

NOVAGOLD RESOURCES INC
Form SUPPL
February 01, 2012
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**Filed pursuant to General Instruction II. L of Form F-10;
File No. 333-178588**

This prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but is not complete and may be changed. This prospectus supplement is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED FEBRUARY 1, 2012

PROSPECTUS SUPPLEMENT

(To Prospectus Dated January 5, 2012)

26,400,000 Shares

NovaGold Resources Inc.

Common Shares

US\$ per share

NovaGold Resources Inc. (the Company or NovaGold) is selling 26,400,000 of its common shares (each a Common Share). The Company has granted the underwriters an option (the Over-allotment Option) to purchase up to additional common shares to cover over-allotments.

The outstanding common shares of the Company are listed for trading on the Toronto Stock Exchange (the TSX) and the NYSE Amex LLC (AMEX) under the trading symbol NG. On January 31, 2012, the closing price of the Company's common shares on the TSX and AMEX was \$10.38 and US\$10.35, respectively.

Investing in the Common Shares involves risks. See **Risk Factors** in this prospectus supplement and the accompanying short form base shelf prospectus.

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

Prospective investors should be aware that the acquisition of Common Shares may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in, or citizens of, the United States may not be fully described herein.

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

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

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

The underwriters expect to deliver the Common Shares to purchasers on or about _____, 2012.

J.P. Morgan

RBC Capital Markets

, 2012

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GENERAL MATTERS

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

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

Unless stated otherwise or as the context otherwise requires, all references to dollar amounts in this prospectus supplement and the accompanying base shelf prospectus are references to Canadian dollars. References to \$ or Cdn\$ are to Canadian dollars and references to US\$ are to U.S. dollars. See *Exchange Rate Information* in this prospectus supplement. The Company's financial statements that are incorporated by reference into this prospectus supplement have been prepared in accordance with generally accepted accounting principles in Canada (Canadian GAAP), and are reconciled to generally accepted accounting principles in the United States (U.S. GAAP) as described therein. The Company is transitioning to International Financial Report Standards (IFRS) for the year ending November 30, 2012.

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

CAUTIONARY NOTE TO UNITED STATES INVESTORS

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

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

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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

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with NI 43-101 may not qualify as reserves under SEC standards. Accordingly, information concerning mineral deposits set forth herein may not be comparable with information made public by companies that report in accordance with United States standards.

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying base shelf prospectus and the documents incorporated by reference herein and therein contain statements of forward-looking information. These forward-looking statements may include statements regarding perceived merit of properties, exploration results and budgets, mineral reserves and resource estimates, work programs, capital expenditures, operating costs, cash flow estimates, production estimates and similar statements relating to the economic viability of a project, timelines, strategic plans, including the Company's plans and expectations relating to its Galore Creek and Ambler projects, completion of transactions, market prices for precious and base metals, or other statements that are not statements of fact. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as expects, is expected, anticipates, believes, plans, projects, estimates, assumes, intends, strategy, goals, objectives, potential, possible or variations thereof or stating that certain conditions or results may, could, would, should, might or will be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

Forward-looking statements are based on a number of material assumptions, including those listed below, which could prove to be significantly incorrect:

- our ability to achieve production at any of the Company's mineral exploration and development properties;
- estimated capital costs, operating costs, production and economic returns;
- estimated metal pricing, metallurgy, mineability, marketability and operating and capital costs, together with other assumptions underlying the Company's resource and reserve estimates;
- our expected ability to develop adequate infrastructure and that the cost of doing so will be reasonable;
- assumptions that all necessary permits and governmental approvals will be obtained;

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- assumptions made in the interpretation of drill results, the geology, grade and continuity of the Company's mineral deposits;
- our expectations regarding demand for equipment, skilled labour and services needed for exploration and development of mineral properties; and
- our activities will not be adversely disrupted or impeded by development, operating or regulatory risks.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation:

- uncertainty of whether there will ever be production at the Company's mineral exploration and development properties;
- uncertainty of estimates of capital costs, operating costs, production and economic returns;
- uncertainties relating to the assumptions underlying the Company's resource and reserve estimates, such as metal pricing, metallurgy, mineability, marketability and operating and capital costs;
- risks related to the Company's ability to commence production and generate material revenues or obtain adequate financing for its planned exploration and development activities;
- risks related to the Company's ability to finance the development of its mineral properties through external financing, strategic alliances, the sale of property interests or otherwise;
- risks related to the third parties on which the Company depends for its exploration and development activities;
- dependence on cooperation of joint venture partners in exploration and development of properties;
- credit, liquidity, interest rate and currency risks;
- risks related to market events and general economic conditions;

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- uncertainty related to inferred mineral resources;
- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of the Company's mineral deposits;
- risks related to lack of infrastructure;
- mining and development risks, including risks related to infrastructure, accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with or interruptions in development, construction or production;
- the risk that permits and governmental approvals necessary to develop and operate mines on the Company's properties will not be available on a timely basis or at all;
- commodity price fluctuations;
- risks related to governmental regulation and permits, including environmental regulation;
- risks related to the need for reclamation activities on the Company's properties and uncertainty of cost estimates related thereto;
- uncertainty related to title to the Company's mineral properties;
- uncertainty related to unsettled aboriginal rights and title in British Columbia;
- the Company's history of losses and expectation of future losses;
- uncertainty as to the outcome of potential litigation;
- uncertainty inherent in litigation including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal;
- risks related to default under the Company's unsecured convertible notes;
- risks related to the Company's majority shareholder;
- risks related to increases in demand for equipment, skilled labor and services needed for exploration and development of mineral properties, and related cost increases;
- increased competition in the mining industry;
- the Company's need to attract and retain qualified management and technical personnel;
- risks related to the Company's current practice of not using hedging arrangements;
- uncertainty as to the Company's ability to acquire additional commercially mineable mineral rights;
- risks related to the integration of potential new acquisitions into the Company's existing operations;

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- risks related to unknown liabilities in connection with acquisitions;
- risks related to conflicts of interests of some of the directors of the Company;
- risks related to global climate change;
- risks related to adverse publicity from non-governmental organizations;
- uncertainty relating to the timing and ability to complete the spin-off of NovaCopper to the Company's shareholders;
- uncertainty as to the Company's ability to maintain the adequacy of internal control over financial reporting as per the requirements of the Sarbanes-Oxley Act;
- increased regulatory compliance costs relating to the Dodd-Frank Act; and
- increased regulatory compliance costs related to the Company's loss of its foreign private issuer status in the event of a disposition of the Galore Creek project.

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

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

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

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

On January 31, 2012, the exchange rate for the Canadian dollar, as expressed in U. S. dollars based on the Bank of Canada noon rate, was \$1.0052 per US\$1.00.

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THE OFFERING

The following summary contains basic information about the Offering and is not intended to be complete. It does not contain all the information that is important to you. You should carefully read the entire prospectus supplement, the accompanying base shelf prospectus and the documents incorporated by reference herein and therein before making an investment decision.

Issuer	NovaGold Resources Inc.
Securities offered	Common Shares.
Over-allotment Option	The Underwriters have been granted an Over-allotment Option to purchase up to additional Common Shares at the Offering price. The Over-allotment Option is exercisable for 30 days from the date of closing of the Offering.
Use of proceeds	The net proceeds from this Offering will be approximately US\$ million (or approximately \$ million if the Underwriters exercise their Over-allotment Option in full), after deducting the Underwriting Commission and estimated expenses. The Company intends to use the net proceeds of this Offering to fund permitting and continued development at the Donlin Gold project, to fund care and maintenance activities and continued exploration and advanced engineering studies at the Galore Creek Project, to fund the spin-out of NovaCopper which includes continued exploration of the Ambler Project, to fund the closure activities at Rock Creek Mine including increases to reclamation bonding required to the end of closures and for general corporate purposes and for general working capital. See Use of Proceeds .
Stock Exchange symbols	The Common Shares are listed on the AMEX and on the TSX under the symbol NG .
Income Tax considerations	<p>The Common Shares will be subject to special and complex tax rules for U.S. taxpayers. Holders are urged to consult their own tax advisors with respect to the U.S. and Canadian federal, state, provincial, territorial, local and foreign tax consequences of purchasing, owning and disposing of the Common Shares. See Certain Income Tax Considerations for U.S. Holders .</p> <p>The anticipated distribution of NovaCopper common shares to the Company's shareholders is currently expected to be treated as a distribution under Section 301 of the U.S. Internal Revenue Code for purposes of U.S. income tax. For more information on tax considerations related to the spin-off of NovaCopper, see Certain Income Tax Considerations for U.S. Holders United States Federal Income Tax Considerations .</p>
Risk Factors	See Risk Factors in this prospectus supplement and the accompanying base shelf prospectus for a discussion of factors you should carefully consider before deciding to invest in the Common Shares.

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THE COMPANY

The following description of the Company does not contain all of the information about the Company and its properties and business that you should consider before investing in the Common Shares. You should carefully read the entire prospectus supplement and the accompanying base shelf prospectus, including the sections titled "Risk Factors", as well as the documents incorporated by reference herein and therein before making an investment decision.

