At November 30, 2009, the Company's aggregate commitments for operating leases totaled $5.4 million. These operating leases include the Company's leased head office location and certain office equipment leases ranging from one to ten years. The Company also had purchase commitments outstanding at November 30, 2009 in the amount of US$1.4 million related to the operation of the Rock Creek mine.

The future minimum payments under operating leases at November 30, 2009 are approximately as follows.

in thousands of Canadian dollars

	Operating leases $
2010	787
2011	828
2012	629
2013	571
2014	580
Thereafter	2,021
Total	**5,416**

The Company's cash balances are largely invested in bank and non-asset backed commercial paper all with the two highest possible investment ratings and that can be easily liquidated with terms of 90 days or less.

Share capital

	Number of shares (in thousands)	Weighted average exercise/conversion price
Issued and outstanding (a)	187,142	-
Options (b)	13,069	$5.62
Performance share units (c)	630	$4.89
Warrants	53,810	US$1.50
Convertible notes (d)	8,953	US$10.61
Fully diluted	**263,604**	

(a) As at February 10, 2010, the Company had 188,313,388 common shares issued and outstanding.

(b) As at November 30, 2009, the number of unoptioned shares available for granting stock options under the Company's 2004 Stock Option Plan was 5.6 million shares (November 30, 2008: 2.4 million shares). During the fiscal year ended November 30, 2009, the Company made no changes to the exercise price of outstanding options through cancellation and reissuance or otherwise. Subsequent to the year end, the Company granted 1,207,100 stock options at an exercise price of $6.40 per share to its employees and directors.

(c) On May 29, 2009, the Company granted 524,550 performance share units ("PSUs") to employees and consultants. Each PSU entitles the participant to receive one common share of the Company at the end of a one- year period if certain performance and vesting criteria have been met. The performance and vesting criteria are based on the Company's share performance relative to a representative group of other mining companies and the TSX index. At November 30, 2009, 504,050 PSUs remained outstanding and, based upon the Company's actual performance in 2009, a multiplier of 125% has been determined resulting in a total grant of 630,062 shares vesting on May 31, 2010. Subsequent to year end, the Company granted an additional 169,800 PSUs to its employees.

(d) In March 2008, the Company issued US$95 million in unsecured senior convertible notes. A total of 8,952,971 common shares are issuable upon conversion and additional shares may become issuable following the occurrence of certain corporate acts or events. On conversion, at the Company's election, holders of the Notes will receive cash, if applicable, or a combination of cash and shares.

(e) To facilitate the Company's ability to complete financings over coming years, the Company completed filed a 25- month universal shelf prospectus in December 2009 that is intended to expedite the regulatory review associated with certain debt, convertible or equity financing.

Outlook

At November 30, 2009, the Company had cash and cash equivalents of $38.2 million and working capital of $26.6 million. At November 30, 2008, the Company had cash and cash equivalents of $12.2 million and a working capital deficiency of $19.2 million.

The Company's material projects are Donlin Creek and Galore Creek. The Company's share of the Donlin Creek 2010 budget is approximately US$14 million, part of which will be incurred for permitting activities at the project. The budget for care and maintenance and optimization studies at the Galore Creek project for 2010 is $8 million; however, under the revised partnership agreement Teck is funding 100% of these costs and NovaGold is not required to fund its share of project costs until Teck has completed its financial earn-in at the project. The Rock Creek project is in care and maintenance with a 2010 budget of approximately US$17 million. The Company has budgeted US$1.5 million for environmental and engineering studies at its Ambler project.

Based on anticipated but not committed expenditures on its projects, the Company will require financing within 12 months to meet its expected ongoing requirements, which include funding for work at Donlin Creek, general and administrative expenses, and care and maintenance expenditures at Rock Creek. Under the terms of the revised partnership agreement with Teck, the Company has no near-term funding obligations at Galore Creek. The Company also expects to require significant financing in future years to meet its share of development costs on the Donlin Creek and Galore Creek projects. The Company intends to fund its plan of operations from working capital and the proceeds of financings. Future financings are expected to be obtained through joint ventures, debt financing, convertible debt, exercise of warrants and options, equity financing, production-sharing arrangements or other means. However, there is no assurance that these initiatives will be successful.

Related party transactions

In March 2009, the Company closed an agreement with Mantra, a related party having a director and a major shareholder in common, to sell to Mantra 100% of its interest in five properties in Alaska totaling approximately 397,680 acres of Alaska State mining claims. In consideration for the sale of the five properties, the Company received 3,125,000 shares of Mantra common stock worth $1.6 million at deal closing. In September 2009, Mantra changed its name to TintinaGold and in October 2009, TintinaGold completed its plan of arrangement to spin out AsiaBaseMetals. At November 30, 2009, the Company held 3,125,000 shares in both companies with a combined fair value of $2.1 million.

During the year ended November 30, 2009, the Company provided exploration and management services totaling $0.1 million (2008: $0.5 million) to Alexco, a related party having two common directors; exploration and management services totaling $0.05 million (2008: nil) to TintinaGold; and exploration and management services totaling US$0.8 million (2008: $0.07 million) to the Donlin Creek LLC. These transactions were in the normal course of business and are measured at the exchange amount, which is the amount agreed to by the parties. At November 30, 2009, the Company had $0.3 million receivable from related parties.

Financial instruments

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and price risk.

(a) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and the United States and a portion of its expenses are incurred in U.S. dollars. A significant change in the currency exchange rates between the Canadian dollar relative to the U.S. dollar could have an effect on the Company's results of operations, financial position or cash flows.

The Company has not hedged its exposure to currency fluctuations. At November 30, 2009, the Company is exposed to currency risk through the following assets and liabilities denominated in U.S. dollars.

in thousands of U.S. dollars

	November 30, 2009 US$	November 30, 2008 US$
Cash and cash equivalents	9,937	723
Accounts receivables	376	1,159
Reclamation deposits	6,845	6,845
Accounts payable and accrued liabilities	(8,089)	(21,972)
Amounts payable to Barrick – long term	(58,300)	(55,403)
Bridge loan	-	(18,954)
Convertible notes	(55,469)	(51,822)

Based on the above net exposures, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the U.S. dollar would result in an increase/decrease of $10.5 million in the Company's net earnings before tax.

