

NOVAGOLD

2013 Annual Report



solid relationships

secure jurisdictions

golden opportunity



1	Shareholder Letter
6	Financial Position
8	Donlin Gold
10	Galore Creek
12	Team
14	Process
16	Collaborators
18	Community
20	Sustainability
22	Focus
24	Patience
26	Jurisdiction
28	Reserves and Resources
32	Corporate Information
	Financial Statements and MD&A (separate document)

Our employees and neighbors take pride in the work and activities depicted in the photographs throughout this report, most of which were taken at and around the Donlin Gold and Galore Creek project sites.

All scientific and technical information in the body of this annual report is qualified by and is to be read in conjunction with the reserves and resources tables and associated notes found on pages 28 through 31 of this annual report.

All dollar amounts quoted in this report are in U.S. currency unless otherwise noted.

Two projects exceptional in scale, quality, and jurisdictional safety – one is arguably the world’s most significant gold project, the other is projected to be one of the largest copper mines in Canada. A secure and well-financed company managed by the right people, affiliated with the right stakeholders, and focused on the right objectives.

A long-term view that creates mutually beneficial relationships with communities, employees, investors, and partners. It all adds up to an institutional-quality investment.

Dear shareholders,

This year's annual report gives us the opportunity to formally answer the questions we receive during meetings with investors, collaborators, and other stakeholders of NOVAGOLD. Here's what we're asked most frequently, with responses from Dr. Thomas Kaplan, chairman of the board of directors, and Gregory Lang, president and CEO of NOVAGOLD.



Gregory Lang, president and CEO (left) and Dr. Thomas Kaplan, chairman, board of directors.

How do you feel the company has performed this past year?

2013 was especially productive for NOVAGOLD. Simply put, we met all of our corporate objectives and then some. However, our accomplishments were not reflected in the company's share price. While that could be said about all the companies in our sector, including the exceptional ones, we know that is no consolation for our shareholders – including, of course, ourselves. Like the rest of our owners, we are absolute in our understanding that nobody can take relative returns to the bank.

What makes you say that Donlin Gold is the most important pure gold project in development today?

By definition, the biggest projected producer of any natural resource can lay claim to a certain profile. And Donlin Gold, which would be the largest single gold-producing mine in the world when it goes into production, is no exception. However, our project has so much more than that. Donlin

Gold has size and extraordinary grade, league-leading projected output, a low-cost structure, a company-making mine life, excellent exploration upside, strong local partnerships, and jurisdictional safety. Donlin Gold is a truly unique and attractive gold asset in an era practically defined by asset scarcity. As they say in real estate, this kind of property is a “category killer,” with all the leverage to a strong gold market that a bull on the metal could ask for. And let's face it: we are gold bulls and so are our shareholders. Which makes it all the more important that Donlin Gold is one of only a handful of large projects located in a safe jurisdiction, where you can sleep soundly knowing you will keep the fruits of your leverage to gold.

The reasons we hold these attributes to be true are the reasons we believe that NOVAGOLD will emerge as one of only a handful of premier, institutional-quality, must-own gold equities:

- ▶ Though “world-class” is an incredibly over-used expression, Donlin Gold is certainly the real deal by anyone's definition. With 39 million ounces of resources, it is the largest gold development project in permitting anywhere.
- ▶ But Donlin Gold is not just anywhere. At a time when world-class assets are rapidly being redefined by where they're located, Donlin Gold is situated in Alaska, one of the industry's safest jurisdictions and the second largest gold-producing state in the U.S. after Nevada. With resource nationalism becoming a prominent concern of mining companies and

their investors, we are fortunate to be in Alaska. The U.S. is the right place to invest in an asset of Donlin Gold's size and quality.

- ▶ We project that when it goes into production, assuming no expansion, the annual production rate will be 1,500,000 ounces of gold in the first five years (which, by way of comparison, would exceed Goldstrike's and Pueblo Viejo's current production), and over 1,100,000 ounces on average over its mine life. That is extraordinary. There are only three gold assets in the world that do or are projected to produce a million ounces of gold per year. Ours is one of them – and the only one in North America.
- ▶ Donlin Gold is blessed with an exceptionally high grade for a large open-pit deposit. At 2.2 grams per tonne, Donlin Gold's grade is outstanding. In fact, it's so high relative to projects being developed today that you'd have to go back a decade to find projects with similar grades. While we applaud and root for all good gold projects, the truth is that a mine's operations and economics can be much more forgiving at 2.2 grams per tonne than at the industry average of a gram or less.
- ▶ Staying power is just as important as size. As presently envisioned, Donlin Gold has a 27-year mine life. That is based merely on current reserves and does not consider inferred resources or the deposit's excellent potential to grow. Donlin Gold would be a core asset in any gold mining company, generating returns for decades to come.
- ▶ Donlin Gold is indeed anticipated to get bigger, possibly bigger than expected. The 39-million-ounce resource doesn't include an easily accessible 6 million ounces of inferred mineralization adjacent to the pit, or the fact that the deposit is open at depth. Moreover, of even greater significance, the existing reserves and resources are situated in a three-kilometer section of an area of known mineralization that extends for at least eight kilometers.
- ▶ Finally, there's Donlin Gold's tremendous leverage to the price of gold, making it one of the most sophisticated unexpiring warrants on gold. The updated feasibility study clearly demonstrated that the project's after-tax net present value can be increased more than 20 times as the price of gold increases from \$1,200 per ounce to \$2,500 per ounce. That's without attributing any value to potential increases in the resource base.

As you can see, Donlin Gold is a rare, investment-grade gem.

How truly rare are assets like Donlin Gold? Very rare. Donlin Gold is in the top 1% of known global gold deposits in terms of size. Today's resources of 39 million ounces have more than doubled over the last six years. We feel confident there is great additional potential at Donlin Gold, and with the next great gold discovery it can only get better. This is important to note, as it is apparent from recent market data that discoveries of significant new deposits are at a generational low – and the squeeze on resources is likely going to get worse. This is good for gold prices, but a challenge for mining companies in need of assets to replenish reserves in order to maintain or increase growth profiles.

But what about the capex? Donlin Gold's capex is presently estimated at \$200 per ounce of reserves. That would be very reasonable in and of itself, as our estimated cash costs are low and we are talking about an asset that will be around for many decades. Should we be successful in adding more reserves, which we anticipate, and in bringing down our up-front capex through collaborations with owner-operators of certain components of the project or equipment leasing, these numbers could be lower.

Today, big, capital-intensive projects are being scrutinized. Some of the reasons are perfectly legitimate and there have been too many capital cost blow-outs to ignore the issue. However, we believe that capital costs cannot be considered in isolation. There is a systemic supply/demand disequilibrium in gold and today's operating mines cannot fill the gap. Therefore, we believe gold prices are likely to continue to rise. Indeed, we believe that this is one of a number of anecdotal indicators that the bear market for such assets is in the final capitulation (or winter) phase, and those who are advocating that the industry hunker down will be swinging back to a mantra of "More production, now!" when prices rise again. The stocks with the highest multiples will be those with high-quality growth in safe jurisdictions. Viewed through that prism, Donlin Gold is an obvious go-to asset.

How does NOVAGOLD expect to finance its share of the capital cost of putting Donlin Gold into production? We have the funds to pay for our share of costs related to permitting Donlin Gold all the way to a construction decision (approximately three years away). We believe that when a project has solid economic fundamentals, which we expect to be the case for Donlin Gold, financing options are diverse and multiple: equity, debt, third-party financing, and sub-contracting – just to mention a few. Meanwhile, NOVAGOLD is exploring ways to reduce upfront costs of building the project, currently estimated at \$6.7 billion on a 100% basis which also includes \$1.0 billion in contingency or 25%

of the costs of hard assets. We have determined, for example, that opportunities exist to bring down our up-front capex through collaborations with owner-operators on certain components of the project.

Why do Tom and Greg believe jurisdiction will be the existential issue for precious metals miners? Tom has successfully invested in many mining companies in emerging markets over the last 20 years, including some of the more challenging ones – Zimbabwe, South Africa, the Congo – and is therefore as qualified as anyone to express a nuanced opinion. Two years ago, he stated publicly that he was exiting much of the developing world for the safety of North America. He believes that “location is truth,” and that for investors (including himself), political risks are rising dramatically which will likely make all but a handful of jurisdictionally acceptable gold plays very risky investments. “Unlike a textile factory,” he says, “one can’t up and move a mine to a lower-wage jurisdiction. In much of the world you’re a captive; the mine owns you, not the other way around.” With previously safe addresses becoming problematic at an accelerating rate, governments’ embarrassment over breaking agreements and taking advantage of the resource companies’ captivity predicament has fallen away.

Tom goes a step further with his thesis. Many African, Asian, and South American governments have become expert at using their leverage. The methods used include new local participation laws, new (sometimes so-called voluntary) levies, and new restrictions on repatriation of funds – not to mention outright nationalization. These challenges don’t even include risks related to community unrest, corruption, insurrections, coups, and insurgencies. We are all learning that it’s better to be solid and safe than on the frontier. In mining today, the choice of jurisdiction is the choice of counter-party risk. The United States is a better environment to do business relative to almost anywhere else.

Greg’s take on jurisdictional risk is enhanced by his real-life experience in building and operating mines all over the world. Quite simply, he believes it’s getting tougher and tougher to get things done in the real business of mining on the frontier, from recruiting talent to getting spare parts.

Tom believes that if he, as an intrepid entrepreneur, is no longer willing to tolerate the prospect of waking up in the morning and finding that he’s become the object of extortion or expropriation, then fiduciaries certainly won’t either. Will fund managers want to take a career risk by investing in a place they wouldn’t want to visit, or have to explain to their investment committee? As

such, it is just a matter of time before fund managers differentiate between risky and safe jurisdictions. In this world view, quality North American assets will be revalued to the premium rating they held before the frontier spirit took hold of the industry in the 1990s: where long-life assets will trade at multiples of NAV; where great projects will be modeled at near zero percent discount rates and have preferential access to project finance.

Aren’t you talking your own book in this case? Yes. But at least the book has a happy ending. That is not the case for much of the industry, and it will likely get worse before it gets better – if it does get better in the foreseeable future. On the plus side, as the political environment worsens, fewer projects will be built even as the gold price rises. This is an extraordinary development that will exacerbate the already systemic supply/demand imbalance, favoring a continuation of the gold bull market.