Summary Description of the Business

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

Donlin Gold

Donlin Gold, one of the world's largest known undeveloped gold deposits, is held by Donlin Gold LLC (formerly Donlin Creek LLC), a limited liability company that is owned 50% by NovaGold Resources Alaska, Inc. and 50% by Barrick Gold U.S. Inc. On December 5, 2011, NovaGold announced the completion of a Feasibility Study for Donlin Gold (the Donlin Gold FS). The Donlin Gold FS was compiled by AMEC Americas Ltd. (AMEC) and revises the feasibility study completed in April 2009 (2009 Feasibility Study) with updated mineral reserves and resources, capital costs and operating cost estimates. The Donlin Gold FS also utilizes natural gas as the primary power source for the project rather than the original diesel option. Donlin Gold is located in southwestern Alaska on private Alaskan native-owned lands and Alaska state mining claims totalling 81,361 acres (32,926 hectares). The property has estimated proven and probable mineral reserves of 505 million tonnes grading 2.09 grams per tonne gold for 33.8 million ounces of gold. This represents an approximate 16% increase from the mineral reserve estimate outlined in the 2009 Feasibility Study and is broadly comparable to the March 2010 mineral reserve and resource update released by NovaGold. The property hosts estimated measured and indicated mineral resources (inclusive of mineral reserves) of 541 million tonnes grading 2.24 grams per tonne gold for 39 million ounces of gold and inferred mineral resources of 92 million tonnes grading 2.02 grams per tonne gold for 6.0 million ounces of gold. The total capital cost estimate for Donlin Gold is US\$6.7 billion, including costs related to the natural gas pipeline and a contingency of US\$984 million. The project's estimated after-tax net present value (NPV5%) is US\$547 million using the base case gold price of US\$1,200/oz, US\$4.58 billion using a gold price of US\$1,700/oz and US\$6.72 billion using a gold price of US\$2,000/oz. The corresponding Internal Rate of Returns (IRR) after-tax were estimated at 6.0%, 12.3% and 15.1%, respectively. Donlin Gold, if put into production in accordance with the Donlin Gold FS, would average 1.46 million ounces of gold production in each year of its first five years of operation at an average cash cost of US\$409/oz and an average of 1.13 million ounces of gold per year over its projected 27 year mine life with an average cash cost of US\$585/oz. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The project is expected to be a conventional truck and shovel open-pit operation. The mine life is estimated to be 27 years based on a nominal processing rate of 53,500 tonnes per day. NovaGold believes that significant exploration potential remains in the Donlin Gold district, with prospects to increase mine life and/or justify future production expansions. NovaGold anticipates that Donlin Gold will commence formal project permitting in the first half of 2012.

Galore Creek

Galore Creek, a large copper-gold-silver project located in northwestern British Columbia, is held by a partnership (the Galore Creek Partnership) in which NovaGold Canada Inc. and Teck Metals Ltd. each own a 50% interest and is managed by Galore Creek Mining Corporation. The 293,837 acre (118,912 hectare) property holds a large, porphyry-related copper-gold-silver deposit. The Pre-feasibility Study (PFS) completed in July 2011 for the Galore Creek project estimates that the project has proven and probable mineral reserves of 528 million tonnes grading 0.59% copper, 0.32 grams per tonne gold and 6.02 grams per tonne silver for estimated contained metal of 6.8 billion pounds of copper, 5.45 million ounces of gold and 102.1 million ounces of silver. In addition, the property has estimated

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measured and indicated mineral resources (exclusive of mineral reserves) of 286.7 million tonnes grading 0.33% copper, 0.27 grams per tonne gold and 3.64 grams per tonne silver, for estimated contained metal of 2.07 billion pounds of copper, 2.53 million ounces of gold and 33.54 million ounces of silver and estimated inferred mineral resources (exclusive of mineral reserves) of 346.6 million tonnes grading 0.42% copper, 0.24 grams per tonne gold and 4.28 grams per tonne silver, for estimated contained metal of 3.23 billion pounds of copper, 2.70 million ounces of gold and 47.73 million ounces of silver. The PFS total capital cost estimate for the Galore Creek project is \$5.2 billion dollars. The project's estimated net present value (NPV7%), using the PFS base case metal price assumptions set forth below, was assessed at \$837 million and \$137 million on a pre-tax and post-tax basis, respectively. The corresponding post-tax IRR of the project was estimated at 7.4%. Using the July 27, 2011 current price case set forth below, the pre-tax and post-tax NPV7% of the project were estimated at \$4.7 billion and \$2.7 billion, respectively, with a post-tax IRR estimated at 14%. Base case metal prices used in the PFS were US\$2.65/lb copper, US\$1,100/oz gold and US\$18.50/oz silver with a foreign exchange rate of US\$0.91 = Cdn\$1.00. The current metal prices used were closing prices on July 27, 2011 of US\$4.44/lb copper, US\$1,613/oz gold and US\$40.34/oz silver with a foreign exchange rate of US\$1.05 = Cdn\$1.00. Mineral resources that are not mineral reserves do not have demonstrated economic viability. NovaGold announced on November 16, 2011, that it is exploring opportunities to sell all or a part of its interest in the Galore Creek Partnership.

Ambler

Ambler, which hosts the high-grade copper-zinc-lead-gold-silver Arctic deposit, is, subject to a back-in right held by NANA, 100% owned by a wholly-owned subsidiary of NovaGold. Ambler is an exploration-stage property located in Alaska comprising 90,315 acres (36,549 hectares) of Federal patented mining claims and State of Alaska mining claims, within which volcanogenic massive sulfide mineralization can be found. A mineral resource estimate for the Arctic deposit shows an indicated mineral resource of 16.8 million tonnes grading 4.1% copper, 6.0% zinc, 0.83 grams/tonne gold and 59.62 grams/tonne silver for estimated contained metal of 1.5 billion pounds of copper, 2.2 billion pounds of zinc, 350.3 million pounds of lead, 447,000 ounces of gold and 32.3 million ounces of silver. In addition, the estimate shows an inferred mineral resource of 12.1 million tonnes grading 3.5% copper, 4.9% zinc, 0.67 grams/tonne gold, and 48.04 grams/tonne silver containing 939.9 million pounds of copper, 1.3 billion pounds of zinc, 211.6 million pounds of lead, 260,000 ounces of gold and 18.7 million ounces of silver. On April 14, 2011, NovaGold announced the results of a preliminary economic assessment (PEA) for the Arctic deposit. The project's Net Present Value (NPV8%) using the PEA base case metal price assumptions set forth below was estimated at US\$718 million and US\$505 million on a pre-tax and post-tax basis, respectively. The corresponding IRR were estimated at 30% and 25%. Using the metal prices set forth below, the pre-tax and post-tax NPV8% were estimated at US\$2.2 billion and US\$1.6 billion, respectively, with corresponding IRRs estimated at 59% and 50%. Base case metal price assumptions used were US\$2.50/lb copper, US\$1.05/lb zinc, US\$1.00/lb lead, US\$1,100/oz for gold and US\$20/oz silver. The metal price assumptions used were US\$4.31/lb copper, US\$1.20/lb zinc, US\$1.20/lb lead, US\$1,425/oz gold and US\$36/oz silver. Mineral resources that are not mineral reserves do not have demonstrated economic viability. On November 16, 2011, NovaGold announced that it intends to distribute the shares of NovaCopper Inc. to its shareholders. See The Company Recent Developments Spin-out of NovaCopper Inc. in the accompanying base shelf prospectus. NovaCopper Inc. owns the Ambler project through its wholly-owned subsidiary, NovaCopper US Inc.

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

Business Objectives and Milestones

The Company is focused on advancing the Donlin Gold Project through pre-permitting activities, project permitting, community development and planning for future project activities. Commencing project permitting remains contingent on approval by the Donlin Gold LLC Board of Directors, which is currently expected in the first half of 2012. The Company is also looking to realize value through opportunities to divest all or part of its interest in the Galore Creek Partnership and through the distribution of shares of NovaCopper Inc., which holds the Ambler project.

The Company is also working through closure activities at Rock Creek during 2012.

Recent Developments

Fiscal Year 2011 Financial Results

The following financial results for the fourth quarter and year ended November 30, 2011 are preliminary and unaudited.

As at November 30, 2011, the Company had a cash and cash equivalent balance of approximately \$67 million.

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For the year ended November 30, 2011, the Company recorded mineral property expenditures of approximately \$23 million for the Galore Creek project and approximately \$10 million for the Ambler project. The Company also funded approximately \$22 million for its 50% share of the Donlin Gold project.

For the fourth quarter ended November 30, 2011, the Company recorded mineral property expenditures of approximately \$12 million for the Galore Creek project and approximately \$2 million for the Ambler project. The Company funded approximately \$4 million for its 50% share of the Donlin Gold project in the fourth quarter.

RISK FACTORS

An investment in the Common Shares offered hereby involves certain risks. In addition to the other information contained in this prospectus supplement, the accompanying base shelf prospectus and the documents incorporated by reference herein and therein, prospective investors should carefully consider the factors set out under Risk Factors in the accompanying base shelf prospectus, in the Company's annual information form for the year ended November 30, 2010 (which is incorporated by reference herein) and the factors set out below in evaluating NovaGold and its business before making an investment in the Common Shares.

Risks relating to the Common Shares and the Offering.

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

The trading price of the Company's common shares has been and may continue to be subject to large fluctuations, which may result in losses to investors. Since December 1, 2010, the trading price and volume of the Company's Common Shares on the TSX has ranged from a low of \$6.26 to a high of \$16.92 per share and on the AMEX from a low of US\$5.93 per share to a high of US\$16.90 per share. The trading price of the Company's common shares and warrants and any securities convertible into or exchangeable for, common shares or warrants may increase or decrease in response to a number of events and factors, including:

- the price of gold and other metals;
- the Company's operating performance and the performance of competitors and other similar companies;
- the public's reaction to the Company's press releases, other public announcements and the Company's filings with the various securities regulatory authorities;

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- changes in earnings estimates or recommendations by research analysts who track the Company's common shares or the shares of other companies in the resource sector;
- changes in general economic conditions;
- the number of the Company's common shares to be publicly traded after an offering pursuant to any prospectus supplement;
- the arrival or departure of key personnel;
- acquisitions, strategic alliances or joint ventures involving the Company or its competitors;
- the ability of the Company to sell its interest in the Galore Creek project;
- the ability of the Company to complete the spin-off of NovaCopper; and
- the factors listed under the heading "Cautionary Statement Regarding Forward-Looking Statements".

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

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

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

The spin-off of NovaCopper to the Company's shareholders is complex and subject to various approvals, and there can be no assurance that the Company can complete the spin-off on a timely basis or at all.

The spin-off of NovaCopper to the Company's shareholders is complicated and involves a substantial number of steps and transactions, including obtaining various court, regulatory and stock exchange approvals. In addition, future financial conditions, superior alternatives or other factors may arise that make it inadvisable to proceed with part or all of the spin-off. The spin-off may not occur as currently expected or within the time frames that are currently contemplated, or at all.

If, for any reason, the spin-off is not completed or its completion is materially delayed, the market price of the Company's common shares may be materially adversely affected. The Company's business, financial condition or results of operations could also be subject to various material adverse consequences, including that the Company would remain liable for significant costs relating to the spin-off including, among others, legal and accounting expenses.