(b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash equivalents and short-term investments are held through large Canadian financial institutions. Short-term and long-term investments (including those presented as part of cash and cash equivalents) are composed of financial instruments issued by Canadian banks and companies with high investment-grade ratings. These investments mature at various dates over the current operating period. The Company's GST and other receivables consist of general sales tax due from the Federal Government of Canada and amounts due from related parties.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due (note 1). The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in note 11 to the consolidated financial statements. Accounts payable and accrued liabilities and coupon interest on the Notes are due within one year from the balance sheet date.

Contractual obligated cash flow requirements as at November 30, 2009 are as follows.

in thousands of Canadian dollars, unless otherwise specified

	Total $	< 1 year $	1–2 Years $	2–3 Years $	3–4 Years $	4–5 Years $	Thereafter $
Accounts payable	13,132	13,132	-	-	-	-	-
Operating leases	5,416	787	828	629	571	580	2,021
Capital leases	1,796	709	751	336	-	-	-
Asset retirement obligations	21,590	860	-	-	-	-	20,730
Convertible notes – interest	US$28,302	US$5,225	US$5,225	US$5,225	US$5,225	US$5,225	US$2,177
Convertible notes – holders option	US$95,000	-	-	-	US$95,000	-	-
Promissory note	US$51,600	-	-	-	-	-	US$51,600

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is limited because these investments, although available-for-sale, are generally held to maturity. In respect of financial liabilities, the bridge loan, Notes and capital leases are not subject to interest rate risk because they are at fixed rates. The promissory note owed to Barrick is variable with the U.S. prime rate. Based on the amount owing on the promissory note at November 30, 2009, and assuming that all other variables remain constant, a 1% change in the U.S. prime rate would result in an increase/decrease of $0.6 million in the interest accrued by the Company per annum.

(e) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken. The Company does not have any hedging or other commodity-based risks respecting its operations.

New accounting pronouncements

The accounting policies followed by the Company are set out in note 3 to the audited consolidated financial statements for the year ended November 30, 2009, and have been consistently followed in the preparation of these consolidated financial statements except that the Company has adopted the following CICA standards effective December 1, 2008.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. The changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's transition date of December 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the fiscal year commencing December 1, 2010.

The Company has commenced the process to transition from current Canadian GAAP to IFRS. The transition process consists of three primary phases: scoping and diagnostic phase; impact analysis, evaluation and design phase; and implementation and review phase.

- Scoping and diagnostic phase – A preliminary diagnostic review was completed by an external consultant which included the determination, at a high level, of the financial reporting differences under IFRS and the key areas that may be impacted. The areas with the highest potential impact were identified to include the basis of consolidation, related party transactions, impairment of assets, financial instruments and initial adoption of IFRS under the provisions of IFRS 1.
- Analysis, quantification and evaluation phase – In this phase, each area identified from the scoping and diagnostic phase will be addressed in order of descending priority. This phase involves specification of changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRS and development of draft IFRS financial statement content. The Company anticipates that there will be changes in accounting policies and that these changes may materially impact the financial statements. The full impact on future financial reporting is not reasonably determinable or estimable at this time.
- Implementation and review phase – This phase includes execution of any changes to information systems and business processes and completing formal authorization processes to approve recommended accounting policy changes. It will also include the collection of financial information necessary to compile IFRS-compliant financial statements and audit committee approval of IFRS financial statements.

IFRS 1, "First-Time Adoption of International Financial Reporting Standards", provides entities adopting IFRSs for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRSs. The various accounting policy choices available are being assessed and those determined to be most appropriate in our circumstances will be implemented.

The International Accounting Standard Board currently has projects underway that are expected to result in new pronouncements and as a result, IFRS as at the transition date is expected to differ from its current form. The final impact of IFRS on the financial statements will only be determined once all applicable standards at the conversion date are known.

Inventories

In March 2007, CICA issued the new Handbook Section 3031, "Inventories", which replaces Section 3030, "Inventories". The new Section indicates that inventories shall be measured at the lower of cost and the net realizable value. It provides guidelines on determining cost, prohibiting going forward the use of the last in, first out method, and requires the reversal of a previous write-down when the value of inventories increases. On December 1, 2008, the Company adopted these changes, with no impact on its consolidated financial statements.

Credit risk and fair value of financial assets and liabilities

In January 2009, CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". EIC-173 provides guidance on how to account for the credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. On December 1, 2008, the Company adopted EIC-173, with no impact on its consolidated financial statements.

Mining exploration costs

In March 2009, CICA issued EIC-174, "Mining Exploration Costs". EIC-174 provides guidance on the capitalization and impairment review of exploration costs. On December 1, 2008, the Company adopted EIC-174, with no impact on its consolidated financial statements.

Financial Instruments – Disclosures

During 2009, CICA Handbook Section 3862, "Financial Instruments – Disclosures" was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

Future Canadian pronouncements

In January 2009, the CICA issued CICA Handbook Section 1582, "Business Combinations", which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method and related disclosures. In addition, the CICA issued Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-controlling Interests", which replaces the existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements and Section 1602 provides guidance on accounting for non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards apply prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, with earlier application permitted. The Company is currently evaluating these new standards to determine the potential impact on its consolidated financial statements.

New accounting policies

The Company granted PSUs to employees and consultants on May 29, 2009. Each PSU entitles the participant to receive one common share of the Company at the end of a one-year period if certain performance and vesting criteria have been met. The performance and vesting criteria are based on the Company's share performance relative to a representative group of other mining companies and the TSX index. The number of units that will ultimately vest will be in the range of 0% to 150% of the original grant. The fair value of the PSUs is measured at the grant date relative to the market value of the Company's common shares and is recognized in earnings over the related service period.

Critical accounting estimates

The most critical accounting estimates upon which the Company's financial status depends are those requiring estimates of the recoverability of its capitalized mineral property expenditures and intangible assets, impairment of long-lived assets and the amount of future reclamation obligations.

Mineral properties and development costs

During the year ended November 30, 2008, the Company changed its accounting policy relating to mineral property exploration expenditures and now expenses exploration expenditures when incurred. See "Changes in accounting policies" or note 2 of the consolidated financial statements for the year ended November 30, 2008 for a description and the effects of the change.

When it has been established that a mineral deposit is commercially mineable and an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized and will be amortized against future production following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned. The Rock Creek project was impaired at the year ended November 30, 2008 and an impairment loss was proportionately allocated to mineral properties and development costs. The recoverability of the amounts recorded on the Rock Creek project was assessed at November 30, 2009 and no further impairment was required.