What is it like to permit a mine in Alaska and, more specifically, Donlin Gold? Alaska has a vibrant mining industry with four precious metals mines and growing. The state supports environmentally and socially responsible mining, making it one of the safest jurisdictions in the world. The permitting process is clearly defined and thorough. Over the past 20 years, the process has consistently proven successful in evaluating and permitting proposed mining operations. For Donlin Gold, permitting is governed by the National Environmental Policy Act (NEPA), under which an Environmental Impact Statement (EIS) is being prepared for the project. Preparation of the EIS involves the participation of federal and state agencies and the public. Well before the start of formal permitting, participating state and federal agencies formed an integrated team of seasoned permitting staff, many with mining experience, who would coordinate throughout the permitting process. With permitting kicked off, this team is now working together on a daily basis to guide preparation of the EIS and ensure it will support all of their respective permitting and approval requirements.

Permitting at Donlin Gold was initiated in the third quarter of 2012, when the operating company filed an application with the U.S. Army Corps of Engineers. The Notice of Intent for the EIS was published in the Federal Register in late 2012, which initiated the public scoping period that was completed in 2013. Subsequently, the Corps filed the Donlin Gold EIS Scoping Summary Report, which included comments from the scoping meetings that will be addressed in the Draft EIS. As part of the permitting process, we collaborated with the cooperating agencies and the Corps to review components of the baseline data. Extensive work has

been done to date on the Preliminary Draft Environmental Impact Statement (PDEIS), which should be completed in late 2014. The PDEIS will then go out for agency review in preparation for issuance of the draft EIS for public review in 2015. After review and consideration of the public comments, the Corps will prepare the final EIS and a Record of Decision with respect to permit issuance. We expect this process to take approximately three more years, which gives us an opportunity to do it right.

What other projects or expansions have successfully been permitted recently in Alaska? Within the past 15 years, new gold mining operations have been permitted at Kensington, Pogo, and Nixon Fork; major expansions have been approved at Red Dog, Greens Creek, and Fort Knox. Donlin Gold is on private land designated for mining. Our stakeholders among the Native corporations are supportive, and relations with Crooked Creek, the closest community at nearly 20 kilometers away, are strong. And our project is truly progressive: the infrastructure that will be introduced to this part of Alaska, which is bereft of many basic amenities, will benefit a vast region that needs investment.

Can you accelerate the timeline at Donlin Gold? We believe we have approached the timeline conservatively. The permitting has no obstacles that we see at this time; it is a defined and rigorous process that simply takes several years. We welcome the scrutiny that this process brings given the scale and longevity of Donlin Gold. Alaska is supportive of a project that has community buy-in and is located in an area that needs development. Ironically, in a story reminiscent of the tortoise and the hare, with Donlin Gold proceeding at the pace envisioned and other gold projects in many parts of the world being delayed or cancelled, our project is likely to win the race to production.

Why are you selling Galore Creek? The sale of our 50% interest in the Galore Creek copper-gold-silver project in British Columbia is part of our strategy of positioning NOVAGOLD as a pure play both on Donlin Gold as well as on gold. In a perfect world, we would keep Galore Creek and take it all the way up the value chain. It's a superb asset: it's huge, the copper grades are strong with a significant gold kicker, the resource is growing dramatically with considerable exploration upside, and it will be the largest low-cost producer in one of the few safe jurisdictions left for copper miners – a not insignificant consideration when one sees the challenges miners are facing in the Congo, Indonesia, Argentina, Mongolia, Peru, Chile, and other significant copper-producing countries. Even so, there is only so much a company like ours can do, and, much as we would be happy to keep our share of Galore Creek,

we concluded that we would seek to monetize the asset value for our future equity component for Donlin Gold.

What is Galore Creek worth? Teck, Canada's largest diversified mining company, has a right of first refusal on NOVAGOLD's 50% interest in Galore Creek. Both owners have invested a significant amount in Galore Creek, a commitment undertaken when copper was \$1.60 per pound, not \$3.20, and when the developing world was a far more welcoming place for copper mining investors. Indeed, this is even more evident when one considers that at present metals prices the discounted pre-tax NPV of Galore Creek is already robust at C\$1.3 billion, and rises to C\$4.8 billion at \$4.50 copper. That's leverage – and, again, in a safe place with a premier partner.

What's the status of the Galore Creek sales process? At Galore Creek in 2013, our drilling program was focused on the 2012 Legacy zone discovery and confirmed that considerable exploration upside exists. Beyond further extending the mineralization in and around the Legacy zone, drilling provided data for next-level mine-planning and design, activities that we believe will lead to greater monetization opportunities when market sentiment improves. Meanwhile, we believe it will pay to be patient. One needs to remember that when we embarked on the Galore Creek sales process, NOVAGOLD's balance sheet was thin. With more than \$190 million in cash, even after paying down almost all our debt obligations to residual levels, our ability to be patient in maximizing Galore Creek's value has been dramatically enhanced. Nonetheless, given our commitment to Donlin Gold, we will continue to work to sell our share of Galore Creek, and will do so only if the right offer is made. On the other hand, if all offers are, in our view, inadequate, we will continue to enhance Galore Creek's value through a reduced budget and evaluate further opportunities when market conditions improve. The proceeds of the sale of Galore Creek would be added to the funds already in hand to develop Donlin Gold.

Do you have sufficient in-house expertise to tackle a project the size and scale of Donlin Gold? We have assembled a very experienced team to lead NOVAGOLD in its next stage of development. In fact, when you look at our team – who they are and what they've done – you can't help but be excited as we believe they rank with the best of any precious metals miner in the world. These individuals have a solid track record of success in securing financing for, permitting, and building major mines in North America on time and on budget.

What does your team see in NOVAGOLD? Drawn from top-tier majors including Goldcorp, Newmont, and Barrick, these

seasoned veterans see we see: a rare opportunity to be part of the development of Donlin Gold, a one-of-a-kind, top-tier asset at a time of pronounced asset scarcity – and in a safe place to do business. Tom adds that we are fortunate to have Greg Lang, former president of Barrick North America, lead NOVAGOLD and the development of its flagship asset into the most important investment opportunity in the gold sector today. He has a track record of building major mines safely and with particular attention to high environmental standards and the needs of local communities. He knows how to build a strong team of professionals that are well-equipped to finance, build, and operate mines in the context of the 21st century. We also have a strong board consisting of individuals with a well-tested record of leadership and accomplishments in the mining industry.

How strong is NOVAGOLD financially? We may have one of the strongest balance sheets in the gold industry. To strengthen our finances, in 2012 we completed an equity financing which netted \$318 million, putting us in the enviable position of having one of the most robust treasuries in the gold space, and providing us with the money necessary to fund all anticipated permitting activities at Donlin Gold. This safety margin is a significant relative advantage over our peers. As we are one of the few who can't go out of business, our unique asset and financial strength make us arguably the best long-term warrant on gold.

What do you see next for gold and the gold sector? Could gold go down further? Yes. But do we believe we will see new highs? Also yes. We view the decline in gold, after 12 years of higher closing prices, as a natural correction within a secular bull market. Every bull market has pull-backs. And gold's has been quite orderly. The Dow Jones, for example, has experienced far more violent swings over the last 15 years than has gold. From a macro standpoint, the case for gold is stronger than ever. In addition, we at NOVAGOLD believe in gold mining. With the industry suffering from declining grades and production, very few discoveries, and resource nationalism on the rise, the market is setting up for a perfect storm smashing into a production cliff. In such a climate, large, high-grade assets in safe jurisdictions where the rule of law still means something – most notably Donlin Gold – must and will be built to sustain gold production.

NOVAGOLD and Barrick Gold are equal owners of Donlin Gold. What's the status of your relationship? Donlin Gold LLC, the operator of the Donlin Gold project, is equally owned and supported by subsidiaries of NOVAGOLD and Barrick Gold Corporation. Its board comprises four directors with equal

representation from both owners; the chair alternates annually between the respective companies' representatives. Donlin Gold LLC shares NOVAGOLD's core values in its commitment to safety, environmental stewardship, community involvement, responsive and responsible relationships with all levels of government, operating efficiency, and effectiveness, as well as teamwork. These core values provide an important foundation for training and developing a world-class work force to do things right. Both NOVAGOLD and Barrick Gold have stated their desire to advance the project through permitting, which began in 2012 and is anticipated to take approximately three more years. Meanwhile, both owners share a joint commitment to evaluating alternatives to improve the economics of the project.

Why NOVAGOLD? Why now? We believe that NOVAGOLD, which has been de-risked at a brisk pace, is well on its way to becoming the go-to institutional gold stock with top-quality assets located in North America. We provide the market's most robust large-scale development vehicle at deep value; give investors superior leverage in a secular bull market in gold; enjoy strong community support with the Native corporations and First Nations as important stakeholders in the projects; possess an excellent balance sheet with sufficient funds to satisfy corporate needs and take us through the permitting of Donlin Gold; and provide a near ground-level entry point into a growth-oriented pure gold play poised to deliver extraordinary returns for decades to come.

As always, thank you to our employees and our project teams, the governments and Native corporations of the jurisdictions in which we operate, and our board of directors for the progress we made in 2013. And, of course, to our shareholders and stakeholders for their continued support and trust.



Dr. Thomas Kaplan
chairman, board of directors



Gregory Lang
president and CEO

February 11, 2014

The bottom line

We believe we have sufficient resources to fund the advancement of our flagship Donlin Gold project through the permitting process and support ongoing activities at Galore Creek.

NOVAGOLD maintains a strong balance sheet with approximately \$190 million in cash and term deposits held in two large Canadian banks as of November 30, 2013.

We reduced our debt by approximately \$73 million by repurchasing the convertible notes (“Notes”) of holders who chose to exercise the put option and redeem their Notes. In September 2013, we accepted an offer from a number of Note-holders to repurchase an additional \$6 million of our Notes. There remains approximately \$16 million worth of Notes outstanding due in May 2015. We believe that our cash balance is sufficient to fulfill all of our current financial obligations, including funding the advancement of Donlin Gold through permitting and supporting ongoing activities at Galore Creek.