If Company and NovaCopper do not realize the benefits that the Company anticipates from the spin-off, their respective businesses may be materially adversely affected.

Should the Company distribute the shares of NovaCopper to its shareholders as is currently anticipated, the Company expects that the spin-off should be treated as a distribution under Section 301 of the U.S. Internal Revenue Code for purposes of U.S. federal income tax. For additional discussion, see Certain Income Tax Considerations for U.S. Holders United States Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Acquisition, Ownership and Disposition of Common Shares and Warrant Shares Distributions on Common Shares and Warrant Shares.

The proposed sale of Galore Creek may not occur

Part of the Company's current business strategy is to sell our interest in the Galore Creek Partnership. We expect to continue to evaluate disposition opportunities on a regular basis and intend to pursue those opportunities that we believe are in our long-term best interests. Competition in the mining business for limited sources of capital could adversely impact our ability to dispose of our interest and as a result we may not be successful in identifying a purchaser or in obtaining an offer at an acceptable price. As a result, there is no assurance that we will be

able to dispose of our interest in the Galore Creek Partnership in which case we expect to continue with the joint development of Galore Creek through the Galore Creek Partnership, which would result in increased capital requirements for NovaGold to fund its portion of the project.

USE OF PROCEEDS

The Company estimates that the net proceeds from the Offering will be approximately US\$ million, after deducting the Underwriting Commission of US\$ million and our expenses of the Offering, which are estimated to be US\$ million. If the Undewriters Over-allotment Option is exercised in full, the net proceeds will be approximately \$ million. The Company intends to use such net proceeds (i) to fund permitting and continued development at the Donlin Gold project prior to any sale of the Company's interest in the project; (ii) to fund care and maintenance activities and continued exploration and advanced engineering studies at the Galore Creek Project; (iii) to fund the spin-out of NovaCopper which includes continued exploration of the Ambler Project; (iv) to fund the closure activities at the Rock Creek Mine including increases to reclamation bonding required to the end of closure; and (v) for general corporate purposes, as indicated in the table which follows. The Company has negative operating cash flow and it is expected that the proceeds from the Offering will be used to fund operating cash flow.

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Principal Purpose	Estimated Amount to be Expended (US\$ million)
Permitting and continued development at the Donlin Gold Project	70.0
Care and maintenance, exploration and engineering activities at the Galore Creek Project	17.7
NovaCopper spin-out of the Ambler Project	25.0
Closure at the Rock Creek Mine including reclamation bonding	50.7
General corporate purposes(1)	
Total	

Note:

(1) Funds included in general corporate purposes may be allocated to corporate expenses, exploration activities at the San Roque Project, business development, potential future acquisitions, additional financing in connection with the spin-out of NovaCopper, interest on, or repayment of, the Company's outstanding US\$95.0 million principal amount of convertible notes maturing on May 1, 2015 callable by the holder on May 1, 2013, and to other purposes.

If the Underwriters' Over-allotment Option is exercised in full, the Company will use the additional net proceeds from such exercise for general corporate purposes. While the Company intends to spend the net proceeds of the Offering as stated above, there may be circumstances where, for sound business reasons, a re-allocation of funds may be necessary or advisable.

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

DIVIDEND POLICY

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

CONSOLIDATED CAPITALIZATION

The following table sets forth the cash and cash equivalents, long term debt and capitalization of NovaGold as of August 31, 2011 on an actual basis and as adjusted to give effect to this Offering as though it had occurred on such date. This table should be read in conjunction with the Company's consolidated financial statements for the interim period ended August 31, 2011.

		As at August 31, 2011 (in thousands)	As at August 31, 2011 after giving effect to the issuance of the Common Shares(2)(3) (in thousands)
Cash and cash equivalents	\$	91,611	\$ (1)
Long term financial liabilities	\$	160,192	\$
Outstanding common shares (1,000,000,000 authorized)		239,706	\$

Notes:

- (1) After deduction of the Underwriting Commission and the estimated expenses of the Offering.
- (2) Assumes no exercise of the Over-allotment Option
- (3) The net proceeds of the Offering, which will be received by the Company in U.S. dollars, have been converted to Canadian dollars for purposes of this table based on an exchange rate of \$1.0052 per US\$1.00, which was the applicable exchange rate on January 31, 2012. See Exchange Rate Information .

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DESCRIPTION OF SHARE CAPITAL

The Company's authorized share capital consists of 1,000,000,000 common shares without par value and 10,000,000 preferred shares, issuable in series. As at January 31, 2012, the Company had 242,988,444 common shares and no preferred shares issued and outstanding.

Common Shares

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

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

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

Preferred Shares

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

CERTAIN INCOME TAX CONSIDERATIONS FOR U.S. HOLDERS

Canadian Income Tax Considerations

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The following is a summary of the principal Canadian federal income tax consequences of the purchase, ownership and disposition of the Common Shares generally applicable to purchasers of Common Shares pursuant to this prospectus supplement who are U.S. Holders (as defined below under the heading "United States Federal Income Tax Considerations") and, who, at all relevant times, are not and never have been residents of Canada for the purposes of the *Income Tax Act* (Canada) (the "Tax Act") and the regulations thereunder (the "Regulations") and the *Canada - United States Tax Convention (1980)* (the "Convention"), are fully entitled to benefit of the Convention, hold their Common Shares as capital property, deal at arm's length and are not affiliated with the Company for the purposes of the Tax Act, and do not use or hold and are not deemed to use or hold such Common Shares in connection with a business carried on in Canada. Common Shares will generally be considered to be capital property to a U.S. Holder unless the shares are held in the course of carrying on a business of trading or dealing in securities or were acquired in one or more transactions considered to be an adventure in the nature of trade. This summary does not apply to a U.S. Holder that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere; and such holders should consult their own tax advisers. Fiscally transparent entities or other holders subject to special provisions are not addressed in this summary.

This summary is based upon the current provisions of the Tax Act, the Regulations, all specific proposals (the "Proposals") to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, and the provisions of the Convention as in effect on the date hereof. No assurance can be given that the Proposals will be enacted as proposed, if at all. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, nor does it take into account tax laws of any province or territory of Canada or of any jurisdiction outside of Canada. For the purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of the Common Shares must be converted to Canadian dollars based on the relevant exchange rate (as defined in the Tax Act) applicable on the relevant date.

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

Dividends

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

Dispositions

A U.S. Holder will not be subject to tax in Canada on any capital gain realized on a disposition, or deemed disposition, of Common Shares provided that the shares do not constitute taxable Canadian property of the U.S. Holder at the time of disposition. Common Shares will generally constitute taxable Canadian property to a U.S. Holder if such shares are listed on a designated stock exchange (which currently includes the TSX and AMEX) at the time of the disposition and, during the 60 month period immediately preceding the disposition, (i) the U.S. Holder, persons with whom the U.S. Holder does not deal at arm's length, or the U.S. Holder together with all such persons has owned 25% or more of the issued shares of any series or class of the capital stock of the Company, and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the Tax Act), timber resource properties (as defined in the Tax Act) or an options, an interest in, or for a civil law if right in, such property, whether or not such property exists. Common Shares may also be deemed to be taxable Canadian property in certain circumstances. U.S. Holders whose Common Shares may constitute taxable Canadian property should consult with their own tax advisors.

Even if a Common Share is taxable Canadian property to a U.S. Holder, a capital gain realized upon the disposition of such Common Share may not be subject to tax under the Tax Act if such capital gain is exempt from Canadian tax pursuant to the provisions of the Convention. Under the Convention, qualifying U.S. Holders in general terms may claim exemption in respect of a capital gain realized on the disposition of a share of a company that is a resident of Canada, the value of whose shares is not derived principally from real property (as used for purposes of the Convention) situated in Canada. US Holders for whom this potential Convention exemption may be relevant should consult with their own advisors in this regard.

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United States Federal Income Tax Considerations

For a discussion of certain material U.S. federal income tax consequences to U.S. shareholders arising from and relating to the acquisition, ownership and disposition of common shares of the Company, please see **United States Federal Income Tax Considerations** in the accompanying base shelf prospectus. U.S. shareholders should be aware that certain categories of U.S. shareholders must file information returns with respect to their investment in, or involvement in, a foreign corporation, including the filing of a IRS Form 8938 as an attachment to their U.S. federal income tax return. Penalties for failure to file these information returns are substantial. U.S. shareholders who hold common shares should consult with their own tax advisor regarding the requirements of filing information returns.

While a substantial portion of the Company's gross income for the tax year ended November 30, 2011 constituted passive income, the Company has determined that it should not be classified as a passive foreign investment company (PFIC) for such year. Based on current business plans and financial projections, the Company does not expect to be a PFIC for the current tax year or the foreseeable future. The determination of whether the Company (or a subsidiary of the Company) was, or will be, a PFIC for a tax year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether the Company (or subsidiary) will be a PFIC for any tax year depends on the assets and income of the Company (and each such subsidiary) over the course of each such tax year and, as a result, cannot be predicted with certainty as of the date of this document. Accordingly, there can be no assurance that the IRS will not challenge any determination made by the Company (or subsidiary) concerning its PFIC status or that the Company (and any subsidiary) was not, or will not be, a PFIC for any tax year. U.S. Holders should consult their own tax advisors regarding the PFIC status of the Company and any subsidiary of the Company.

Should the Company distribute the shares of NovaCopper Inc. to its shareholders as is currently anticipated, the Company expects the spin-off of NovaCopper should be treated as a distribution under Section 301 of the U.S. Internal Revenue Code for purposes of U.S. federal income tax. The Company expects that it will not have any accumulated or current earnings and profits for the year in which the spin-off occurs. For additional discussion, see **Certain Income Tax Considerations for U.S. Holders** **United States Federal Income Tax Considerations** **U.S. Federal Income Tax Consequences of the Acquisition, Ownership and Disposition of Common Shares and Warrant Shares** **Distributions on Common Shares and Warrant Shares**.

UNDERWRITING

RBC Dominion Securities Inc. and J.P. Morgan Securities LLC are acting as joint bookrunning managers of the Offering and are acting as representatives of the Underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement (the **Underwriting Agreement**), each Underwriter named below has agreed to purchase, and we have agreed to sell to that Underwriter, the number of Common Shares set forth opposite the Underwriter's name.