The acquisition of title to mineral properties is a complicated and uncertain process. The Company has taken steps, in accordance with industry standards, to verify title to mineral properties in which it has an interest. Although the Company has made efforts to ensure that legal title to its properties is properly recorded in the name of the Company, there can be no assurance that such title will ultimately be secured.

Intangible assets

The Company reviews and evaluates the carrying value of each intangible asset for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. If the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset, an impairment loss is recognized and assets are written down to fair value, which is normally determined using the discounted value of future cash flows. Where estimates of future net cash flows are not available and where other conditions suggest impairment, the Company assesses whether carrying value can be recovered by considering alternative methods of determining fair value. When it is determined that an intangible asset is impaired, it is written down to its estimated fair value.

Reclamation costs

The amounts recorded for reclamation costs are estimates based on independent third party engineering studies and the Company's assessment of the work that is anticipated to remediate old mine workings of the Company's Nome Gold site, exploration and road remediation at the Galore Creek project, and the Rock Creek mine site. An asset retirement obligation ("ARO") is recognized initially at fair value with a corresponding increase in the related asset. The ARO is accreted to full value over time through periodic charges to operations. The Galore Creek reclamation obligation has not been discounted due to the uncertainty of timing of when the costs will be incurred. Actual costs incurred during reclamation and the timing of when the costs will be incurred could be materially different from these estimates.

Financial instruments

The Company classifies its financial assets as held-for-trading, available-for-sale or loans and receivables. Financial liabilities are classified as either held-for-trading or loans and receivables.

Held-for-trading financial assets and liabilities are recorded at fair value as determined by active market prices and valuation models, as appropriate. Valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining these assumptions, the Company uses readily observable market inputs where available or, where not available, inputs generated by the Company. Changes in fair value of held-for-trading financial instruments are recorded in net earnings.

Available-for-sale financial assets are recorded at fair value as determined by active market prices. Unrealized gains and losses on available-for-sale investments are recognized in other comprehensive income. If a decline in fair value is deemed to be other than temporary, the unrealized loss is recognized in net earnings. Investments in equity instruments that do not have an active quoted market price are measured at cost.

Loans and receivables are recorded initially at fair value, net of transaction costs incurred, and subsequently at amortized cost using the effective interest rate method.

The following provides a comparison of carrying and fair values of each classification of financial instrument as at November 30, 2009.

in thousands of Canadian dollars

	Loans and receivables	Available for sale	Held for trading	Other financial liabilities	Total carrying amount	Total fair value
Financial assets						
Cash and cash equivalents	-	-	38,180	-	38,180	38,180
Accounts and prepaid receivable	942	-	-	-	942	942
Investments						
At cost (a)	-	500	-	-	500	N/A
At fair value	-	2,937	-	-	2,937	2,937
Reclamation deposits	-	-	13,326	-	13,326	13,326
Long-term accounts receivable	130	-	-	-	130	130
Financial liabilities						
Accounts payable and accrued liabilities	-	-	-	13,132	13,132	13,132
Promissory note (b)	-	-	-	61,532	61,532	61,532
Convertible debt	-	-	-	58,553	58,553	82,082

The following provides a comparison of carrying and fair values of each classification of financial instrument as at November 30, 2008.

in thousands of Canadian dollars

	Loans and receivables	Available for sale	Held for trading	Other financial liabilities	Total carrying amount	Total fair value
Financial assets						
Cash and cash equivalents	-	-	12,224	-	12,224	12,224
Accounts and prepaid receivable	2,305	-	-	-	2,305	2,305
Investments						
At fair value	-	255	-	-	255	255
Reclamation deposits	-	-	14,585	-	14,585	14,585
Long-term accounts receivable	556	-	-	-	556	556
Financial liabilities						
Accounts payable and accrued liabilities	-	-	-	35,930	35,930	35,930
Bridge loan	-	-	-	23,446	23,446	24,740
Promissory note (b)	-	-	-	68,523	68,523	68,523
Convertible debt	-	-	-	63,573	63,573	53,191

(a) The investments held at cost are not publicly traded and thus the fair value of the investments is not readily determinable.
(b) The fair value of the promissory note payable to Barrick approximates its carrying value due to the floating interest rate.

Disclosure controls and internal control over financial reporting

Disclosure controls and procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted by the Company under U.S. and Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules, including providing reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to permit timely decisions regarding public disclosure. Management, including the CEO and CFO, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in the rules of the U.S. Securities and Exchange Commission and Canadian Securities Administration, as at November 30, 2009. Based on this evaluation, the CEO and CFO have concluded that our disclosure controls and procedures were effective.

Management's report on internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) of the U.S. Exchange Act and [NTD CA definition or reference per Chris Barry]. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Management has used the Committee of Sponsoring Organizations of the Treadway Commission framework to evaluate the effectiveness of our internal control over financial reporting. Based on this assessment, management has concluded that as at November 30, 2009, our internal control over financial reporting was effective.

The effectiveness of our internal control over financial reporting has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, who have expressed their opinion in their report included with our annual consolidated financial statements.

Risk factors

Ability to continue its exploration activities and any future development activities, and to continue as a going concern, will depend in part on its ability to commence production and generate material revenues or to obtain suitable financing

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

There can be no assurance that the Company will commence production at any of its mineral properties, generate sufficient revenues to meet its obligations as they become due or obtain necessary financing on acceptable terms, if at all. The Company's failure to meet its ongoing obligations on a timely basis could result in the loss or substantial dilution of the Company's interests (as existing or as proposed to be acquired) in its properties. In addition, should the Company incur significant losses in future periods, it may be unable to continue as a going concern, and realization of assets and settlement of liabilities in other than the normal course of business may be at amounts materially different than the Company's estimates.

Exploration and development

Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The Company has only defined or delineated reserves at its Rock Creek and Donlin Creek projects and none of its properties are currently under development. The future development of any properties found to be economically feasible will require obtaining permits, financing and construction. The Company is subject to all the risks associated with establishing new mining operations. In addition, there is no assurance that the Company's mineral exploration activities will result in any discoveries of new bodies of ore. There is also no assurance that if further mineralization is discovered that the ore body would be economical for commercial production. Discovery of mineral deposits is dependent upon a number of factors and significantly influenced by the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit is also dependent upon a number of factors that are beyond the Company's control. Some of these factors are the attributes of the deposit, commodity prices, government policies and regulation and environmental protection.