NOVAGOLD used \$19 million to fund its share of expenditures at the Donlin Gold and Galore Creek projects in 2013, compared to \$35 million in 2012. At Donlin Gold, we spent \$12 million on permitting, community engagement, and development efforts in 2013 (compared to \$18 million in 2012); at Galore Creek, we spent \$7 million on exploration drilling, administrative expenses, and site care and maintenance in 2013 – a sharp decrease from 2012’s \$16 million. For the year, we spent approximately \$15 million for administrative expenses and paid \$3 million in interest on the Notes.

In the spirit of prudent financial management – and given the stage of development of the Donlin Gold and Galore Creek projects – our 2014 budget of \$30 million represents a 22% reduction year-over-year, which includes \$12 million for our share of expenses at Donlin Gold, less than \$3

million for our share of expenses at Galore Creek, \$13 million in general and administrative expenses, and \$2 million in interest on the Notes.

Historically, we’ve prepared our financial statements under International Financial Reporting Standards as required by Canadian security regulators, and filed in the United States as a foreign private issuer as defined by the U.S. Securities and Exchange Commission (SEC). On May 31, 2013, we determined that NOVAGOLD no longer qualifies as a foreign private issuer under SEC rules. As a result, as of December 1, 2013, we are required to report with the SEC on U.S. domestic forms and comply with domestic company rules. We are therefore required to prepare our financial statements using United States Generally Accepted Accounting Principles (GAAP), presented in U.S. dollars. The transition to U.S. GAAP was made retrospectively for all periods from NOVAGOLD’s inception. NOVAGOLD’s financial results for the year ended November 30, 2013 are presented in the consolidated statements and in the annual report filed on Form 10-K with the SEC that are available on the company’s website at novagold.com, on SEDAR at sedar.com, and on EDGAR at sec.gov.

Strength in numbers

\$190M
treasury

2013 operating
expenses

70%

Our core values are not only ingrained in our policies and business strategy, but also communicated to our employees, shareholders, and partners. In short, they're what matter most to NOVAGOLD.

Safety



Sustainability



Accountability



Communication



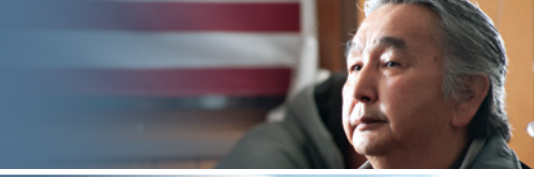
Empowerment



Integrity



Respect



Teamwork



Donlin Gold

Exceptional reserve size, outstanding production profile, high grades, significant exploration upside, favorable jurisdiction, and a low-cost operation. Donlin Gold is truly a unique asset.

With approximately 39 million ounces of gold in the measured and indicated resource categories and an additional six million ounces in inferred resources, Donlin Gold is well within the top 1% of all known global gold deposits in terms of size. Not only does it have the largest resource of its peer group, it's also among the highest-grade deposits in the world (approximately 2.2 grams per tonne measured and indicated). And its all-in production costs are anticipated to be approximately 30% lower than the current industry average.

The project is situated within a three-kilometer segment of an eight-kilometer mineralized trend. With multiple drill prospects and targets existing along that trend, substantial exploration potential exists at Donlin Gold. Even with expected production of 1,500,000 ounces annually during the first five full years and averaging 1,100,000 ounces annually over a 27-year mine life, there's opportunity for continued growth.

Donlin Gold is on private land set aside for the development of its mineral endowment. The deposit is located on Calista Corporation mineral lands and operates under a mining lease agreement. Calista is one of 13 regional Alaska Native corporations established as part of the Alaska Native Claims Settlement Act (ANCSA) of 1971. The Kuskokwim Corporation (TKC), an entity formed in 1977 by ten ANCSA village corporations located along the middle region of the Kuskokwim River, is the owner of the surface rights for most

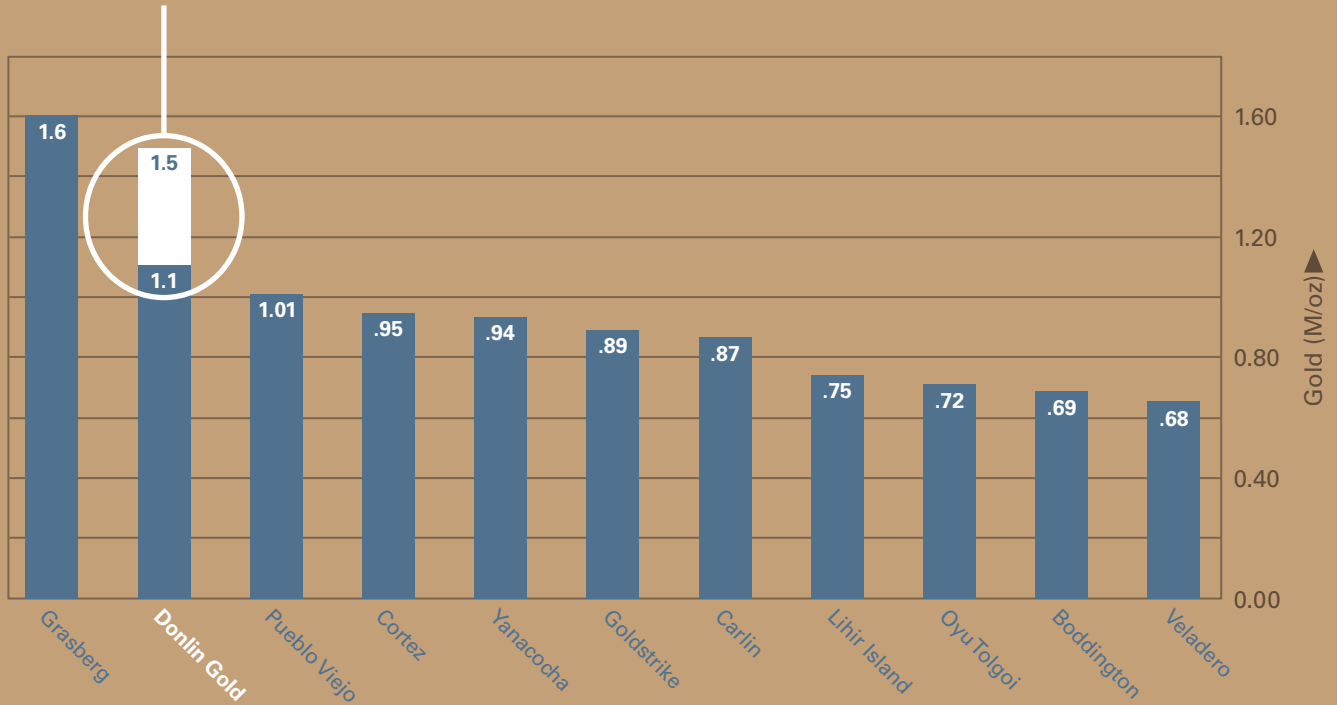
of the project lands. Donlin Gold LLC operates under a surface use agreement with TKC.

Current activities at Donlin Gold are focused on permitting, community outreach, and workforce development in preparation for the eventual construction and operation of this top-tier asset. Based on the comprehensive environmental and social baseline studies – as well as other large projects that have recently received their permits in the U.S. – NOVAGOLD expects that permitting will be completed in approximately three more years.



How big is Donlin Gold?

With projected annual production of 1,500,000 ounces in its first five years, Donlin Gold sits near the top. Averaging 1,100,000 ounces annually over its 27-year mine life, it would be among the largest producers in the world.



(Donlin Gold's projected annual production represents 100% of which NOVAGOLD's share represents 50%. All other production estimates, with the exception of Grasberg, are based on published 2014 average gold annual production guidance. Grasberg represents the published 2014 gold sales guidance.)

2.2 g/tonne Donlin Gold is one of the highest-grade known large open-pit gold deposits – double the grade of many of the large-scale projects currently in development.

Galore Creek

Copper, gold, and silver; a projected mine life of 18 years; the promise of further discoveries. Galore Creek is the kind of asset you can build a company around.

Located in northwestern British Columbia, Canada, in the traditional territory of the Tahltan Nation, Galore Creek is held by the Galore Creek Partnership, in which wholly owned subsidiaries of NOVAGOLD and Teck Resources Limited each own a 50% interest. Galore Creek Mining Corporation, also owned 50/50 by NOVAGOLD and Teck, manages the project.

The 375,476-acre property (151,953 hectares) holds a large undeveloped copper-gold-silver porphyry deposit. A pre-feasibility study completed in 2011 proposed a large-scale open-pit mine with a conventional nominal 95,000-tonnes-per-day processing facility. According to the pre-feasibility study, Galore Creek would be the largest and lowest-cost copper mine in Canada, with expected production of 9 billion pounds of copper, 8 million ounces of gold, and 136 million ounces of silver over an 18-year mine life with cash costs, net of by-product credits, averaging \$0.80 per pound of payable copper (using base case assumptions: \$1,100 per ounce of gold, \$2.65 per pound of copper, and \$18.50 per ounce of silver at a foreign exchange rate of 1.11 CAD/USD).

The prospects for further discoveries at Galore Creek are very promising, both within current deposit areas and on multiple identified targets in the Galore Valley. Our newest discovery is the Legacy zone – a 700-meter-long mineralized zone adjacent to the central pit that remains open to the south, to the west, and at depth. An 11,649-meter drilling program was completed in 2013

to better understand geological features that could influence the mineralization in Legacy, identify mineral trends, and explore possible extensions of known mineralized zones adjacent to Legacy.

As a result of the decision in 2012 to focus on the Donlin Gold project, NOVAGOLD began evaluating opportunities to sell all or part of our interest in the Galore Creek project, the proceeds from which would be used to fund development of Donlin Gold. Though it's a great asset – strong copper grades, significant gold and silver content, growing resources, considerable exploration upside – developing two major mining projects simultaneously could spread our resources too thin. In the meantime, we continue to advance the Galore Creek project. Together with Teck, we have incorporated the 2012 and 2013 drill results into a work plan for 2014 that will advance the project toward next-level mine planning and design.



By the numbers

9Blbs
copper

8Moz
gold

136Moz
silver

(Represents 100% of measured and indicated resources of which
NOVAGOLD's share represents 50%.)