Underwriter	Number of Common Shares
RBC Dominion Securities Inc.	
J.P. Morgan Securities LLC.	
Total	

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

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

The Underwriters propose to offer some of the Common Shares directly to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the Common Shares to dealers at the public offering price less a concession not to exceed US\$ per Common Share. The Underwriters may allow, and dealers may reallow a concession not to exceed US\$ per Common Share on sales to other dealers. After the initial offering of the Common Shares to the public, the representatives may change the public offering price and concessions.

We have granted to the Underwriters the Over-allotment Option, exercisable for 30 days from the date of the closing of this Offering to purchase up to additional Common Shares at the public offering price less the Underwriting Commission. The Underwriters may

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exercise the Over-allotment Option solely for the purpose of covering over-allotments, if any, in connection with this Offering. To the extent the Over-allotment Option is exercised, each Underwriter must purchase a number of additional Common Shares approximately proportionate to that Underwriter's initial purchase commitment. Under applicable Canadian securities laws, this prospectus supplement and the accompanying base shelf prospectus also qualifies the grant of the Over-allotment Option and the distribution of the additional Common Shares issuable on exercise of the Over-allotment Option.

The Company, its executive officers, directors and certain members of its senior management, and Electrum have agreed that, for a period of 90 days from the date of the Underwriting Agreement (the Restricted Period), it and they will not, without the prior written consent of the Underwriters, directly or indirectly, offer, sell or otherwise dispose of, or enter into any agreement to offer, sell or otherwise dispose of, any securities of the Company other than grants of options or rights or issuances of common shares (i) pursuant to existing director or employee stock option or purchase plans; (ii) under such director or employee stock options granted subsequently in accordance with regulatory approval; (iii) as a result of the exercise of currently outstanding share purchase warrants or options; or (iv) pursuant to the spin-out of NovaCopper as described in this prospectus supplement, provided that, subject to applicable laws, certain executive officers and directors may, without the consent of the Underwriters, offer, sell or contract to sell during the Restricted Period a combined total of 600,000 of such executive officers' or directors' Common Shares; and provided further that, subject to applicable laws, Electrum may, without the consent of the Underwriters, sell up to 6,000,000 Common Shares during the Restricted Period together with certain Common Shares acquired after the date of such lock-up. The restrictions on executive officers, directors and Electrum shall also apply to common shares of NovaCopper received by such persons in connection with the proposed spin out of NovaCopper. The Underwriters at their discretion may release any of the securities subject to these lock-ups.

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

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

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

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

We estimate that our total expenses for this Offering will be approximately US\$.

The Underwriters have performed investment banking and advisory services for us from time to time for which they have received customary fees and expenses. The Underwriters may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business.

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

LEGAL MATTERS

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

AUDITORS, REGISTRAR AND TRANSFER AGENT

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

Any statement contained in the base shelf prospectus, in this prospectus supplement or in any document incorporated or deemed to be incorporated by reference in this prospectus supplement or the base shelf prospectus for the purpose of this Offering shall be deemed to be modified or superseded, for purposes of this prospectus supplement, to the extent that a statement contained herein or in the base shelf prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein or in the base shelf prospectus modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which

it was made. Any statement so modified or superseded shall not constitute a part of this prospectus supplement, except as so modified or superseded.

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Prospectus

January 5, 2012

NOVAGOLD RESOURCES INC.

US\$500,000,000

Debt Securities

Preferred Shares

Common Shares

Warrants to Purchase Equity Securities

Warrants to Purchase Debt Securities

Share Purchase Contracts

Share Purchase or Equity Units

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

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

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

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

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

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

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

(cover page continues on next page)

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contract, any procedures that will result in the adjustment of these numbers, the purchase price and purchase date or dates of the Equity Securities, any requirements of the purchaser to secure its obligations under the share purchase contract and any other specific terms; and (v) in the case of share purchase or equity units, the terms of the share purchase contract and Debt Securities or third party obligations, any requirements of the purchaser to secure its obligations under the share purchase contract by the Debt Securities or third party obligations and any other specific terms. Where required by statute, regulation or policy, and where Securities are offered in currencies other than Canadian dollars, appropriate disclosure of foreign exchange rates applicable to such Securities will be included in the Prospectus Supplement describing such Securities.

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

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

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

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

Clynton R. Nauman, a director of the Company, resides outside of Canada. Although Mr. Nauman has appointed Blake, Cassels & Graydon LLP as his agent for service of process in each province of Canada in which the Securities are to be distributed, it may not be possible for investors to enforce against Mr. Nauman judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

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

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

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

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CAUTIONARY NOTE TO UNITED STATES INVESTORS

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

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

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus and the documents incorporated by reference into this Prospectus contain statements of forward-looking information. These forward-looking statements may include statements regarding perceived merit of properties, exploration results and budgets, mineral reserves and resource estimates, work programs, capital expenditures, operating costs, cash flow estimates, production estimates and similar statements relating to the economic viability of a project, timelines, strategic plans, including the Company s plans and expectations relating to its Galore Creek and Ambler projects, completion of transactions, market prices for precious and base metals, or other statements that are not statements of fact. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet

determinable and assumptions of management. Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed.

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Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as expects, is expected, anticipates, believes, plans, projects, estimates, assumes, intends, strategy, goals, objectives, potential, possible or variations thereof or stating that certain conditions or results may, could, would, should, might or will be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

Forward-looking statements are based on a number of material assumptions, including those listed below, which could prove to be significantly incorrect:

- our ability to achieve production at any of the Company's mineral exploration and development properties;
- estimated capital costs, operating costs, production and economic returns;
- estimated metal pricing, metallurgy, mineability, marketability and operating and capital costs, together with other assumptions underlying the Company's resource and reserve estimates;
- our expected ability to develop adequate infrastructure and that the cost of doing so will be reasonable;
- assumptions that all necessary permits and governmental approvals will be obtained;
- assumptions made in the interpretation of drill results, the geology, grade and continuity of the Company's mineral deposits;
- our expectations regarding demand for equipment, skilled labour and services needed for exploration and development of mineral properties; and
- our activities will not be adversely disrupted or impeded by development, operating or regulatory risks.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation:

- uncertainty of whether there will ever be production at the Company's mineral exploration and development properties;
- uncertainty of estimates of capital costs, operating costs, production and economic returns;
- uncertainties relating to the assumptions underlying the Company's resource and reserve estimates, such as metal pricing, metallurgy, mineability, marketability and operating and capital costs;
- risks related to the Company's ability to commence production and generate material revenues or obtain adequate financing for its planned exploration and development activities;

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- risks related to the Company's ability to finance the development of its mineral properties through external financing, strategic alliances, the sale of property interests or otherwise;
- risks related to the third parties on which the Company depends for its exploration and development activities;
- dependence on cooperation of joint venture partners in exploration and development of properties;
- credit, liquidity, interest rate and currency risks;
- risks related to market events and general economic conditions;
- uncertainty related to inferred mineral resources;
- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of the Company's mineral deposits;
- risks related to lack of infrastructure;
- mining and development risks, including risks related to infrastructure, accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with or interruptions in development, construction or production;
- the risk that permits and governmental approvals necessary to develop and operate mines on the Company's properties will not be available on a timely basis or at all;
- commodity price fluctuations;
- risks related to governmental regulation and permits, including environmental regulation;
- risks related to the need for reclamation activities on the Company's properties and uncertainty of cost estimates related thereto;
- uncertainty related to title to the Company's mineral properties;
- uncertainty related to unsettled aboriginal rights and title in British Columbia;

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- the Company's history of losses and expectation of future losses;
- uncertainty as to the outcome of potential litigation;
- uncertainty inherent in litigation including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal;
- risks related to default under the Company's unsecured convertible notes;
- risks related to the Company's majority shareholder;
- risks related to increases in demand for equipment, skilled labor and services needed for exploration and development of mineral properties, and related cost increases;
- increased competition in the mining industry;
- the Company's need to attract and retain qualified management and technical personnel;
- risks related to the Company's current practice of not using hedging arrangements;
- uncertainty as to the Company's ability to acquire additional commercially mineable mineral rights;
- risks related to the integration of potential new acquisitions into the Company's existing operations;
- risks related to unknown liabilities in connection with acquisitions;
- risks related to conflicts of interests of some of the directors of the Company;
- risks related to global climate change;
- risks related to adverse publicity from non-governmental organizations;
- uncertainty as to the Company's ability to maintain the adequacy of internal control over financial reporting as per the requirements of the Sarbanes-Oxley Act;
- increased regulatory compliance costs relating to the Dodd-Frank Act; and
- increased regulatory compliance costs related to the Company's loss of its foreign private issuer status in the event of a disposition of the Galore Creek project.

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

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

EXCHANGE RATE INFORMATION

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

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

On January 5, 2012, the exchange rate for the Canadian dollar, as expressed in U.S. dollars based on the Bank of Canada noon rate, was \$1.0197 per US\$1.00.