Environmental laws and regulations

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

Reserve and resource estimates

There is a degree of uncertainty attributable to the calculation of reserves and resources and the corresponding grades. Reserve and resource estimates are dependent partially on statistical inferences drawn from drilling, sampling and other data. Reserve and resource figures set forth by the Company are estimates, and there is no certainty that the mineral deposits would yield the production of metals indicated by reserve and resource estimates. Declines in the market price for metals may adversely affect the economics of a deposit and may require the Company to reduce its reserve and resource estimates.

Price volatility – gold, copper and other metals

The market price for gold, copper and other metals is volatile and cannot be controlled. There is no assurance that if commercial quantities of gold, copper and other metals are discovered, a profitable market may exist or continue to exist for a production decision to be made or for the ultimate sale of the metals. As the Company is currently not in production, no sensitivity analysis for price changes has been provided or carried out.

Legal proceedings

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

On October 14, 2009, NovaGold and certain of its directors and officers together with Hatch Ltd., the engineering firm that completed the October 2006 Galore Creek feasibility study, were named as defendants in a purported class action lawsuit commenced by a Notice of Action filed in the Ontario Superior Court of Justice in Canada (the "Ontario Action"). The Notice of Action alleges, among other things, that the defendants made, or were responsible for, misrepresentations in various public statements and filings made from October 25, 2006 through January 16, 2008 concerning NovaGold's Galore Creek project. On December 29, 2009, the Ontario Action was amended by a Fresh Statement of Claim that made additional allegations and extended the time for the alleged class period back to October 25, 2005. The total amount of damages sought remains at $100 million, which is unchanged from the October Notice of Action referred to above. On October 28, 2009, the same parties were named as defendants in a class action lawsuit commenced in the Supreme Court of British Columbia (the "BC Action"). The Statement of Claim in the BC Action also alleges that the defendants made, or were responsible for, misrepresentations in various public statements and filings made from October 25, 2006 through January 16, 2008 concerning NovaGold's Galore Creek project. The BC Action is seeking special, general and punitive damages. The Company disputes these claims and believes that it has substantial and meritorious legal and factual defenses, which it intends to pursue vigorously. There can be no assurance that these proceedings will be resolved in favor of NovaGold and an unfavorable outcome of this litigation may have a material adverse impact on the Company's financial condition.

On July 15, 2009, two claims were filed in the United States District Court for the District of Alaska against NovaGold, AGC and other parties arising out of an accident on July 19, 2007, where two employees of a contractor were killed in a construction-related accident at the Company's Rock Creek mine. The claims are seeking wrongful death damages in excess of US$2.5 million. The Company and AGC filed an answer to the complaint denying all allegations and asserting certain affirmative defenses. The Company and AGC dispute these claims and believe they have substantial and meritorious legal and factual defenses, which they intend to pursue vigorously. There can be no assurance that these proceedings will be resolved in favor of NovaGold.

Cautionary notes

Forward-looking statements

This Management's Discussion and Analysis contains certain forward-looking statements concerning anticipated developments in NovaGold's operations in future periods. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. These forward-looking statements are set forth principally under the heading "Outlook" and elsewhere in the Management's Discussion and Analysis and may include statements regarding perceived merit of properties; ability to commence, or in the case of Rock Creek, recommence start-up; exploration results and budgets; mineral reserve and resource estimates; work programs; capital expenditures; timelines; strategic plans; market price of precious and base metals; possible outcome or merits of litigation; or other statements that are not statement of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of NovaGold may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors. NovaGold's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and NovaGold 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. Important factors that could cause actual results to differ materially from NovaGold's expectations include uncertainties involved in disputes and litigation; fluctuations in gold, copper and other commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and estimated economic return; the need for cooperation of Barrick and Teck to advance the Donlin Creek and Galore Creek project, respectively; the need for cooperation of government agencies and native groups in the exploration and development of properties and the issuance of required permits; the need to obtain additional financing to develop properties and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs or in construction projects and uncertainty of meeting anticipated program milestones; uncertainty as to timely availability of permits and other governmental approvals; uncertainties involved in the Company's outstanding securities litigation, including the possibility of appeal, the possible discovery of new evidence or acceptance of new legal theories and the difficulty of predicting the decision of judges and juries and other risks and uncertainties disclosed in NovaGold's Annual Information Form for the year ended November 30, 2009, to be filed shortly with the Canadian securities regulatory authorities, NovaGold's annual report on Form 40-F to be filed shortly with the United States Securities and Exchange Commission (the "SEC"), and other information released by NovaGold and filed with the appropriate regulatory agencies.

Reserve and resource estimates

This Management's Discussion and Analysis and other information released by NovaGold uses the terms "resources", "measured resources", "indicated resources" and "inferred resources". United States investors are advised that, while such terms are recognized and required by Canadian securities laws, the SEC does not recognize them. Under United States 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. Mineral resources that are not mineral reserves do not have demonstrated economic viability. United States investors are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into reserves. Inferred resources are in addition to measured and indicated resources. Further, inferred resources have a great amount of uncertainty as to their existence and as to 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. Therefore, United States investors are also cautioned not to assume that all or any part of the inferred resources exist, or that they can be mined legally or economically. National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") is a rule developed by the Canadian Securities Administrators, which established standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all reserve and resource estimates contained in this Management's Discussion and Analysis and in press releases by the Company in the past and in the future, have been or will be prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Classification System. The requirements of NI 43-101 are 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 the SEC's standards.

Appendix - Reserve & Resource Table

NovaGold Resources Inc.
Proven and Probable Reserves, Measured, Indicated and Inferred Resources for Gold (Au), Silver (Ag), Copper (Cu), Zinc (Zn) and Lead (Pb
As at December 22, 2009

Reserves

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

Resources (exclusive of Reserves)