A team approach

The best asset in the world isn't worth a whole lot if you don't have the right people in place to deliver on the company's promises.

NOVAGOLD president and CEO Gregory Lang, former president of Barrick North America and managing director of Barrick Gold Australia, assembled an experienced management team to build the company and develop its flagship asset, Donlin Gold, into the most important investment opportunity in the gold sector today.

Drawn from top-tier majors like Goldcorp, Newmont, and Barrick, every one of these individuals has a well-tested record of leadership and accomplishments in the mining industry – and a solid track record of securing financing for, permitting, building, and operating major mines in North America on time, on budget, and with particular attention to high environmental standards and the specific needs of local communities. NOVAGOLD also has a strong board of directors chaired by Dr. Thomas Kaplan, an entrepreneur and investor with experience creating and unlocking shareholder value in public and private companies.

Together, both the management team and board of directors see in the Donlin Gold project what we see: a rare opportunity to be a part of the development of a one-of-a-kind, world-class asset at a time of pronounced asset scarcity – and in a geopolitically safe place to do business. What's more, they believe that NOVAGOLD's top-tier assets in safe mining jurisdictions, superior leverage in a secular bull market in gold, committed stakeholders and broad community support, simplified corporate structure, and strong cash balance make it

not only a truly unique company, but also an institutional-quality investment – one that's well-positioned to deliver on all its corporate objectives.



Leadership (pictured left to right)

Ron Rimelman, VP environment, health, safety & sustainability

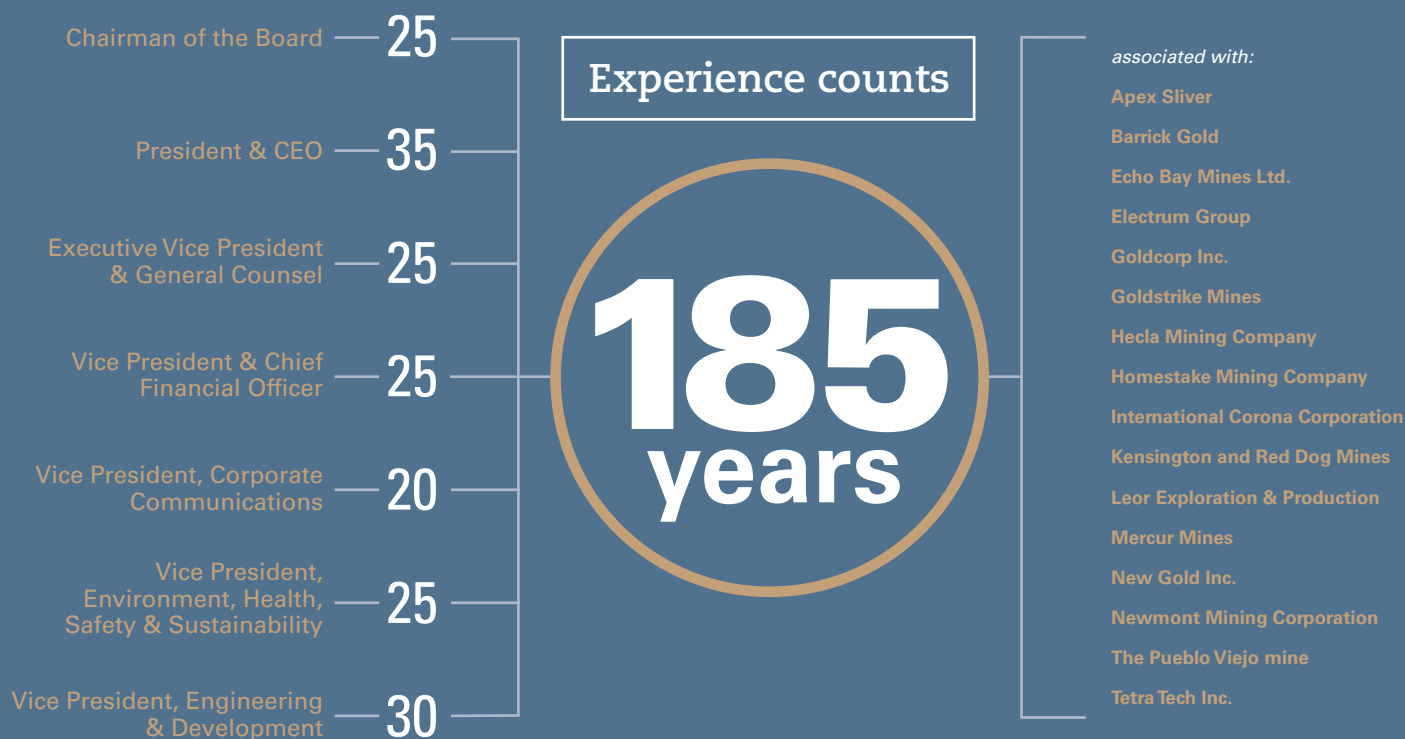
David Deisley, EVP & general counsel

Gregory Lang, president & CEO

Richard Williams, VP engineering & development

Mélanie Hennessey, VP corporate communications

David Ottewell, VP & CFO



With nearly 200 years of experience throughout the Americas, our management team has a proven record of securing financing for, permitting, and building major assets.

A proven process

Now that we've positioned NOVAGOLD as a pure play both on Donlin Gold and on gold, here's what we can expect moving forward.

With four precious metals mines, a number of base metals mines, and a long history of mineral exploration and development, Alaska has a vibrant mining industry. The state's support of environmentally and socially responsible mining makes it one of the safest geopolitical jurisdictions in which to operate. The permitting process in Alaska – and throughout the U.S., for that matter – is clearly defined and thorough. And that's a good thing: over the past 20 years, the process has consistently proven successful in evaluating and permitting proposed mining operations.

With Donlin Gold's submission of a draft Plan of Operations and Clean Water Act Section 404 permit application to federal and state regulators in mid-2012, the formal permitting process began. Coordinated under the requirements of the National Environmental Policy Act (NEPA), the process involves the preparation of an Environmental Impact Statement (EIS), which documents the details of the proposed project, alternatives, baseline information, and an analysis of the projected environmental, economic, and social effects of the project.

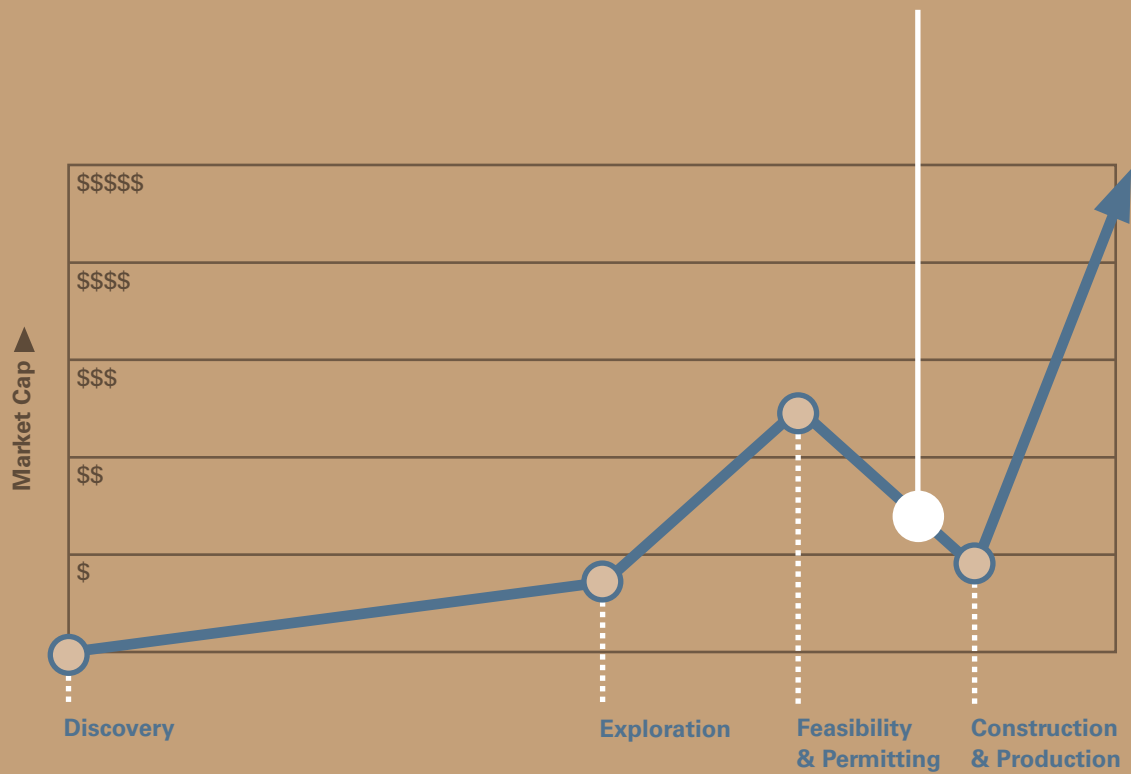
The U.S. Army Corps of Engineers is the lead federal agency for permitting. The State of Alaska's Office of Project Management and Permitting (OPMP), an inter-agency group led by the Department of Natural Resources, works with federal agencies and coordinates the state approval and permitting processes.

Like many other large mining projects in the United States, Donlin Gold will require as many as 100 permits and authorizations issued by federal, state, and local agencies. Preparation of the EIS is generally the most time-consuming portion of this process. Based on past experience on similar projects, NOVAGOLD expects that permitting of Donlin Gold will take approximately three more years. Given the importance of a project of this size to the state and the region, we welcome the scrutiny that the permitting process brings.



We are here

A significant drop in new discoveries is leading to an impending production cliff. That makes Donlin Gold one of the most coveted precious metals assets in the world – and a compelling investment opportunity.



(The above graph is an illustration that depicts historical share price performance trends of companies and how they relate to the various milestones in an asset's life cycle. It is not intended to be representative of NOVAGOLD's historical or future financial or share price performance, or indicative of NOVAGOLD's anticipated timeline to production.)

Collaboration is everything

Most projects benefit from diverse knowledge, resources, and skills. But a mining project? Without strong partnerships – from communities to operations – it will never be a success.