Table of Contents**THE COMPANY**

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

Summary Description of NovaGold's Business

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

- Donlin Gold, one of the world's largest known undeveloped gold deposits, is held by Donlin Gold LLC, a limited liability company that is owned 50% by NovaGold Resources Alaska, Inc. and 50% by Barrick Gold U.S. Inc. On December 5, 2011, NovaGold announced the completion of a Feasibility Study for Donlin Gold (the "Donlin Gold FS"). The Donlin Gold FS was compiled by AMEC Americas Ltd. ("AMEC") and revises the feasibility study completed in April 2009 ("2009 Feasibility Study") with updated mineral reserves and resources, capital costs and operating cost estimates. The Donlin Gold FS also utilizes natural gas as the primary power source for the project rather than the original diesel option. Donlin Gold is located in southwestern Alaska on private Alaskan native-owned lands and Alaska state mining claims totalling 81,361 acres (32,926 hectares). The property has estimated proven and probable mineral reserves of 505 million tonnes grading 2.09 grams per tonne gold for 33.8 million ounces of gold. This represents an approximate 16% increase from the mineral reserve estimate outlined in the 2009 Feasibility Study and is broadly comparable to the March 2010 mineral reserve and resource update released by NovaGold. The property hosts estimated measured and indicated mineral resources (inclusive of mineral reserves) of 541 million tonnes grading 2.24 grams per tonne gold for 39 million ounces of gold and inferred mineral resources of 92 million tonnes grading 2.02 grams per tonne gold for 6.0 million ounces of gold. The total capital cost estimate for Donlin Gold is US\$6.7 billion, including costs related to the natural gas pipeline and a contingency of US\$984 million. The project's estimated after-tax net present value (NPV5%) is US\$547 million using the base case gold price of US\$1,200 per ounce, US\$4.58 billion using a gold price of US\$1,700 per ounce and US\$6.72 billion using a gold price of US\$2,000 per ounce. The corresponding Internal Rate of Returns ("IRR") after-tax were estimated at 6.0%, 12.3% and 15.1%, respectively. Donlin Gold, if put into production in accordance with the Donlin Gold FS, would average 1.46 million ounces of gold production in each year of its first five years of operation at an average cash cost of US\$409/oz and an average of 1.13 million ounces of gold per year over its projected 27 year mine life with an average cash

cost of US\$585 per ounce. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The project is expected to be a conventional truck and shovel open-pit operation. The mine life is estimated to be 27 years based on a nominal processing rate of 53,500

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tonnes per day. NovaGold believes that significant exploration potential remains in the Donlin Gold district, with prospects to increase mine life and/or justify future production expansions. NovaGold anticipates that Donlin Gold will commence formal project permitting in the first half of 2012.

- Galore Creek, a large copper-gold-silver project located in northwestern British Columbia, is held by a partnership (the Galore Creek Partnership) in which NovaGold Canada Inc. and Teck Metals Ltd. each own a 50% interest and is managed by Galore Creek Mining Corporation (GCMC). The 293,837 acre (118,912 hectare) property holds a large, porphyry-related copper-gold-silver deposit. The Pre-feasibility Study (PFS) completed in July 2011 for the Galore Creek project estimates that the project has proven and probable mineral reserves of 528 million tonnes grading 0.59% copper, 0.32 grams per tonne gold and 6.02 grams per tonne silver for estimated contained metal of 6.8 billion pounds of copper, 5.45 million ounces of gold and 102.1 million ounces of silver. In addition, the property has estimated measured and indicated mineral resources (exclusive of mineral reserves) of 286.7 million tonnes grading 0.33% copper, 0.27 grams per tonne gold and 3.64 grams per tonne silver, for estimated contained metal of 2.07 billion pounds of copper, 2.53 million ounces of gold and 33.54 million ounces of silver and estimated inferred mineral resources (exclusive of mineral reserves) of 346.6 million tonnes grading 0.42% copper, 0.24 grams per tonne gold and 4.28 grams per tonne silver, for estimated contained metal of 3.23 billion pounds of copper, 2.70 million ounces of gold and 47.73 million ounces of silver. The PFS total capital cost estimate for the Galore Creek project is \$5.2 billion dollars. The project's estimated net present value (NPV7%), using the PFS base case metal price assumptions set forth below, was assessed at \$837 million and \$137 million on a pre-tax and post-tax basis, respectively. The corresponding post-tax IRR of the project was estimated at 7.4%. Using the July 27, 2011 current price case set forth below, the pre-tax and post-tax NPV7% of the project were estimated at \$4.7 billion and \$2.7 billion, respectively, with a post-tax IRR estimated at 14%. Base case metal prices used in the PFS were US\$2.65/lb copper, US\$1,100/oz gold and US\$18.50/oz silver with a foreign exchange rate of US\$0.91 = Cdn\$1.00. The current metal prices used were closing prices on July 27, 2011 of US\$4.44/lb copper, US\$1,613/oz gold and US\$40.34/oz silver with a foreign exchange rate of US\$1.05 = Cdn\$1.00. Mineral resources that are not mineral reserves do not have demonstrated economic viability. NovaGold announced on November 16, 2011, that it is exploring opportunities to sell all or a part of its interest in the Galore Creek Partnership.

- Ambler, which hosts the high-grade copper-zinc-lead-gold-silver Arctic deposit, is, subject to a back-in right held by NANA, 100% owned by a wholly-owned subsidiary of NovaGold. Ambler is an exploration-stage property located in Alaska comprising 90,315 acres (36,549 hectares) of Federal patented mining claims and State of Alaska mining claims, within which volcanogenic massive sulfide (VMS) mineralization can be found. A mineral resource estimate for the Arctic deposit shows an indicated mineral resource of 16.8 million tonnes grading 4.1% copper, 6.0% zinc, 0.83 grams/tonne gold and 59.62 grams/tonne silver for estimated contained metal of 1.5 billion pounds of copper, 2.2 billion pounds of zinc, 350.3 million pounds of lead, 447,000 ounces of gold and 32.3 million ounces of silver. In addition, the estimate shows an inferred mineral resource of 12.1 million tonnes grading 3.5% copper, 4.9% zinc, 0.67 grams/tonne gold, and 48.04 grams/tonne silver containing 939.9 million pounds of copper, 1.3 billion pounds of zinc, 211.6 million pounds of lead, 260,000 ounces of gold and 18.7 million ounces of silver. On April 14, 2011, NovaGold announced the results of a preliminary economic assessment (PEA) for the Arctic deposit. The project's Net Present Value (NPV8%) using the PEA base case metal price assumptions set forth below was estimated at US\$718 million and US\$505 million on a pre-tax and post-tax basis, respectively. The corresponding IRR were estimated at 30% and 25%. Using the metal prices set forth below, the pre-tax and post-tax NPV8% were estimated at US\$2.2 billion and US\$1.6 billion, respectively, with corresponding IRRs estimated at 59% and 50%. Base case metal price assumptions used were US\$2.50/lb copper, US\$1.05/lb zinc, US\$1.00/lb lead, US\$1,100/oz for gold and US\$20/oz silver. The metal price assumptions used were US\$4.31/lb copper, US\$1.20/lb zinc, US\$1.20/lb lead, US\$1,425/oz gold and US\$36/oz silver. Mineral resources that are not mineral reserves do not have demonstrated economic viability. On November 16, 2011, NovaGold announced that it intends to distribute the shares of NovaCopper Inc. to its shareholders. See *Recent Developments Spin-out of NovaCopper Inc.*. NovaCopper Inc. owns the Ambler Project through its wholly-owned subsidiary, NovaCopper US Inc.

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

Table of Contents**NovaGold Resources Inc.****Proven and Probable Mineral Reserves, Measured, Indicated and Inferred Mineral Resources for Gold (Au), Silver (Ag), Copper (Cu), Zinc (Zn) and Lead (Pb)**

As at December 5, 2011

Reserves

Property % Ownership	Reserve Category	Tonnes Millions	In Situ Grade				Total Contained Metal						NovaGold Share Net After Ear					
			Au g/t	Ag g/t	Cu %	Zn %	Pb %	Moz Au	Moz Ag	Mlbs Cu	Mlbs Zn	Mlbs Pb	Moz Au	Moz Ag	Moz AuEq	Mlbs Cu	Mlbs Zn	Mlbs Pb
Donlin Gold																		
(1) approximately																		
0.57 g/t Au Cutoff																		
Proven		7.7	2.32				0.57								0.29			0.29
50% Ownership - 50% Owned by Barrick Gold U.S. Inc.	Probable	497.1	2.08				33.28								16.64			16.64
	Total																	
	P&P	504.8	2.09				33.85								16.93			16.93
Galore Creek																		
(2) C\$10.08 NSR																		
Cutoff																		
Proven		69.0	0.52	4.94	0.61		1.15	11.0	900					0.58	5.5	0.67	450	
50% Ownership - 50% Owned by Teck Resources Inc.	Probable	459.1	0.29	6.18	0.58		4.30	91.2	5900					2.15	45.6	2.91	2,950	
	Total																	
	P&P	528.0	0.32	6.02	0.59		5.45	102.2	6800					2.73	51.1	3.58	3,400	

Resources (Inclusive of Reserves)

Property % Ownership	Resource Category	Tonnes Millions	In Situ Grade				Total Contained Metal						NovaGold Share Net A					
			Au g/t	Ag g/t	Cu %	Zn %	Pb %	Moz Au	Moz Ag	Mlbs Cu	Mlbs Zn	Mlbs Pb	Moz Au	Moz Ag	Moz AuEq	Mlbs Cu	Mlbs Zn	Mlbs Pb
Donlin Gold																		
(3) approximately																		
0.46 g/t Au Cutoff																		
Measured		7.7	2.52				0.63							0.31			0.31	
50% Ownership - 50% Owned by Barrick Gold U.S. Inc.	Indicated	533.6	2.24				38.38							19.19			19.19	
	Total																	
	M&I	541.3	2.24				39.01							19.50			19.50	
	Inferred	92.2	2.02				5.99							3.00			3.00	
Galore Creek																		
(4) C\$10.08 NSR																		
Cutoff																		
Measured		108.4	0.48	4.04	0.48		1.70	14.30	1,147.0					0.85	7.15	0.97		

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50% Ownership - 50% Owned by Teck Resources Limited	Indicated	706.3	0.29	5.32	0.50	6.40	122.10	7,786.0	3.20	61.05	Earned %
Absolute Cumulative TSR (Weight 50%)	less than	0%	21%	21.0%	50%	27.0%	75%	33.0%	90%	36.0%	100%

Relative TSR vs. MSCI US REIT Index (Weight 50%)	Below index	0%
	Index	50%
	Index + 1%	75%
	Index + 2%	85%
	Index + 3%	100%

If certain Company financial performance criteria established by the Compensation Committee for the applicable calendar year are satisfied, up to 25,000 of the shares for Mr. Shiffman, up to 6,250 of the shares for Mr. McLaren, and up to 5,000 of the shares for Ms. Dearing, are subject to performance vesting will vest as follows, provided that such executive officer is employed by the Company or any of its affiliates on the applicable vesting dates:

Measurement Period	Vesting Date	Shares Vested
Gary A. Shiffman		
January 1, 2015 through December 31, 2015	April 14, 2016	Up to 6,250
January 1, 2016 through December 31, 2016	April 14, 2017	Up to 6,250
January 1, 2017 through December 31, 2017	April 14, 2018	Up to 6,250
January 1, 2018 through December 31, 2018	April 14, 2019	Up to 6,250
John B. McLaren		
January 1, 2015 through December 31, 2015	April 14, 2016	Up to 1,562
January 1, 2016 through December 31, 2016	April 14, 2017	Up to 1,562
January 1, 2017 through December 31, 2017	April 14, 2018	Up to 1,563
January 1, 2018 through December 31, 2018	April 14, 2019	Up to 1,563
Karen J. Dearing		
January 1, 2015 through December 31, 2015	April 14, 2016	Up to 1,250
January 1, 2016 through December 31, 2016	April 14, 2017	Up to 1,250
January 1, 2017 through December 31, 2017	April 14, 2018	Up to 1,250
January 1, 2018 through December 31, 2018	April 14, 2019	Up to 1,250

The financial performance criteria is based (i) 50% on certain Company FFO growth targets for the applicable calendar year, and (ii) 50% on certain Company same-site NOI growth targets for the applicable calendar year. The specific metrics for these performance criteria are described above under the 'Grants of Plan Based Awards'.