			In Situ Grade					Total Contained Metal					NovaGold Share Net After Earn-Ins					
Property **% Ownership**	**Resource Category**	**Tonnes Millions**	**Au g/t**	**Ag g/t**	**Cu %**	**Zn %**	**Pb %**	**Au Moz**	**Ag Moz**	**Cu Mlbs**	**Zn Mlbs**	**Pb Mlbs**	**Au Moz**	**Ag Moz**	**AuEq Moz**	**Cu Mlbs**	**Zn Mlbs**	**Pb Mlbs**
Donlin Creek [3][4] approximately 0.87 g/t Au Cutoff	Measured	1.2	2.19					0.08					0.04		0.04			
50% Ownership - 50% Owned by Barrick Gold U.S. Inc.	Indicated	93.4	1.97					5.92					2.96		2.96			
	Total M&I	**94.6**	**1.97**					**6.01**					**3.00**		**3.00**			
	Inferred	54.5	2.29					4.02					2.01		2.01			
Galore Creek [3][5] 0.21% CuEq Cutoff	Measured	4.7	0.37	4.41	0.52			0.06	0.7	54			0.03	0.3	0.04	27		
50% Ownership - 50% Owned By Teck Cominco Limited	Indicated	781.0	0.29	4.88	0.52			7.21	122.4	8,872			3.61	61.2	4.64	4,436		
	Total M&I	**785.7**	**0.29**	**4.87**	**0.52**			**7.27**	**123.1**	**8,926**			**3.64**	**61.5**	**4.68**	**4,463**		
	Inferred	357.7	0.18	3.69	0.36			2.06	42.5	2,858			1.03	21.2	1.39	1,429		
Copper Canyon [3][6] 0.35% CuEq Cutoff	Inferred	164.8	0.54	7.15	0.35			2.86	37.9	1,160			1.72	22.7	2.10	696		
60% Ownership - NovaGold interest held in trust for the Galore Creek Partnership	**Total Inferred**	**522.5**	**0.29**	**4.79**	**0.35**			**4.92**	**80.4**	**4,018**			**2.74**	**44.0**	**3.49**	**2,125**		
Rock Creek [3][7] 0.6 g/t Au Cutoff	Measured																	
100% Ownership	Indicated	7.7	1.21					0.29					0.29		0.29			
	Total M&I	**7.7**	**1.21**					**0.29**					**0.29**		**0.29**			
	Inferred	0.6	1.09					0.02					0.02		0.02			
Big Hurrah [3][8] 1.0 g/t Au Cutoff	Measured																	
100% Ownership	Indicated	0.9	2.68					0.08					0.08		0.08			
	Total M&I	**0.9**	**2.68**					**0.08**					**0.08**		**0.08**			
	Inferred	0.2	2.97					0.02					0.02		0.02			
Ambler [3][9] $100 Gross Metal Value / Tonne Cutoff	Measured																	
100% Ownership	Indicated	16.8	0.83	59.63	4.14	6.03	0.94	0.45	32.3	1,538	2,237	350	0.45	32.3	0.99	1,538	2,237	350
	Total M&I	**16.8**	**0.83**	**59.63**	**4.14**	**6.03**	**0.94**	**0.45**	**32.3**	**1,538**	**2,237**	**350**	**0.45**	**32.3**	**0.99**	**1,538**	**2,237**	**350**
	Inferred	11.9	0.67	48.37	3.56	4.99	0.80	0.26	18.6	937	1,313	210	0.26	18.6	0.57	937	1,313	210
		m^3 Millions	**g/m3**															
Nome Gold [3][10] 0.20 g/m3 Au Cutoff	Measured	79.1	0.32					0.80					0.80		0.80			
100% Ownership	Indicated	83.8	0.28					0.76					0.76		0.76			
	Total M&I	**162.9**	**0.30**					**1.56**					**1.56**		**1.56**			
	Inferred	30.6	0.27					0.25					0.25		0.25			
Total Proven & Probable Reserves Contained Metal								**29.78**					**15.15**		**15.15**			
Total Measured & Indicated Contained Metal (exclusive of Reserves)								**15.66**	**155.4**	**10,465**	**2,237**	**350**	**9.02**	**93.8**	**10.61**	**6,001**	**2,237**	**350**
Total Inferred Contained Metal								**9.49**	**99.0**	**4,955**	**1,313**	**210**	**5.31**	**62.6**	**6.36**	**3,062**	**1,313**	**210**

Notes:

1. These reserve and resource estimates have been prepared in accordance with NI 43-101 and the CIM Definition Standards. See "Cautionary Note to U.S. Investors – Information Concerning Preparation of Resource and Reserve Estimates".
2. See numbered footnotes below on reserve and resource information. Reserves and resources shown in the right-hand columns are reported as net values to NovaGold.
3. AuEq - gold equivalent is calculated using gold and silver in the ratio of gold + silver / (US$650 Au / US$11 Ag).
4. Sums may not agree due to rounding.

Reserve and Resource Footnotes:

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

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

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

(4) A variable cut-off grade has been estimated based on recent estimates of mining costs, processing costs (dependent upon sulfur content), selling costs and royalties. Resources are constrained within a Lerchs-Grossman (LG) open-pit shell using the long-term metal price assumption of US$850/oz of gold. Assumptions for the LG shell included pit slopes variable by sector and pit area: mining cost is variable with depth, averaging US$2.08/t mined; process cost is calculated as the percent sulfur grade x US$2.7948 + US$12.82; general and administrative costs, gold selling cost and sustaining capital are reflected on a per tonne basis. Based on metallurgical testing, gold recovery is assumed to be 89.5%. The reserve and resource estimates for Donlin Creek are based on the technical report titled "Donlin Creek Gold Project, Alaska, USA, NI 43-101 Technical Report" dated April 1, 2009, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

(5) The copper-equivalent grade was calculated as follows: CuEq = Recoverable Revenue ÷ 2204.62 ÷ US$1.55 ÷ Cu Recovery. Where: CuEq = Copper equivalent grade; Recoverable Revenue = Revenue in U.S. dollars for recoverable copper, recoverable gold, and recoverable silver using metal prices of Cu US$/lb = 1.550, Au US$/oz = 650, Ag US$/oz = 11. Cu Recovery = Recovery for copper based on mineral zone and total copper grade. The cut-off grade is based on assumptions of offsite concentrate and smelter charges and onsite plant recovery and is used for break-even mill feed/waste selection. The resource estimate for Galore Creek is based on the technical report titled "Galore Creek Property NI 43-101 Technical Report" dated January 25, 2008, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

(6) The copper equivalent (CuEq) calculations use metal prices of US$375/oz for gold, US$5.50/oz for silver and US$0.90/lb for copper. CuEq calculations reflect gross metal content that have been adjusted for metallurgical recoveries based on the following criteria: copper recovery = (%Cu - 0.06)/%Cu with a minimum of 50% and maximum of 95%; gold recovery = (Au g/t – 0.14)/Au g/t with a minimum of 30% and maximum of 80%; and silver recovery = 80%. The resource estimate for Copper Canyon is based on the technical report titled "Geology and Resource Potential of the Copper Canyon Property" dated February 9, 2005, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