By assembling a team with expertise in asset-building; by hiring people with the skills needed to move both Donlin Gold and Galore Creek forward; by choosing partners with shared values and commitments: this is how we will be ready, when the market dictates, to fully develop and operate our core projects to the highest standards possible.

At the local level, acceptance and support for mining projects isn't automatically granted; it must be earned. That's why we approached communities before beginning exploration work, informing them of our interests and plans and soliciting feedback. And as we move forward, the projects will continue to bring tangible, long-lasting benefits to all of our community partners in the form of training and employment opportunities, business opportunities, royalties, and other benefits that ensure local communities share financially and socially as the project advances.

Thirteen Native regional corporations were established under ANCSA, which granted the Native corporations \$963 million and the right to select 44 million acres. The Calista Corporation selected and holds the subsurface mineral rights in the Donlin Gold area because of the area's mineral potential. A mineral lease agreement with Donlin Gold LLC provides Calista with royalties, employment, scholarships, and preferential contract considerations for supplier companies owned by Calista shareholders. The Kuskokwim Corporation, a consortium of 10 upriver villages closest to Donlin Gold, owns the surface rights

in the proposed mine area. We also entered into a comprehensive Participation Agreement with the Tahltan Nation at our Galore Creek project, ensuring collaboration for mine planning, mine operation, and environmental protection. In fact, Tahltans and northern businesses have provided the majority of the contract support services for our site-based activities at Galore Creek.



Mutual respect



Jurisdictional safety is about much more than geographic location. It's about partnering with the right stakeholders – those who share our commitment to bring tangible, long-lasting benefits to all of our community partners.

Building community

Responsible project development requires an integrated approach in order to realize broad, sustainable economic and social growth. At NOVAGOLD, we believe our investment in developing valuable mineral deposits will bring tangible, long-lasting benefits to communities. Those benefits include employment, training, local business opportunities, royalties, corporate donations, and community engagement. Of these, it's the last – lending a hand on community projects which make a real difference – that means the most to us.

For a complete breakdown of our 2013 performance in everything from community involvement to waste management, visit novagold.com, click on "MINING MATTERS" at the top, then "SUSTAINABILITY PERFORMANCE" on the left.

JANUARY

To assist tribes in the Yukon-Kuskokwim region with their environmental programs, Donlin Gold provided funds to the Kuskokwim River Watershed Council.

FEBRUARY

Students and school libraries throughout the Yukon-Kuskokwim region received Yup'ik dictionaries donated by Donlin Gold. The dictionaries are updated versions of those originally published in 1984 by the Alaska Native Language Center at the University of Alaska Fairbanks.

MARCH

Several Galore Creek employees participated in the Canada BC Regional Skills Competition and Trades Awareness Day hosted at Northwest Community College.



APRIL

Donlin Gold and more than 100 girls participated in the Girl Scouts of Alaska “Women in Science 2013” event at the Kuskokwim Campus of the University of Alaska Fairbanks.

MAY

A dozen students from the Yukon-Kuskokwim region attended a weeklong career exploration camp hosted by Donlin Gold.

JUNE-JULY

For the third summer in a row, Donlin Gold staff partnered with Yukon-Kuskokwim Health Corporation to visit fish camps in the Yukon-Kuskokwim region to distribute boating safety kits. The kits contained Personal Flotation Devices (PFDs) of all sizes, as well as items that can be difficult or expensive to find in the region – like mosquito coils, fish-cutting gloves, and aprons. “We live on the river all year round,” said Mary Sattler, Donlin Gold’s manager of community development and sustainability. “Many PFDs or float coats that people have are old, or they don’t have enough for the whole family.” In support of “Kids Don’t Float,” a campaign initiated by the Alaska Department of Natural Resource’s Office of Boating Safety, Donlin Gold ensures a steady supply of free children’s PFDs. The company also promotes boat safety through public service announcements broadcast on KYUK (Bethel), KCUK (Chevak), and KSKO (McGrath).

AUGUST

Galore Creek Mining Corporation sponsored the GCMC/Tahltan Nation Bursary Awards program, which provides scholarships for Tahltan members pursuing post-secondary education.

SEPTEMBER

Donlin Gold helped fund three college internships offered through the Kuskokwim Native Association Fisheries Department.

OCTOBER

Donlin Gold was named the 2013 National Employer of the Year by the National Association of State Workforce Agencies. This award recognizes a business that demonstrates outstanding accomplishments that result in a positive impact on its workforce, industry, and community. “Donlin Gold’s efforts to hire locally are an integral part of the regional fabric,” said Diane Blumer, commissioner of the Alaska Department of Labor and Workforce Development (DOLWD). In nominating Donlin Gold for the award, DOLWD noted the company’s community outreach efforts, as well as its initiatives to create jobs, recruit and train residents of the Yukon-Kuskokwim region, and engage with community leaders. “We are honored to receive this award and the recognition of Donlin Gold’s workforce development efforts,” said Stan Foo, Donlin Gold’s general manager. “Developing a trained local workforce has always been important to us and will continue to be a priority as the project moves forward.”



Sustainable practices

Environmental protection isn't just a component of our business strategy, it's a fundamental part of who we are as a company.

Taking the steps today to carefully plan our daily activities; design our projects to prevent and mitigate environmental impact; reduce both near- and long-term risk at our projects; lower greenhouse gas emissions; ensure water, waste and tailings management; and protect the health of the flora, fauna, and people at our projects: these are not only environmental and social imperatives, but also essential practices to reduce costs and maximize efficiency.

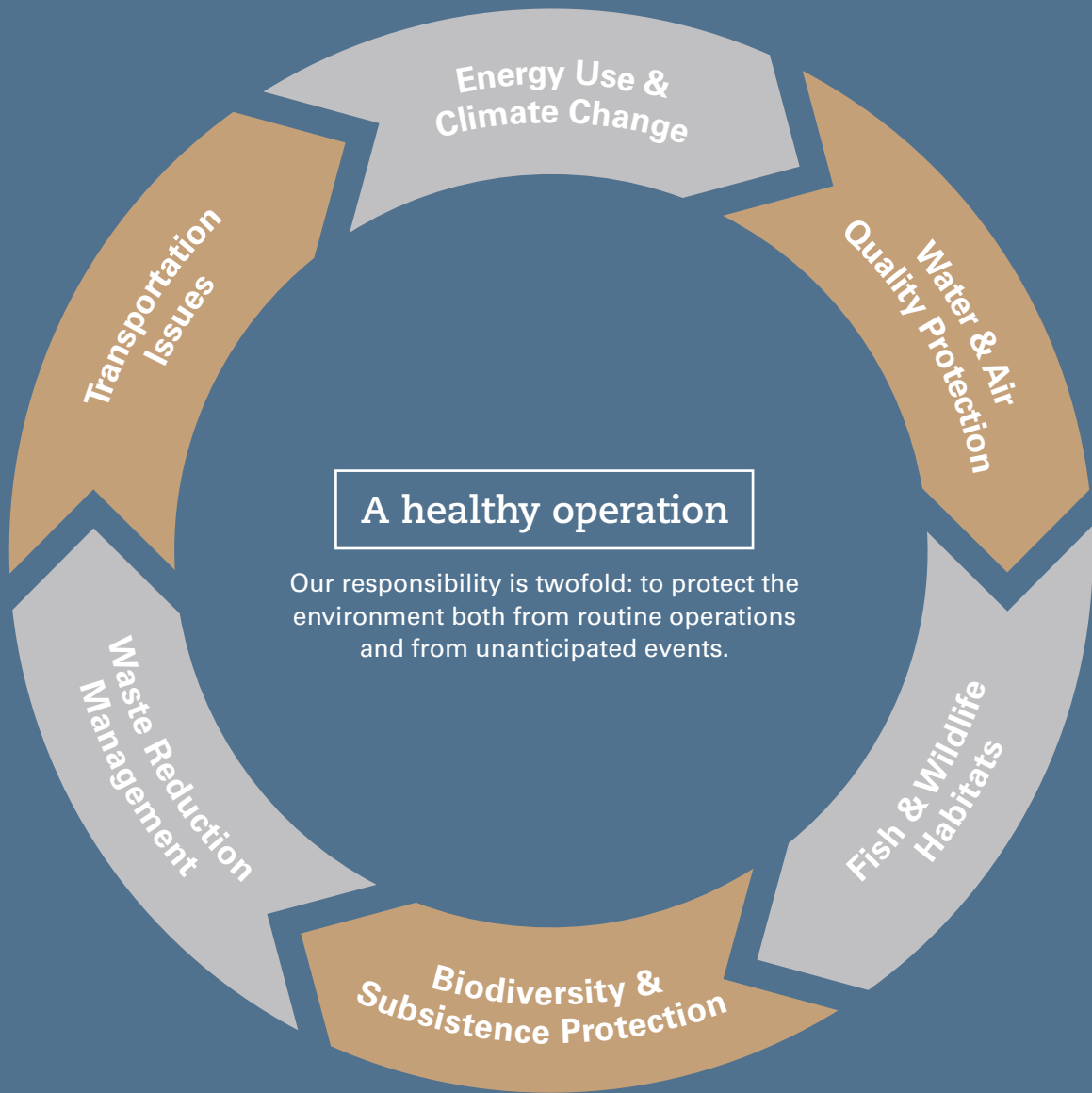
We support a project development plan that considers full life-of-mine risks and opportunities, from exploration through construction, operation, and finally closure and reclamation. It's a process that is initiated through collaboration with local communities and Alaska Native and Tahltan Nation partners. These communities offer generations of traditional knowledge about the local environment, helping us guide the location, layout, and design of project infrastructure to avoid sensitive and culturally important habitats and landscapes – while still maximizing the efficiency of the operation.

We conduct extensive studies to collect baseline data from the local environment, including air and water quality and information about fish and wildlife habitats that may be affected by a project. These studies, which go beyond those that are required by law, allow us to understand the potential impacts the project may have, and enable us to monitor and mitigate that impact throughout the project's life. By maintaining a holistic view of a project's life cycle, we are able to incorporate industry-leading innovations to minimize and



mitigate risk. For example, Donlin Gold has accumulated data from 16 years of environmental and engineering studies – data that has helped guide infrastructure decisions and prepare the required documentation for project permitting, which began in August 2012. This baseline information will also be used to evaluate and manage the environmental impacts that may occur not only during Donlin Gold's 27-year mine life, but also throughout reclamation – and for many years after its closure.