In addition to our financial results reported in accordance with GAAP, we view information regarding FFO as an appropriate supplemental measure of the financial and operational performance of an equity REIT. Under the National Association of Real Estate Investment Trusts ("NAREIT") definition, FFO represents net income (loss) (computed in accordance with GAAP), excluding extraordinary items (as defined under GAAP), and gain (loss) on sales of depreciable operating property, plus real estate related depreciation and amortization (excluding amortization of financing costs), and after adjustments for unconsolidated partnerships and joint ventures. Management also uses FFO excluding certain items, a non-GAAP financial measure, which excludes certain gain and loss items that management considers unrelated to the operational and financial performance of our core business. We believe that this provides investors with another financial measure of our operating performance that is more comparable when evaluating period over period results.

NOI serves as the primary basis to evaluate the performance of our operations. NOI is derived from revenues minus property operating and maintenance expenses and real estate taxes. We believe that NOI is helpful to investors and analysts as a measure of operating performance because it is an indicator of the return on property investment and provides a method of comparing property performance over time. We use NOI as a key management tool when evaluating performance and growth of particular properties and/or groups of properties. The principal limitation of NOI is that it excludes depreciation, amortization, interest expense, and non-property specific expenses such as general and administrative expenses, all of which are significant costs, and therefore, NOI is a measure of the operating performance of our properties rather than of the Company overall. We believe that these costs included in net income often have no effect on the market value of our property and therefore limit its use as a performance measure. In addition, such expenses are often incurred at a parent company level and therefore are not necessarily linked to the performance of a real estate asset.

Outstanding Equity Awards at Fiscal Year-End

The following table provides certain information with respect to the value of all restricted share awards previously granted our named executive officers. None of the named executive officers hold any unexercised options.

Outstanding Equity Awards at Fiscal Year-End as of December 31, 2015

Name	Share Awards ⁽¹⁾			
	Number of Shares or Units of Stock that Have Not Vested	Market Value of Shares or Units of Stock that Have Not Vested ⁽²⁾		
Gary A. Shiffman	33,334	\$2,284,379	(3)	
	20,000	\$1,370,600	(4)	
	40,000	\$2,741,200	(5)	
	150,000	\$10,279,500	(6)	
	5,000	\$342,650	(7)	
	50,000	\$3,426,500	(8)	
	37,500	\$2,569,875	(9)	
	50,000	\$3,426,500	(11)	
	25,000	\$1,713,250	(12)	
	25,000	\$1,713,250	(13)	
	John B. McLaren	500	\$34,265	(10)
		8,334	\$571,129	(14)
		5,000	\$342,650	(3)
10,000		\$685,300	(15)	
15,000		\$1,027,950	(5)	
20,000		\$1,370,600	(7)	
12,500		\$856,625	(11)	
6,250		\$428,313	(12)	
6,250		\$428,313	(13)	
25,000		\$1,713,250	(16)	
Karen J. Dearing	500	\$34,265	(10)	
	5,000	\$342,650	(14)	
	6,667	\$456,890	(3)	
	5,000	\$342,650	(15)	
	15,000	\$1,027,950	(5)	
	25,000	\$1,713,250	(7)	
	10,000	\$685,300	(11)	
	5,000	\$342,650	(12)	
	5,000	\$342,650	(13)	
	20,000	\$1,370,600	(17)	
Jonathan M. Colman	3,000	\$205,590	(5)	
	8,000	\$548,240	(18)	

(1) All share awards begin to vest after either the third or fourth anniversary of the date of grant.

- (2) Value based on \$68.53, the closing price of our common stock on NYSE on December 31, 2015.
- (3) One-half of the remaining shares will vest on each of May 6, 2016 and May 6, 2017.

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- (4) One-third of the remaining shares vest on each of December 14, 2016, December 14, 2017 and December 14, 2018.
- (5) One-third of the remaining shares will vest on each of February 15, 2017, February 15, 2018 and February 15, 2019.
- (6) Thirty-five percent of the shares will vest on June 20, 2016, 35% of the shares will vest on June 20, 2017, 20% of the shares will vest on June 20, 2018 and 5% of the shares will vest on each of June 20, 2019 and June 20, 2020.
- (7) Twenty percent of the shares will vest on June 30, 2018, 30% of the shares will vest on June 30, 2019, 35% of the shares will vest on June 30, 2020, 10% of the shares will vest on June 30, 2021 and 5% of the shares will vest on June 30, 2022.
- (8) One-third of the remaining shares will vest on each of March 1, 2016, March 1, 2017 and March 1, 2018 based on certain performance conditions.
- (9) One-third of the shares will vest on each of March 1, 2016, March 1, 2017 and March 1, 2018 based on certain market conditions.
- (10) These shares will vest on February 5, 2018.
- (11) Twenty percent of the shares will vest on April 14, 2018, 30% of the shares will vest on April 14, 2019, 35% of the shares will vest on April 14, 2020, 10% of the shares will vest on April 14, 2021 and 5% of the shares will vest on April 14, 2022.
- (12) One-fourth of the shares will vest on each of April 14, 2016, April 14, 2017, April 14, 2018 and April 14, 2019 based on certain performance conditions.
- (13) One-third of the shares will vest on each of April 14, 2018, April 14, 2019 and April 14, 2020 based on certain market conditions.
- (14) One-half of the remaining shares vest on each of January 1, 2016 and January 1, 2017.
- (15) Twenty percent of the shares vest on February 20, 2016, 30% of the shares vest on February 20, 2017, 35% of the shares vest on February 20, 2018, 10% of the shares vest on February 20, 2019 and 5% of the shares vest on February 20, 2020.
- (16) Thirty-five percent of the shares vest on May 19, 2018, 35% of the shares vest on May 19, 2019, 20% of the shares vest on May 19, 2020, 5% of the shares vest on May 19, 2021 and 5% of the shares vest on May 19, 2022.
- (17) Thirty-five percent of the shares vest on July 16, 2018, 35% of the shares vest on July 16, 2019, 20% of the shares vest on July 16, 2020, 5% of the shares vest on July 16, 2021 and 5% of the shares vest on July 16, 2022.
- (18) Twenty percent of the shares will vest on February 12, 2018, 30% of the shares will vest on February 12, 2019, 35% of the shares will vest on February 12, 2020, 10% of the shares will vest on February 12, 2021 and 5% of the shares will vest on February 12, 2022.

Option Exercises and Stock Vested During Last Fiscal Year

The following table sets forth certain information concerning shares held by our named executive officers that vested during the fiscal year ended December 31, 2015:

Name	Stock Awards	
	Number of Shares Acquired on Vesting	Value Realized on Vesting
Gary A. Shiffman	12,500	\$843,625
	16,666	\$1,014,793
	20,000	\$1,345,800
John B. McLaren	4,166	\$256,251
	500	\$34,840
	2,500	\$152,225
	3,334	\$224,345
Karen J. Dearing	2,500	\$153,775
	500	\$34,840
	3,333	\$202,946
	3,334	\$224,345

Change in Control and Severance Payments

Under their employment agreements, we are obligated to make severance and change in control payments to Mr. Shiffman, Mr. McLaren and Ms. Dearing under certain circumstances. If any such executive is terminated without "cause" or for "good reason" as defined in his or her employment agreement, he or she is entitled to any accrued but unpaid salary, incentive compensation and benefits through the effective date of termination. In addition, subject to the execution of a general release and continued compliance with his or her non-competition and confidentiality covenants, Mr. Shiffman is entitled to a continuation of salary for up to 18 months after termination, and each of Ms. Dearing and Mr. McLaren is entitled to a continuation of salary for up to 12 months after termination. If Mr. Shiffman's, Mr. McLaren's or Ms. Dearing's employment is terminated due to death or disability, he or she or his or her successors and assigns, is entitled to any accrued but unpaid salary, incentive compensation and benefits through the effective date of termination. In addition, Mr. Shiffman, Mr. McLaren and Ms. Dearing are entitled to a continuation of salary for up to 24 months after death or disability.

If there is a change of control of the Company and any of the following events has occurred: (i) we terminate the employment of Mr. Shiffman, Mr. McLaren or Ms. Dearing without "cause" (as defined in his or her employment agreement) within two years after the date of such change of control, (ii) any of Mr. Shiffman, Mr. McLaren or Ms. Dearing terminate his or her employment for "good reason" (as defined in his or her employment agreement) within two years after the date of such change or control, or (iii) the form of such change of control transaction is a sale by the Company of all or substantially all of its assets and the Company or its successor does not expressly assume the employment agreement of Mr. Shiffman, Mr. McLaren or Ms. Dearing, then we are obligated to pay Mr. Shiffman, Mr. McLaren or Ms. Dearing, as applicable, an amount equal to 2.99 times his or her then current base salary, and to continue to provide him or her health and insurance benefits for up to one year. In addition, in the case of any such triggering event, all stock options or other stock based compensation awarded to Mr. Shiffman, Mr. McLaren, or Ms. Dearing will become fully vested and immediately exercisable and may be exercised by him or her at any time within one year after the triggering event.