(7) The basis for the cut-off grade was an assumed gold price of US$950/oz. The resource estimate for Rock Creek was completed by Kevin Francis, P.Geo., a qualified person as defined by NI 43-101 and an employee of the Company. This resource estimate was disclosed in a NovaGold press release dated April 15, 2009, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

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

(9) US$100 gross metal value/tonne cutoff. Gross metal value was calculated based on metal prices of Cu US$2.25/lb, Zn US$1.05/lb, Au US$525/oz, Ag US$9.5/oz and Pb US$0.55/lb applied to each individual grade. The gross metal value is equal to the sum of each grade multiplied by the value of the metal unit. No metallurgical recovery has been applied. The resource estimate for the Arctic deposit is based on the technical report titled "NI 43-101 Technical Report on Resources, Ambler Project, Arctic Deposit" dated February 12, 2008 with an effective date of January 31, 2008, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

(10) Nome Gold resource is an alluvial deposit, which is reported in cubic meters rather than tonnes, and grams/cubic meter rather than grams/tonne. 85,000 ounces contained within the reported resources may be subject to a royalty. The resource estimate for Nome Gold is based on the technical report titled "Technical Report, Nome Placer Property" dated September 12, 2006, a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

CERTIFICATIONS PURSUANT TO SECTION 302 OF

THE SARBANES-OXLEY ACT OF 2002

I, Rick Van Nieuwenhuyse, certify that:

1. I have reviewed this Annual Report on Form 40-F of NovaGold Resources Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this annual report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

(d) Disclosed in this annual report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

By: */s/ Rick Van Nieuwenhuyse*
Rick Van Nieuwenhuyse
Chief Executive Officer

Date: February 17, 2010

CERTIFICATIONS PURSUANT TO SECTION 302 OF

THE SARBANES-OXLEY ACT OF 2002

I, Robert J. (Don) MacDonald, certify that:

1. I have reviewed this Annual Report on Form 40-F of NovaGold Resources Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this annual report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

(d) Disclosed in this annual report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

By: */s/ R.J. MacDonald*
Robert J. (Don) MacDonald
Chief Financial Officer

Date: February 17, 2010

CERTIFICATIONS PURSUANT TO SECTION 906 OF

THE SARBANES-OXLEY ACT OF 2002

In connection with this Annual Report on Form 40-F of NovaGold Resources Inc. for the period ended November 30, 2009, I, Rick Van Nieuwenhuyse, Chief Executive Officer of the issuer, certify that:

1. The annual report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the annual report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

Date: February 17, 2010

By: */s/ Rick Van Nieuwenhuyse*
Rick Van Nieuwenhuyse
President and Chief Executive Officer

This certification accompanies the annual report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the issuer for purposes of Section 18 of the Securities Exchange Act of 1934.

CERTIFICATIONS PURSUANT TO SECTION 906 OF

THE SARBANES-OXLEY ACT OF 2002

In connection with this Annual Report on Form 40-F of NovaGold Resources Inc. for the period ended November 30, 2009, I, Robert J. (Don) MacDonald, Chief Financial Officer of the issuer, certify that:

1. The annual report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the annual report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

Date: February 17, 2010

By: */s/ R.J. MacDonald*
Robert J. (Don) MacDonald
Chief Financial Officer

This certification accompanies the annual report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the issuer for purposes of Section 18 of the Securities Exchange Act of 1934.

PricewaterhouseCoopers LLP
Chartered Accountants
PricewaterhouseCoopers Place
250 Howe Street, Suite 700
Vancouver, British Columbia
Canada V6C 3S7
Telephone +1 (604) 806 7000
Facsimile +1 (604) 806 7806

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in this Annual Report on Form 40-F for the year ended November 30, 2009 of NovaGold Resources Inc. of our report dated February 10, 2010, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting which appears in the Exhibit incorporated by reference in this Annual Report. We also consent to the incorporation by reference in this Annual Report of our Comments by Auditors on Canada-US Reporting Difference dated February 10, 2010 which appears in the Exhibit incorporated by reference in this Annual Report.

We also consent to the incorporation by reference in the Registration Statements on Form S-8 (333-164083, No.333-136493, No. 333-134871 and No.333-11370) and on Form F-10 (No. 333-163551) of our report and comments referred to above.

/s/ PricewaterhouseCoopers LLP
Chartered Accountants
Vancouver, British Columbia
February 17, 2010

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate legal entity.

CONSENT OF AMEC AMERICAS LIMITED

I, Steve Toevs, on behalf of AMEC Americas Limited, consent to the inclusion in this annual report on Form 40-F of NovaGold Resources Inc., which is being filed with the United States Securities and Exchange Commission, of references to AMEC Americas Limited's name and to the use of "Donlin Creek Gold Project, Alaska, USA NI 43-101 Technical Report" dated April 1, 2009 (the "Technical Report") and the information derived from the Technical Report, included in the 2009 Annual Information Form of NovaGold Resources Inc. dated February 17, 2010 (the "AIF").

I also consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-117370; 333-134871; 333-136493 and 333-164083) and Form F-10 (No. 333-163551) of the references to AMEC Americas Limited's name, the use of the Technical Report and the information derived from the Technical Report in the AIF, which are included in the annual report on Form 40-F.

Dated this 17th day of February 2010.

/s/ Steve Toevs
AMEC Americas Limited
Name: Steve Toevs
Title: Vice President, Finance, Natural Resources Americas

CONSENT OF QUALIFIED PERSON

Kirk Hanson, P.E.
AMEC E&C Services, Inc.
780 Vista Blvd., Suite 100
Sparks, NV., 89434
Tel 775 997 6559
Fax: 775-331-4153
kirk.hanson@amec.com

I consent to the inclusion in this annual report on Form 40-F of NovaGold Resources Inc., which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of "Donlin Creek Gold Project, Alaska, USA NI 43-101 Technical Report" dated April 1, 2009 (the "Technical Report") and the information derived from the Technical Report, included in the 2009 Annual Information Form of NovaGold Resources Inc. dated February 17, 2010 (the "AIF").

I also consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-117370; 333-134871; 333-136493 and 333-164083) and Form F-10 (No. 333-163551) of the references to my name, the use of the Technical Report and the information derived from the Technical Report in the AIF, which are included in the annual report on Form 40-F.