We encourage all employees and contractors to make sustainability a personal responsibility – as important to the success of a project as safety and fiscal responsibility. No environmental-related fines or penalties were issued for either of NOVAGOLD's projects in 2013.



Energy Use & Climate Change

Water & Air Quality Protection

Fish & Wildlife Habitats

Biodiversity & Subsistence Protection

Waste Reduction Management

Transportation Issues

A healthy operation

Our responsibility is twofold: to protect the environment both from routine operations and from unanticipated events.

Focused and prudent

Today, NOVAGOLD is a simpler, more streamlined company with a clear focus: advancing our core property, Donlin Gold, to production and enhancing the value of Galore Creek.

The market conditions of 2013 provided interesting opportunities with respect to the timing of our current activities at Donlin Gold and Galore Creek. The way we see it, now is the perfect time to prepare assets for future development, when overall market sentiment improves. Having substantially streamlined our business to focus on our two main assets, we can capitalize on savings and prepare for the development of Donlin Gold – one of the largest and highest-quality deposits in the world – as well as maximize the value of Galore Creek. We view the current phenomenon as a short-term swing in a well-established multi-decade secular bull market in gold.

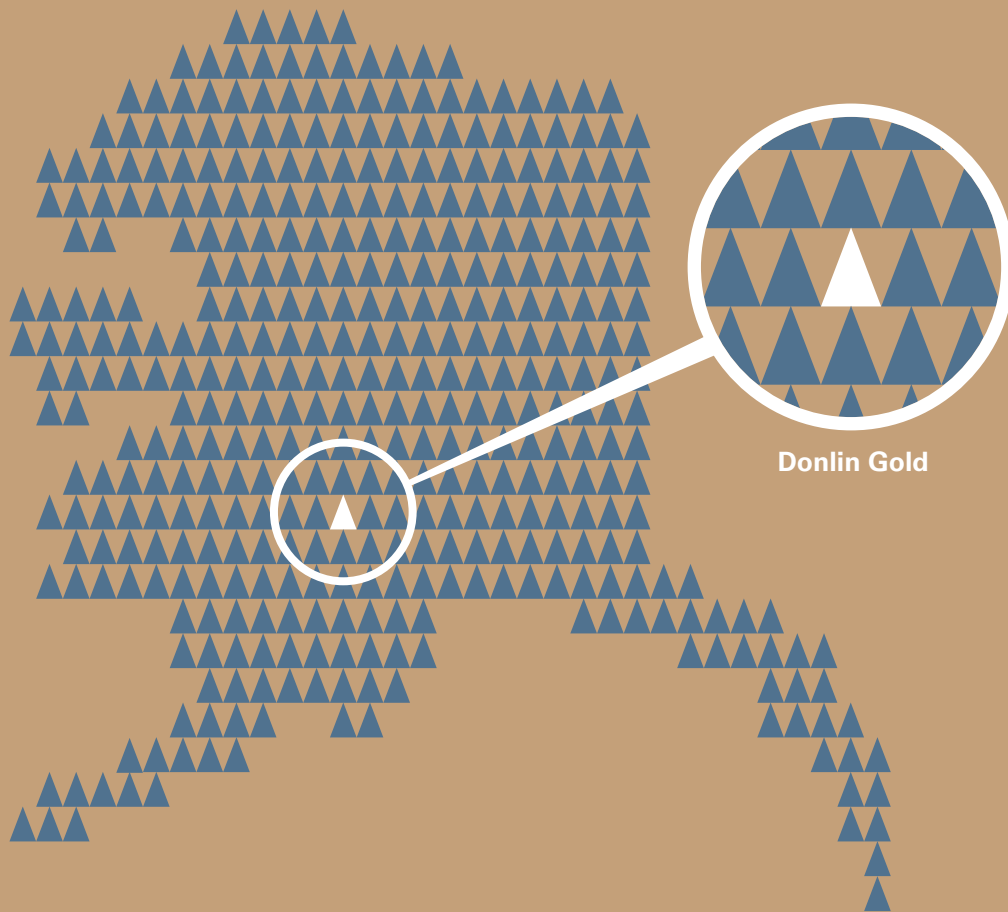
In light of the political, social, and economic instability of many gold-producing countries, we feel very fortunate that our world-class assets are located in two of the safest geopolitical jurisdictions. Safety and stability have become very important investment criteria for investors. With very few significant, high-quality gold development assets in the world – and even fewer in stable jurisdictions – NOVAGOLD is unique.

In and of itself, though, jurisdictional safety isn't necessarily enough to guarantee success. To earn the support and social license required to develop and operate Donlin Gold, we are also focused on ongoing engagement and consultation with our Alaska Native partners (Calista Corporation and The Kuskokwim Corporation), local government and non-profit Alaska Native business entities and associations (Kuskokwim Native Association, Association

of Village Council Presidents, and the Yukon-Kuskokwim Health Corporation), and village tribal councils (Crooked Creek Tribal Council). This engagement will continue throughout the permitting process, construction, operation, and closure of the project.



Early involvement has been a key to understanding the hopes and potential concerns about the Donlin Gold project. In addition to focusing on sustainable development that benefits local communities over the long term by providing opportunities for direct employment, local procurement, and community development projects, we continue to perform extensive outreach activities with communities in the region. The intent has been not only to provide residents with information about the project, but also – and more importantly – to seek feedback.



A clear direction

Given Galore Creek's unique qualities, selling our 50% interest in the project is not an easy decision. Focusing our energy on Donlin Gold demonstrates our commitment to seeking greater rewards over the long term.

Patience brings rewards

At its heart, NOVAGOLD is a conservative company. Which means we do things right – building trust and relationships before we build the Donlin Gold mine.

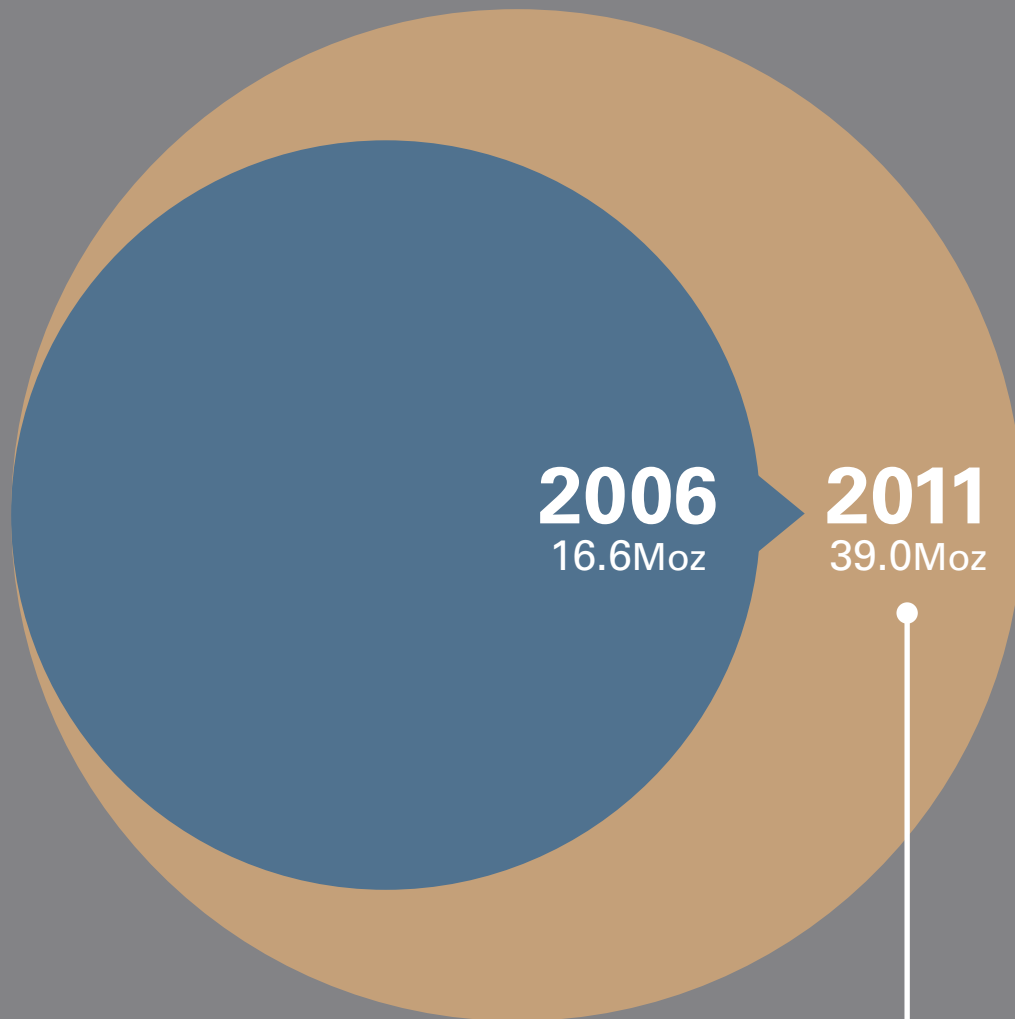
A project the size and scale of Donlin Gold takes time to design and develop – but it will operate for decades once in production. On the front end alone, it requires extensive environmental research and data collection, community engagement and partnership agreements, as well as mining and metallurgical planning. In addition, many of these types of projects are located in remote regions that don't have a lot of infrastructure, thus the need to build access roads and bring power to the site, further extending the planning and construction phases.

Taking the time to plan carefully up front ensures not only that we can advance Donlin Gold smoothly through permitting and construction, but also decades of efficient operations. If we have done our job right – strong community partnerships and participation agreements, good communication with regulators, extensive environmental baseline data, training programs to encourage local employment, and using local businesses and joint ventures at the projects – there shouldn't be any surprises as we move through permitting.

We are very proud of the relationships that we have with our community partners, and we have taken the time to collect the data we need and to carefully design our projects so that we have already addressed community and regulatory concerns. While we can't control global economics and the metals markets, we can use conservative long-term pricing at our projects to be prepared in the event of a significant market correction.