Under any of the foregoing events of termination or change of control, all stock options and other stock based compensation awarded to the applicable executive shall become fully vested and immediately exercisable.

The following tables describe the potential payments upon termination without cause, a termination due to death or disability or after a change of control (and associated termination of the executives) for the following named executive officers:

Termination Without Cause

Name	Cash Payment ⁽¹⁾	Acceleration of Vesting of Stock Awards ⁽²⁾	Benefits ⁽³⁾	Total
Gary A. Shiffman	\$1,037,127	\$29,867,704	\$—	\$30,904,831
John B. McLaren	\$525,000	\$7,458,394	\$—	\$7,983,394
Karen J. Dearing	\$425,000	\$6,658,855	\$—	\$7,083,855
Jonathan M. Colman	\$—	\$—	\$—	\$—

Termination Due to Death or Disability

Name	Cash Payment ⁽¹⁾	Acceleration of Vesting of Stock Awards ⁽²⁾	Benefits ⁽³⁾	Total
Gary A. Shiffman	\$1,382,836	\$29,867,704	\$—	\$31,250,540
John B. McLaren	\$1,050,000	\$7,458,394	\$—	\$8,508,394
Karen J. Dearing	\$850,000	\$6,658,855	\$—	\$7,508,855
Jonathan M. Colman	\$—	\$753,830	\$—	\$753,830

Change of Control

Name	Cash Payment ⁽¹⁾	Acceleration of Vesting of Stock Awards ⁽²⁾	Benefits ⁽³⁾	Total
Gary A. Shiffman	\$2,067,340	\$29,867,704	\$11,898	\$31,946,942
John B. McLaren	\$1,569,750	\$7,458,394	\$11,898	\$9,040,042
Karen J. Dearing	\$1,270,750	\$6,658,855	\$11,898	\$7,941,503
Jonathan M. Colman	\$—	\$753,830	\$—	\$753,830

⁽¹⁾ Assumes a termination on December 31, 2015 and payments based on base salary without taking into account any accrued incentive based compensation as of December 31, 2015 for each executive for the periods specified above.

⁽²⁾ Calculated based on a termination as of December 31, 2015 and the fair market value of our common stock on NYSE as of December 31, 2015.

⁽³⁾ Reflects continuation of health benefits, life insurance and accidental death and disability insurance for the periods specified above.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Messrs. Brian M. Hermelin, Paul D. Lapidés, Clunet R. Lewis and Ronald L. Piasecki served as members of the Compensation Committee of our Board during 2015. None of the members of the Compensation Committee has been or will be one of our officers or employees. We do not have any interlocking relationships between our executive officers and the Compensation Committee and the executive officers and compensation committees of any other entities, nor has any such interlocking relationship existed in the past.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in this document.

Respectfully submitted,

Members of the Compensation Committee:

Brian M. Hermelin (Chairman)

Paul D. Lapidès

Clunet R. Lewis

Ronald L. Piasecki

PROPOSAL NO. 3

NON-BINDING ADVISORY VOTE ON EXECUTIVE COMPENSATION

The third proposal to be considered at the Annual Meeting will be a non-binding advisory vote on executive compensation. Section 14A of the Exchange Act requires us to allow stockholders an opportunity to cast a non-binding advisory vote on executive compensation as disclosed in this Proxy Statement. The following proposal, commonly known as a “say on pay” proposal, gives stockholders the opportunity to approve, reject or abstain from voting with respect to our fiscal 2015 executive compensation programs and policies and the compensation paid to our “named executive officers” listed in the Summary Compensation Table above.

“RESOLVED, that the compensation paid to our named executive officers, as disclosed pursuant to the SEC’s rules and regulations, including the Compensation Discussion and Analysis, the compensation tables and narrative discussion is, hereby approved on an advisory basis.”

As discussed in the “Compensation Discussion and Analysis” section of this Proxy Statement, the primary objectives of our executive compensation program are to attract and retain a skilled executive team to manage, lead and direct our personnel and capital to obtain the best possible economic results. The compensation of our executive officers reflects the success of our management team in attaining certain operational goals which leads to the success of the company and serves the best interests of our stockholders.

This proposal allows our stockholders to express their opinions regarding the decisions of the Compensation Committee on the prior year’s annual compensation to the named executive officers. Your non-binding advisory vote will serve as an additional tool to guide the Board and the Compensation Committee in continuing to improve the alignment of our executive compensation programs with our interests and the interests of our stockholders, and is consistent with our commitment to high standards of corporate governance.

Vote Required

Advisory approval of this say on pay proposal requires the affirmative vote of holders of a majority of all the votes cast in person or by proxy at the Annual Meeting. Abstentions will not be counted as votes cast for the say on pay proposal and do not represent votes cast for or against the advisory approval of the proposal. Brokers are not empowered to vote on the say on pay proposal without instruction from the beneficial owner of the shares and thus broker non-votes likely will result. Since broker non-votes are not considered votes cast on the say on pay proposal, they will not be counted in determining whether the say on pay proposal is approved. Because the vote on this proposal is non-binding and advisory in nature, it will not affect any compensation already paid or awarded to any named executive officer and will not be binding on or overrule any decisions by the Board; it will not create or imply any additional fiduciary duty on the part of the Board; and it will not restrict or limit the ability of stockholders to make proposals for inclusion in proxy materials related to executive compensation. To the extent there is any significant vote against our named executive officer compensation as disclosed in this Proxy Statement, the Compensation Committee will evaluate whether any actions are necessary to address the concerns of stockholders. The vote on this resolution is not intended to address any specific element of compensation; rather, the vote relates to the compensation of our named executive officers, as described in this Proxy Statement in accordance with the compensation disclosure rules of the SEC.

Board Recommendation

The Board unanimously recommends that you vote “FOR” the executive compensation of our named executive officers as disclosed in this Proxy Statement.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act, requires our directors, executive officers and beneficial owners of more than 10% of our capital stock to file reports of ownership and changes of ownership with the SEC and the NYSE. Based solely on our review of the copies of such reports received by us, and written representations from certain reporting persons, we believe, that, during the year ended December 31, 2015, our directors, executive officers and beneficial owners of more than 10% of our common stock have complied with all filing requirements applicable to them, except that Mr. Gary A. Shiffman failed to timely file one report disclosing the sale of 1,562 shares of common stock, Mr. Randall K. Rowe failed to timely file one report disclosing the sale of 100 shares of common stock, and Mr. Arthur A. Weiss failed to timely file one report disclosing the acquisition of 13,125 common OP units by a trust of which he is a trustee.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth, based upon information available to us, as of March 23, 2016, the shareholdings of: (a) each person known to us to be the beneficial owner of more than five percent (5%) of our common stock; (b) each of our directors; (c) each named executive officer listed in the Summary Compensation Table; and (d) all of our named executive officers and directors as a group:

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Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Outstanding Shares ⁽¹⁾
Gary A. Shiffman 27777 Franklin Road Suite 200 Southfield, Michigan 48034	2,338,336	(2) 3.96 %
John B. McLaren 27777 Franklin Road Suite 200 Southfield, Michigan 48034	145,616	*
Karen J. Dearing 27777 Franklin Road Suite 200 Southfield, Michigan 48034	126,989	*
Jonathan M. Colman 27777 Franklin Road Suite 200 Southfield, Michigan 48034	40,206	*
Stephanie W. Bergeron 27777 Franklin Road Suite 200 Southfield, Michigan 48034	23,500	(3) *
Brian M. Hermelin 27777 Franklin Road Suite 200 Southfield, Michigan 48034	6,600	*
Ronald A. Klein 27777 Franklin Road Suite 2500 Southfield, Michigan 48034	6,600	*
Paul D. Lapidés 27777 Franklin Road Suite 200 Southfield, Michigan 48034	21,678	(4) *
Clunet R. Lewis 27777 Franklin Road Suite 200 Southfield, Michigan 48034	63,776	*
Ronald L. Piasecki 27777 Franklin Road Suite 200 Southfield, Michigan 48034	55,375	(5) *
Arthur A. Weiss 27777 Franklin Road Suite 200 Southfield, Michigan 48034	773,743	(6) 1.32 %
FMR LLC, Abigail P. Johnson ⁽⁷⁾ 245 Summer Street	8,743,064	14.94 %

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Boston, MA 02210 Cohen & Steers, Inc., Cohen & Steers Capital Management, Inc. and Cohen & Steers UK Limited ⁽⁸⁾ 280 Park Ave., 10th Floor New York, NY 10017	7,604,048	12.99	%
The Vanguard Group, Inc. ⁽⁹⁾ 100 Vanguard Blvd. Malvern, PA 19355	7,418,742	12.67	%
BlackRock, Inc. ⁽¹⁰⁾ 55 East 52nd Street New York, NY 10022	4,291,263	7.33	%
Vanguard Specialized Funds - Vanguard REIT Index Fund ⁽¹¹⁾ 100 Vanguard Blvd. Malvern, PA 19355	3,744,387	6.39	%
All executive officers and directors as a group (11 persons) ⁽¹²⁾	3,068,721	5.14	%

* Less than one percent (1%) of the outstanding shares.

In accordance with SEC regulations, the percentage calculations are based on 58,538,863 shares of common stock issued and outstanding as of March 23, 2016, plus shares of common stock which may be issued within 60 days of March 23, 2016, to each individual or group listed upon the exercise, conversion or exchange of options, common (1) OP units issued by Sun Communities Operating Limited Partnership (“SCOLP”), and Aspen preferred OP units issued by SCOLP. As of March 23, 2016, (a) each common OP unit was convertible into one share of common stock and (b) each Aspen preferred OP unit was convertible into 0.39628 shares of common stock.

Includes: (a) 394,141 Common OP units convertible into 394,141 shares of common stock; (b) 453,841 shares of (2) common stock owned by certain limited liability companies of which Mr. Shiffman is a member and a manager, and (c) 141,794 Common OP units convertible into 141,794 shares of common stock owned by certain limited liability companies of which Mr. Shiffman is a member and a manager.

(3) Includes 7,500 shares of common stock which may be acquired pursuant to options that are exercisable within 60 days of March 23, 2016.

(4) Includes 8,000 shares of common stock which may be acquired pursuant to options that are exercisable within 60 days of March 23, 2016.