Dated this 17th day of February 2010.

/s/ Kirk Hanson
Name: Kirk Hanson

AMEC E&C Services, Inc.
780 Vista Boulevard
Sparks, NV, 89434
Tel (775) 331 2375
Fax (775) 331 4153 www.amec.com

CONSENT OF GORDON SEIBEL

I consent to the inclusion in this annual report on Form 40-F of NovaGold Resources Inc., which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of "Donlin Creek Gold Project, Alaska, USA NI 43-101 Technical Report" dated April 1, 2009 (the "Technical Report") and the information derived from the Technical Report, included in the 2009 Annual Information Form of NovaGold Resources Inc. dated February 17, 2010 (the "AIF").

I also consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-117370; 333-134871; 333-136493 and 333-164083) and Form F-10 (No. 333-163551) of the references to my name, the use of the Technical Report and the information derived from the Technical Report in the AIF, which are included in the annual report on Form 40-F.

Dated this 17th day of February 2010.

/s/ Gordon Seibel
Name: Gordon Seibel
Title: Principal Geologist, AMEC Metals and Mining

CONSENT OF SIMON ALLARD

I consent to the inclusion in this annual report on Form 40-F of NovaGold Resources Inc., which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of "Donlin Creek Gold Project, Alaska, USA NI 43-101 Technical Report" dated April 1, 2009 (the "Technical Report") and the information derived from the Technical Report, included in the 2009 Annual Information Form of NovaGold Resources Inc. dated February 17, 2010 (the "AIF").

I also consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-117370; 333-134871; 333-136493 and 333-164083) and Form F-10 (No. 333-163551) of the references to my name, the use of the Technical Report and the information derived from the Technical Report in the AIF, which are included in the annual report on Form 40-F.

Dated this 17th day of February 2010.

/s/ Simon Allard
Name: Simon Allard
Title:

CONSENT OF GREGORY WORTMAN

I consent to the inclusion in this annual report on Form 40-F of NovaGold Resources Inc., which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of "Donlin Creek Gold Project, Alaska, USA NI 43-101 Technical Report" dated April 1, 2009 (the "Technical Report") and the information derived from the Technical Report, included in the 2009 Annual Information Form of NovaGold Resources Inc. dated February 17, 2010 (the "AIF").

I also consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-117370; 333-134871; 333-136493 and 333-164083) and Form F-10 (No. 333-163551) of the references to my name, the use of the Technical Report and the information derived from the Technical Report in the AIF, which are included in the annual report on Form 40-F.

Dated this 17th day of February 2010.

/s/ G. Wortman
Name: Gregory Wortman
Title: Technical Director, Process, North America

CONSENT OF ALEXANDRA KOZAK

I consent to the inclusion in this annual report on Form 40-F of NovaGold Resources Inc., which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of "Donlin Creek Gold Project, Alaska, USA NI 43-101 Technical Report" dated April 1, 2009 (the "Technical Report") and the information derived from the Technical Report, included in the 2009 Annual Information Form of NovaGold Resources Inc. dated February 17, 2010 (the "AIF").

I also consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-117370; 333-134871; 333-136493 and 333-164083) and Form F-10 (No. 333-163551) of the references to my name, the use of the Technical Report and the information derived from the Technical Report in the AIF, which are included in the annual report on Form 40-F.

Dated this 17th day of February 2010.

/s/ Alexandra Kozak
Name: Alexandra Kozak, P. Eng.
Title: Manager, Process Engineering

NORWEST
CORPORATION

February 17, 2010

To: **NovaGold Resources Inc.**

CONSENT OF NORWEST CORPORATION

I, Sean Ennis, on behalf of Norwest Corporation, consent to the inclusion in this annual report on Form 40-F of NovaGold Resources Inc., which is being filed with the United States Securities and Exchange Commission, of references to Norwest Corporation's name and to the use of "Technical Report, Nome Placer Property" dated September 12, 2006 (the "Technical Report") and the information derived from the Technical Report, included in the 2009 Annual Information Form of NovaGold Resources Inc. dated February 17, 2010 (the "AIF").

I also consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-117370; 333-134871; 333-136493 and 333-164083) and Form F-10 (No. 333-163551) of the references to Norwest Corporation's name, the use of the Technical Report and the information derived from the Technical Report in the AIF, which are included in the annual report on Form 40-F.

Dated this 17th day of February 2010.

Yours truly,

/s/ Sean Ennis
Sean Ennis
Vice President, Mining

NORWEST CORPORATION

NORWEST
CORPORATION

February 17, 2010

To: **NovaGold Resources Inc.**

CONSENT OF NORWEST CORPORATION

I, Sean Ennis, on behalf of Norwest Corporation, consent to the inclusion in this annual report on Form 40-F of NovaGold Resources Inc., which is being filed with the United States Securities and Exchange Commission, of references to Norwest Corporation's name and to the use of "Technical Report, Rock Creek and Big Hurrah Project" dated February 21, 2008 (the "Technical Report") and the information derived from the Technical Report, included in the 2009 Annual Information Form of NovaGold Resources Inc. dated February 17, 2010 (the "AIF").

I also consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-117370; 333-134871; 333-136493 and 333-164083) and Form F-10 (No. 333-163551) of the references to Norwest Corporation's name, the use of the Technical Report and the information derived from the Technical Report in the AIF, which are included in the annual report on Form 40-F.

Dated this 17th day of February 2010.

Yours truly,

/s/ Sean Ennis
Sean Ennis
Vice President, Mining

NORWEST CORPORATION

830, 1066 W Hastings Street • Vancouver, BC CANADA V6E 3X2 • Telephone (604) 602-8992 • Fax (604) 602-8951 • www.norwestcorp.com
VANCOUVER / CALGARY / SALT LAKE CITY / DENVER / GRAND JUNCTION / CHARLESTON

NORWEST
CORPORATION

February 17, 2010

To: **NovaGold Resources Inc.**

CONSENT OF SEAN ENNIS

I consent to the inclusion in this annual report on Form 40-F of NovaGold Resources Inc., which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of "Technical Report, Rock Creek and Big Hurrah Project" dated February 21, 2008 (the "Technical Report") and the information derived from the Technical Report, included in the 2009 Annual Information Form of NovaGold Resources Inc. dated February 17, 2010 (the "AIF").

I also consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-117370; 333-134871; 333-136493 and 333-164083) and Form F-10 (No. 333-163551) of the references to my name, the use of the Technical Report and the information derived from the Technical Report in the AIF, which are included in the annual report on Form 40-F.