One of the questions we are frequently asked is whether we can accelerate the development timeline at Donlin Gold. Our response is that, with the project proceeding at a good pace and with other gold projects in many parts of the world being delayed or cancelled, ours is likely to win the race to production – not unlike the story of the tortoise and the hare. Likewise, with the sale of Galore Creek. When we first embarked on the Galore Creek sales process, NOVAGOLD's balance sheet was thin. With more than \$190 million in our treasury, our ability to be patient in maximizing Galore Creek's value will pay off. We will continue to evaluate opportunities to sell our 50% interest.





Expanding potential

A well-planned and well-executed exploration program has grown Donlin Gold's reserves and resources 135% in just five years. With this already large endowment, we decided to focus on feasibility-level planning and, more recently, permitting.

Jurisdiction matters

Political instability is rising dramatically around the globe, making all but a handful of jurisdictionally acceptable gold plays risky for investors.

Mines in geopolitically safe jurisdictions are becoming increasingly rare. And as the political environment deteriorates, fewer projects will be built even as gold prices rise. This is an extraordinary development that will intensify the already systemic supply/demand imbalance, favoring a recovery of the gold bull market.

Meanwhile, Alaska has a long and productive mining history – and the discovery and production of mineral resources are a significant part of the state’s economy. As the second-largest gold-producing state in the U.S., it’s home to a strong network of contractors and other businesses established to support and boost mineral development. The government agencies in the state have proven their ability to efficiently permit large mine projects. The state offers training and workforce development support, technical assistance with permitting and regulations, and a consistent and stable regulatory and tax environment. NOVAGOLD isn’t alone in its assessment. According to the Fraser Institute’s Mining Survey, Alaska is one of only six jurisdictions that achieve a perfect score on trade stability.

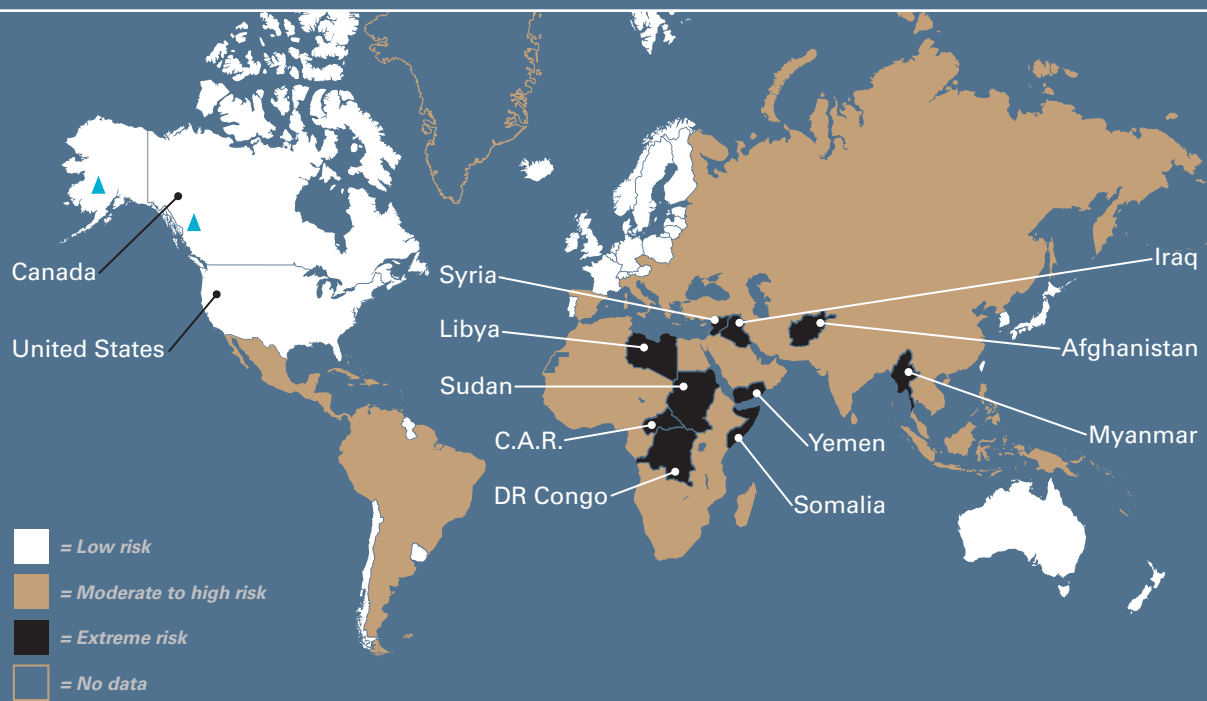
Alaska offers prospective land, with more than 190 million acres of federal, state, and Native lands open for mineral-related activities and mining. The state actively encourages the development of its resources by making land available for maximum use consistent with the public interest. Alaska Native corporations want development on their lands and they encourage minerals exploration. Often selected because of their high mineral potential,



the lands are owned fee simple and can be mined or developed under agreements just like any other private lands in the U.S. The Alaska Native corporations want jobs for their shareholders, and recognize natural resource development as a great opportunity to change life in villages previously characterized by seasonal jobs, high unemployment, and welfare dependence.

Donlin Gold is located on a small portion of land chosen by an Alaska Native corporation for its mineral potential. Our stakeholders among the Native corporations are very supportive and relations with the nearby community of Crooked Creek are strong. The project itself is truly progressive: the infrastructure that will be introduced to this part of Alaska – an area bereft of many basic amenities – will benefit a vast region. All of these aspects reveal the Donlin Gold project to be a rare, investment-grade gem.

Playing it safe



Operating in mining-friendly jurisdictions has its advantages: a stable political and regulatory environment, a willing workforce, and more predictable outcomes.

Reserves and resources

At April 30, 2012

Donlin Gold (NOVAGOLD 50%)				
	Tonnage	Grade*	Metal content	NOVAGOLD share
GOLD	<i>Mt</i>	<i>g/t</i>	<i>Moz</i>	<i>Moz</i>
Reserves (100%)¹				
Proven	7.7	2.32	0.57	0.29
Probable	497.1	2.08	33.28	16.64
P&P	504.8	2.09	33.85	16.93
Resources (100%)³ inclusive of reserves				
Measured	7.7	2.52	0.63	0.31
Indicated	533.6	2.24	38.38	19.19
M&I	541.3	2.24	39.01	19.50
Inferred	92.2	2.02	5.99	3.00

Galore Creek (NOVAGOLD 50%)				
	Tonnage	Grade*	Metal content	NOVAGOLD share
COPPER	<i>Mt</i>	<i>% Cu</i>	<i>Mlbs</i>	<i>Mlbs</i>
Reserves (100%)²				
Proven	69.0	0.61	900.0	450.0
Probable	459.1	0.58	5,900.0	2,950.0
P&P	528.0	0.59	6,800.0	3,400.0
Resources (100%)⁴ inclusive of reserves				
Measured	108.4	0.48	1,147.0	573.5
Indicated	706.3	0.50	7,786.0	3,893.0
M&I	814.7	0.50	8,933.0	4,466.5
Inferred	346.6	0.42	3,230.0	1,615.0
GOLD	<i>Mt</i>	<i>g/t</i>	<i>Moz</i>	<i>Moz</i>
Reserves (100%)²				
Proven	69.0	0.52	1.15	0.58
Probable	459.1	0.29	4.30	2.15
P&P	528.0	0.32	5.45	2.73
Resources (100%)⁴ inclusive of reserves				
Measured	108.4	0.48	1.70	0.85
Indicated	706.3	0.28	6.40	3.20
M&I	814.7	0.31	8.00	4.00
Inferred	346.6	0.24	2.70	1.35

Galore Creek continued

	Tonnage	Grade*	Metal content	NOVAGOLD share
SILVER	<i>M t</i>	<i>g/t</i>	<i>M oz</i>	<i>M oz</i>
Reserves (100%)²				
Proven	69.0	4.94	11.0	5.5
Probable	459.1	6.18	91.2	45.6
P&P	528.0	6.02	102.2	51.1
Resources (100%)⁴ inclusive of reserves				
Measured	108.4	4.10	14.30	7.15
Indicated	706.3	5.38	122.10	61.05
M&I	814.7	5.21	136.40	68.20
Inferred	346.6	4.28	47.73	23.87
Copper Canyon (NOVAGOLD 70%)				
Reserves (100%)^{5,6}	Tonnage	Grade*	Metal content	NOVAGOLD share
COPPER	<i>M t</i>	<i>% Cu</i>	<i>M lbs</i>	<i>M lbs</i>
Inferred	53.7	0.50	592.0	414.4
GOLD	<i>M t</i>	<i>g/t</i>	<i>M oz</i>	<i>M oz</i>
Inferred	53.7	0.73	1.26	0.88
SILVER	<i>M t</i>	<i>g/t</i>	<i>M oz</i>	<i>M oz</i>
Inferred	53.7	10.60	18.36	12.85

t = metric tonne
M = million
g/t = grams/tonne

* Reserve grade is diluted; resource grade is in situ.

Approximate cut-off grades (see Resource Footnotes):

Donlin Gold	Reserves ¹ :	0.57 g/t gold
	Resources ³ :	0.46 g/t gold
Galore Creek	Reserves ² :	C\$10.08 NSR
	Resources ⁴ :	C\$10.08 NSR
Copper Canyon	Resources ^{5,6} :	0.6% copper equivalent

Reserves and resources notes

Notes:

- These resource estimates have been prepared in accordance with NI 43-101 and the CIM Definition Standards, unless otherwise noted.
- See numbered footnotes below on resource information.
- Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content
- For gold and silver, tonnage and grade measurements are in metric units, and contained ounces are reported as troy ounces. For copper, tonnage is in metric units, grade is a percentage and contained copper is reported as imperial pounds.