(5) Includes: (a) 17,437 common OP units convertible into 17,437 shares of common stock, and (b) 139,735 Aspen preferred OP units convertible into 0.39628 shares of common stock as of March 23, 2016.

Includes: (a) 10,748 shares of common stock owned by a limited liability company of which Mr. Weiss is a member and a manager, (b) 16,938 common OP units convertible into 16,938 shares of common stock, (c) 453,841 shares of common stock owned by certain limited liability companies of which Mr. Weiss is a manager (the “Managed LLCs”), (d) 141,794 Common OP units convertible into 141,794 shares of common stock owned by a Managed LLC, (e) 86,810 shares of common stock and 40,287 common OP Units convertible into 40,287 shares of (6) common stock held by the Gary A. Shiffman 2012 Irrevocable Family Trust, of which Mr. Weiss is the trustee, and (e) 13,125 common OP units convertible into 13,125 shares of common stock held by the Lois T. Shiffman 2015 Charitable Remainder Annuity Trust, of which Mr. Weiss is the trustee. Mr. Weiss does not have a pecuniary interest in the Gary A. Shiffman 2012 Irrevocable Family Trust, the Lois T. Shiffman 2015 Charitable Remainder Annuity Trust, or any of the Managed LLCs above and, accordingly, Mr. Weiss disclaims beneficial ownership of the 540,651 shares of common stock and the 195,206 common OP units held by such entities.

According to the Schedule 13G/A for the year ended December 31, 2015, and filed with the SEC on February 12, 2016, each of FMR LLC, in its capacity as a parent holding company or control person and Abigail P. Johnson, a (7) Director, the Vice Chairman, the Chief Executive Officer and the President of FMR LLC, beneficially own 8,743,064 shares of our common stock.

According to the Schedule 13G/A for the year ended December 31, 2015, and filed with the SEC on February 16, 2016, Cohen & Steers, Inc., Cohen & Steers Capital Management, Inc., and Cohen & Steers UK Limited, in their (8) capacity as investment advisor and parent holding company or control person, beneficially own 7,604,048 shares of our common stock in the aggregate.

According to the Schedule 13G/A for the year ended December 31, 2015, and filed with the SEC on February 10, (9) 2016, The Vanguard Group, Inc., in its capacity as an investment advisor, beneficially owns 7,418,742 shares of our common stock.

According to the Schedule 13G/A for the year ended December 31, 2015, and filed with the SEC on January 27, (10) 2016, BlackRock, Inc., in its capacity as a parent holding company or control person, beneficially owns 4,291,263 shares of our common stock.

According to the Schedule 13G/A for the year ended December 31, 2015, and filed with the SEC on February 9, (11)2015, Vanguard Specialized Funds- Vanguard REIT Index Fund, in its capacity as an investment company, beneficially owns 3,744,387 shares of our common stock.

Includes (a) 671,320 common OP units convertible into 671,320 shares of common stock, (b) 139,735 Aspen (12)preferred OP units convertible into 0.39628 shares of common stock, and (e) 18,500 shares of common stock which may be acquired pursuant to options exercisable within 60 days of March 23, 2015.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table reflects information about the securities authorized for issuance under our equity compensation plans as of December 31, 2015.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column a)
	(a)	(b)	(c)
Equity compensation plans approved by stockholders	24,500	\$ 29.11	1,799,874
Equity compensation plans not approved by stockholders	—	—	—
Total	24,500	\$ 29.11	1,799,874

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Relationship with Equity Affiliates

We have entered into the following transactions with Origen:

Investment in Origen. We own approximately 19.3% of the outstanding shares of Origen common stock and Shiffman Origen LLC (which is owned by Gary A. Shiffman (our Chairman and Chief Executive Officer), and members of Mr. Shiffman's family and related trusts) owns approximately 3.9% of the outstanding shares of Origen common stock. Gary A. Shiffman was a member of the Board of Directors of Origen until February 2016, and one of our directors, Arthur A. Weiss, was the trustee of a Shiffman family trust that beneficially owned Origen common stock. Ronald A. Klein, one of our directors, is the Chief Executive Officer and a director of Origen. Mr. Klein owns approximately 1.8% of the outstanding shares of Origen common stock. Mr. Shiffman, Mr. Weiss and Brian M. Hermelin, another of our directors, each beneficially owns less than 1% of the outstanding shares of Origen common stock. We accounted for our investment in Origen using the equity method of accounting which we have since suspended. As of December 31, 2015 the carrying value of our investment in Origen was zero.

Board Membership and Officer. Gary A. Shiffman, our Chairman and Chief Executive Officer was a board member of Origen until February 2016. Ronald A. Klein, one of our directors, is a director and the Chief Executive Officer of Origen.

Lease of Principal Executive Offices

Gary A. Shiffman, together with certain of his family members, indirectly owns a 16% equity interest in American Center LLC, the entity from which we lease office space for our principal executive offices. Each of Arthur A. Weiss and Ronald A. Klein owns a less than one percent indirect interest in American Center LLC. Under this lease agreement, we lease approximately 62,900 rentable square feet. The term of the lease is until October 31, 2026, and the base rent is \$16.95 per square foot (gross) until October 31, 2016, with graduated rental increases thereafter. Each of Mr. Shiffman, Mr. Weiss and Mr. Klein may have a conflict of interest with respect to his obligations as our officer and/or director and his ownership interest in American Center LLC.

Legal Counsel

During 2015, Jaffe, Raitt, Heuer, & Weiss, Professional Corporation acted as our general counsel and represented us in various matters. Arthur A. Weiss is the Chairman of the Board of Directors and a shareholder of such firm. We incurred legal fees and expenses owed to Jaffe, Raitt, Heuer, & Weiss of approximately \$4.8 million in the year ended December 31, 2015.

Tax Consequences Upon Sale of Properties

Gary A. Shiffman holds limited partnership interests in the Operating Partnership which were received in connection with the contribution of properties from partnerships previously affiliated with him. Prior to any redemption of these limited partnership interests for our common stock, Mr. Shiffman will have tax consequences different from those on us and our public stockholders upon the sale of any of these partnerships. Therefore, we and Mr. Shiffman may have different objectives regarding the appropriate pricing and timing of any sale of those properties.

ALL Acquisition

In the fourth quarter of 2014 and the first quarter of 2015, we purchased a portfolio of 59 MH communities from the Green Courte parties for aggregate consideration of \$1.3 billion. In January 2015, we sold 150,000 shares of our

common stock and 200,000 Series A-4 preferred OP units for an aggregate purchase price of \$12.5 million to one of the Green Courte parties. Randall K. Rowe and James R. Goldman are beneficial owners and directors and officers of certain of the Green Courte parties. In January 2015, Messrs. Rowe and Goldman were appointed to serve on our Board of Directors. In June 2015, we issued 25,664 shares of common stock and 34,219 shares of Series A-4 Preferred Stock to one of the Green Courte parties in connection with the ALL acquisition. In August 2015, we repurchased from certain of the Green Courte entities and their affiliates an aggregate of 4,066,586 shares of Series A-4 Preferred Stock at a purchase price of \$31.08 per share. We repurchased 156,625 shares of Series A-4 Preferred Stock from Mr. Rowe and his affiliates and 22,577 shares of Series A-4 Preferred Stock from Mr. Goldman. On March 14, 2016, Messrs. Rowe and Goldman resigned as members of the Board of Directors.

Policies and Procedures for Approval of Related Party Transactions

None of our executive officers or directors (or any family member or affiliate of such executive officer or director) may enter into any transaction or arrangement with us that reasonably could be expected to give rise to a conflict of interest without the prior approval of the NCG Committee. Any such transaction or arrangement must be promptly reported to the NCG Committee or the full Board. Any such disclosure provided by an executive officer or director is reviewed by the NCG Committee and approved or disapproved. In determining whether to approve such a transaction or arrangement, the NCG Committee takes into account, among other factors, whether the transaction was on terms no less favorable to us than terms generally available to third parties and the extent of the executive officer's or director's involvement in such transaction or arrangement.

The current policy was adopted and approved in 2004. All related party transactions disclosed above were approved by either the NCG Committee or the full Board.

SHAREHOLDER PROPOSALS FOR THE 2016 ANNUAL MEETING

In order to be considered for inclusion in our proxy statement and on the proxy card that will be solicited by the Board in connection with the 2017 annual meeting of stockholders, shareholder proposals intended to be presented at the 2017 annual meeting of stockholders must be received by our Secretary no later than December 1, 2016.

In addition, if a shareholder desires to bring business before an annual meeting of stockholders, which is not the subject of a proposal for inclusion in our proxy materials, the shareholder must follow the advance notice procedures outlined in our bylaws. These advance notice procedures are the same as the advance notice procedures for shareholder nominated directors, which are described under "Board of Directors and Corporate Governance - Consideration of Director Nominees - Consideration of Shareholder Nominated Directors" above. Our bylaws provide that: (i) with respect to an annual meeting of stockholders, nominations of individuals for election to the Board of Directors and the proposal of other business to be considered by the stockholders may be made only (a) pursuant to our notice of the meeting, (b) by or at the direction of the Board of Directors, or (c) by any shareholder who was a shareholder of record at the time of giving of notice provided for in the bylaws and at the time of the annual meeting, is entitled to vote at the meeting and has complied with the advance notice procedures set forth in the bylaws; and (ii) with respect to special meetings of stockholders, only the business specified in our notice of meeting may be brought before the meeting of stockholders, and nominations of persons for election to the Board of Directors may be made (a) pursuant to our notice of meeting, (b) by or at the direction of the Board of Directors, or (c) provided that the Board of Directors has determined that directors shall be elected at such special meeting, by any shareholder who is a shareholder of record both at the time of giving of notice provided for in the bylaws and at the time of the special meeting, is entitled to vote at the meeting and has complied with the advance notice provisions set forth in the bylaws.

OTHER MATTERS

The Board knows of no other matters to be presented for shareholder action at the Annual Meeting. If any other matters are properly presented at the Annual Meeting for action, it is intended that the persons named in the accompanying proxy and acting thereunder will vote in accordance with their best judgment on such matters.

Dated: March 30, 2016

By Order of the Board of Directors
/s/ Karen J. Dearing
Secretary