Dated this 17th day of February 2010.

Yours truly,

/s/ Sean Ennis
Sean Ennis
Vice President, Mining

NORWEST CORPORATION

CONSENT OF BRUCE DAVIS

I consent to the inclusion in this annual report on Form 40-F of NovaGold Resources Inc., which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of "Technical Report, Nome Placer Property" dated September 12, 2006 (the "Technical Report") and the information derived from the Technical Report, included in the 2009 Annual Information Form of NovaGold Resources Inc. dated February 17, 2010 (the "AIF").

I also consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-117370; 333-134871; 333-136493 and 333-164083) and Form F-10 (No. 333-163551) of the references to my name, the use of the Technical Report and the information derived from the Technical Report in the AIF, which are included in the annual report on Form 40-F.

Dated this 17th day of February 2010.

/s/ Bruce M. Davis
Name: Bruce Davis
Title: President, BD Resource Consulting, Inc.

CONSENT OF BRUCE DAVIS

I consent to the inclusion in this annual report on Form 40-F of NovaGold Resources Inc., which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of "Technical Report, Rock Creek and Big Hurrah Project" dated February 21, 2008 (the "Technical Report") and the information derived from the Technical Report, included in the 2009 Annual Information Form of NovaGold Resources Inc. dated February 17, 2010 (the "AIF").

I also consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-117370; 333-134871; 333-136493 and 333-164083) and Form F-10 (No. 333-163551) of the references to my name, the use of the Technical Report and the information derived from the Technical Report in the AIF, which are included in the annual report on Form 40-F.

Dated this 17th day of February 2010.

/s/ Bruce M. Davis
Name: Bruce Davis
Title: President, BD Resource Consulting, Inc.

CONSENT OF WILLIAM PENNSTROM, JR.

I consent to the inclusion in this annual report on Form 40-F of NovaGold Resources Inc., which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of "Technical Report, Rock Creek and Big Hurrah Project" dated February 21, 2008 (the "Technical Report") and the information derived from the Technical Report, included in the 2009 Annual Information Form of NovaGold Resources Inc. dated February 17, 2010 (the "AIF").

I also consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-117370; 333-134871; 333-136493 and 333-164083) and Form F-10 (No. 333-163551) of the references to my name, the use of the Technical Report and the information derived from the Technical Report in the AIF, which are included in the annual report on Form 40-F.

Dated this 17th day of February 2010.

/s/ William Pennstrom, Jr.
Name: William Pennstrom, Jr.
Title:

CONSENT OF KEN SHINYA

I consent to the inclusion in this annual report on Form 40-F of NovaGold Resources Inc., which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of "Technical Report, Rock Creek and Big Hurrah Project" dated February 21, 2008 (the "Technical Report") and the information derived from the Technical Report, included in the 2009 Annual Information Form of NovaGold Resources Inc. dated February 17, 2010 (the "AIF").

I also consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-117370; 333-134871; 333-136493 and 333-164083) and Form F-10 (No. 333-163551) of the references to my name, the use of the Technical Report and the information derived from the Technical Report in the AIF, which are included in the annual report on Form 40-F.

Dated this 17th day of February 2010.

/s/ K. Shinya
Name: Ken Shinya
Title: Senior Associate

CONSENT OF KEVIN FRANCIS

I consent to the inclusion in this annual report on Form 40-F of NovaGold Resources Inc., which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of "Galore Creek Property NI 43-101 Technical Report, British Columbia - Canada" dated January 25, 2008 (the "Technical Report") and the information derived from the Technical Report, included in the 2009 Annual Information Form of NovaGold Resources Inc. dated February 17, 2010 (the "AIF").

I also consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-117370; 333-134871; 333-136493 and 333-164083) and Form F-10 (No. 333-163551) of the references to my name, the use of the Technical Report and the information derived from the Technical Report in the AIF, which are included in the annual report on Form 40-F.

Dated this 17th day of February 2010.

/s/ K. Francis
Name: Kevin Francis
Title: VP Technical Services

CONSENT OF RUSS WHITE

I consent to the inclusion in this annual report on Form 40-F of NovaGold Resources Inc., which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of "NI 43-101 Technical Report on Resources, Ambler Project, Arctic Deposit" dated January 31, 2008 (the "Technical Report") and the information derived from the Technical Report, included in the 2009 Annual Information Form of NovaGold Resources Inc. dated February 17, 2010 (the "AIF").

I also consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-117370; 333-134871; 333-136493 and 333-164083) and Form F-10 (No. 333-163551) of the references to my name, the use of the Technical Report and the information derived from the Technical Report in the AIF, which are included in the annual report on Form 40-F.

Dated this 17th day of February 2010.

/s/ Russell White
Name: Russ White
Title: Registered Geologist

CONSENT OF NEAL RIGBY

I consent to the inclusion in this annual report on Form 40-F of NovaGold Resources Inc., which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of "NI 43-101 Technical Report on Resources, Ambler Project, Arctic Deposit" dated January 31, 2008 (the "Technical Report") and the information derived from the Technical Report, included in the 2009 Annual Information Form of NovaGold Resources Inc. dated February 17, 2010 (the "AIF").

I also consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-117370; 333-134871; 333-136493 and 333-164083) and Form F-10 (No. 333-163551) of the references to my name, the use of the Technical Report and the information derived from the Technical Report in the AIF, which are included in the annual report on Form 40-F.

Dated this 17th day of February 2010.

/s/ N. Rigby
Name: Dr. Neal Rigby
Title: Global Group Chairman
Corporate Consultant Mining

CONSENT OF ROBERT SIM

I consent to the inclusion in this annual report on Form 40-F of NovaGold Resources Inc., which is being filed with the United States Securities and Exchange Commission, of references to my name and to the use of "Technical Report, Nome Placer Property" dated September 12, 2006 (the "Technical Report") and the information derived from the Technical Report, included in the 2009 Annual Information Form of NovaGold Resources Inc. dated February 17, 2010 (the "AIF").

I also consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-117370; 333-134871; 333-136493 and 333-164083) and Form F-10 (No. 333-163551) of the references to my name, the use of the Technical Report and the information derived from the Technical Report in the AIF, which are included in the annual report on Form 40-F.

Dated this 17th day of February 2010.

/s/ R. Sim
Robert Sim PGeo