Resources Footnotes:

- Mineral Reserves are contained within Measured and Indicated pit designs, and supported by a mine plan, featuring variable throughput rates, stockpiling and cut-off optimization. The pit designs and mine plan were optimized on diluted grades using the following economic and technical parameters: Metal price for gold of US\$975/oz; reference mining cost of US\$1.67/t incremented US\$0.0031/t/m with depth from the 220 m elevation (equates to an average mining cost of US\$2.14/t), variable processing cost based on the formula $2.1874 \times (\%) + 10.65$ for each US\$/t processed; general and administrative cost of US\$2.27/t processed; stockpile rehandle costs of US\$0.19/t processed assuming that 45% of mill feed is rehandled; variable recoveries by rock type, ranging from 86.66% in shale to 94.17% in intrusive rocks in the Akivik domain; refining and freight charges of US\$1.78/oz gold; royalty considerations of 4.5%; and variable pit slope angles, ranging from 23° to 43°. Mineral Reserves are reported using an optimized net sales return value based on the following equation: $\text{Net Sales Return} = \text{Au grade} \times \text{Recovery} \times (\text{US}\$975/\text{oz} - (1.78 + (\text{US}\$975/\text{oz} - 1.78) \times 0.045)) - (10.65 + 2.1874 \times (\%) + 2.27 + 0.19)$ and reported in US\$/tonne. Assuming an average recovery of 89.54% and an average 5% grade of 1.07%, the marginal gold cut-off grade would be approximately 0.57 g/t, or the gold grade that would equate to a 0.001 NSR cut-off at these same values. The life of mine strip ratio is 5.48. The assumed life-of-mine throughput rate is 53.5 kt/d.
- Mineral Reserves are contained within Measured and Indicated pit designs using metal prices for copper, gold and silver of US\$2.50/lb, US\$1,050/oz, and US\$16.85/oz, respectively. Appropriate mining costs, processing costs, metal recoveries and inter ramp pit slope angles varying from 42° to 55° were used to generate the pit phase designs. Mineral Reserves have been calculated using a 'cashflow grade' ($\text{NSR}/\text{SAG mill hr}$) cut-off which was varied from year to year to optimize NPV. The net smelter return (NSR) was calculated as follows: $\text{NSR} = \text{Recoverable Revenue} - \text{TCRC}$ (on a per tonne basis), where: $\text{NSR} = \text{Net Smelter Return}$; $\text{TCRC} = \text{Transportation and Refining Costs}$; $\text{Recoverable Revenue} = \text{Revenue in Canadian dollars for recoverable copper, recoverable gold, and recoverable silver using metal prices of US}\$2.50/\text{lb, US}\$1,050/\text{oz, and US}\$16.85/\text{oz for copper, gold, and silver, respectively, at an exchange rate of CDN}\$1.1 \text{ to US}\$1.0$; $\text{Cu Recovery} = \text{Recovery for copper based on mineral zone and total copper grade}$; for Mineral Reserves this NSR calculation includes mining dilution. SAG throughputs were modeled by correlation with alteration types. Cash flow grades were calculated as the product of NSR value in \$/t and throughput in t/hr. The life of mine strip ratio is 2.16.
- Mineral Resources are contained within a conceptual Measured, Indicated and Inferred optimized pit shell using the following assumptions: gold price of US\$1,200/oz; variable process cost based on $2.1874 \times (\text{sulphur grade}) + 10.6485$; administration cost of US\$2.29/t; refining, freight & marketing (selling costs) of US\$1.85/oz recovered; stockpile rehandle costs of US\$0.20/t processed assuming that 45% of mill feed is rehandled; variable royalty rate, based on royalty of $4.5\% \times (\text{Au price} - \text{selling cost})$. Mineral Resources have been estimated using a constant Net Sales Return cut-off of US\$0.001/t milled. The Net Sales Return was calculated using the formula: $\text{Net Sales Return} = \text{Au grade} \times \text{Recovery} \times (\text{US}\$1,200/\text{oz} - (1.85 + ((\text{US}\$1,200/\text{oz} - 1.85) \times 0.045)) - (10.65 + 2.1874 \times (\%) + 2.29 + 0.20))$ and reported in US\$/tonne. Mineral Resources are inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Inferred Resources are in addition to Measured and Indicated Resources. Inferred Resources have a great amount of uncertainty as to their existence and whether they can be mined legally or economically. It cannot be assumed that all or any part of the Inferred Resources will ever be upgraded to a higher category. See following "Cautionary Note Concerning Reserve & Resource Estimates".
- Mineral Resources are contained within a conceptual Measured, Indicated and Inferred optimized pit shell using the same economic and technical parameters as used for Mineral Reserves. Tonnages are assigned based on proportion of the block below topography. The overburden/bedrock boundary has been assigned on a whole block basis. Mineral resources have been estimated using a constant NSR cut-off of C\$10.08/t milled. The Net Smelter Return (NSR) was calculated as follows: $\text{NSR} = \text{Recoverable Revenue} - \text{TCRC}$ (on a per tonne basis), where: $\text{NSR} = \text{Diluted Net Smelter Return}$; $\text{TCRC} = \text{Transportation and Refining Costs}$; $\text{Recoverable Revenue} = \text{Revenue in Canadian dollars for recoverable copper, recoverable gold, and recoverable silver using the economic and technical parameters mentioned above. The mineral resource includes material within the conceptual M, I, & I pit that is not scheduled for processing in the mine plan but is above cut-off. Mineral Resources are inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Inferred Resources are in addition to Measured and Indicated Resources. Inferred Resources have a great amount of uncertainty as to their existence and whether they can be mined legally or economically. It cannot be assumed that all or any part of the Inferred Resources will ever be upgraded to a higher category. See following "Cautionary Note Concerning Reserve & Resource Estimates".$
- The copper-equivalent grade was calculated as follows: $\text{CuEq} = \text{Recoverable Revenue} \div 2204.62 \times 100 \div 1.55$. Where: $\text{CuEq} = \text{Copper equivalent grade}$; $\text{Recoverable Revenue} = \text{Revenue in US dollars for recoverable copper, recoverable gold and recoverable silver using metal prices of US}\$1.55/\text{lb, US}\$650/\text{oz, and US}\$11/\text{oz for copper, gold, and silver, respectively}$; for the purposes of the equivalency formula, Cu Recovery is assumed to be 100%. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Inferred Resources are in addition to Measured and Indicated Resources. Inferred Resources have a great amount of uncertainty as to their existence and whether they can be mined legally or economically. It cannot be assumed that all or any part of the Inferred Resources will ever be upgraded to a higher category. See following "Cautionary Note Concerning Reserve & Resource Estimates".
- NOVAGOLD Canada Inc. has agreed to transfer its 60% joint venture interest in the Copper Canyon property to the Galore Creek Partnership, which is equally owned by NOVAGOLD Canada Inc. and a subsidiary of Teck Resources Limited. The remaining 40% joint venture interest in the Copper Canyon property is owned by another wholly owned subsidiary of NOVAGOLD.

Cautionary Note Concerning Reserve & Resource Estimates

The summary table uses the terms “mineral reserve”, “proven mineral reserve” and “probable mineral reserve” which are Canadian mining terms as defined 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 (CIM) – CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. These definitions differ from the definitions in the United States Securities and Exchange Commission (SEC) Industry Guide 7 (“SEC Industry Guide 7”). The projects are without known reserves under SEC Industry Guide 7.

Technical Reports and Qualified Persons

The documents referenced below provide supporting technical information for each of NOVAGOLD’s projects.

Project	Qualified Person(s)	Most Recent Disclosures & Filing Dates
Donlin Gold	Tony Lipiec, P.Eng., AMEC Gordon Seibel, R.M. SME, AMEC Kirk Hanson, P.E., AMEC	Donlin Creek Gold Project Alaska, USA NI 43-101 Technical Report on Second Updated Feasibility Study amended filing on January 23, 2012
Galore Creek	Robert Gill, P.Eng., AMEC Jay Melnyk, P.Eng., AMEC Greg Kulla, P.Geo., AMEC Greg Wortman, P.Eng., AMEC Dana Rogers, P.Eng., Lemley International	Galore Creek Copper–Gold Project, British Columbia, NI 43-101 Technical Report on Pre-Feasibility Study, filed on September 12, 2011

Heather White, B.Sc., P.Eng., who is a consultant to NOVAGOLD and a “qualified person” under NI 43-101, has approved the scientific and technical information included in this section related to: (i) Donlin Gold since the issuance of the technical report filed on January 23, 2012, and (ii) Galore Creek since the issuance of the technical report filed on September 12, 2011.

Cautionary Note Regarding Forward-Looking Statements

This annual report includes certain “forward-looking information” and “forward-looking statements” (collectively “forward-looking statements”) within the meaning of applicable securities legislation, including the United States Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included herein including, without limitation, the timing of permitting and potential development of the Donlin Gold project, statements relating to NOVAGOLD’s future operating and financial performance, and the potential sale of all or part of NOVAGOLD’s interest in Galore Creek are forward-looking statements. Forward-looking statements are frequently, but not always, identified by words such as “expects”, “anticipates”, “believes”, “intends”, “estimates”, “potential”, and similar expressions, or statements that events, conditions, or results “will”, “may”, “could”, or “should” occur or be achieved. Forward-looking statements involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from NOVAGOLD’s expectations include the uncertainties involving the need for and availability of additional financing to explore and develop; uncertainties involved in the estimation of reserves and resources; the need for continued cooperation with Barrick Gold Corporation and Teck Resources Limited; the need for cooperation of government agencies and native groups in the development and operation of our properties; the need to obtain permits and governmental approvals; risks of construction and mining projects such as accidents, equipment breakdowns, bad weather, non-compliance with environmental and permit requirements, unanticipated variation in geological structures, ore grades or recovery rates; unexpected cost increases, which could include significant increases in estimated capital and operating costs; fluctuations in metal prices and currency exchange rates; and other risk and uncertainties disclosed in NOVAGOLD’s Annual Report filed on Form 10-K for the year-ended November 30, 2013, filed with the United States Securities and Exchange Commission. NOVAGOLD’s forward-looking statements reflect the beliefs, opinions and projections on the date the statements are made. NOVAGOLD assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.

Corporate information

Board of Directors

Dr. Thomas Kaplan

chairman, NOVAGOLD RESOURCES INC.; chairman & chief investment officer, The Electrum Group LLC, natural resources investment management company

Sharon Dowdall ^(1, 2)

corporate director

Marc Faber ⁽⁴⁾

managing director, Marc Faber Ltd, investment advisory and fund management firm

Gregory Lang ^(3, 5)

president & CEO, NOVAGOLD RESOURCES INC.

Gillyeard Leathley ⁽³⁾

COO & director, Sunward Resources Ltd; former COO, Homestake Mining Company

Igor Levental ^(4, 5)

president, The Electrum Group LLC, natural resources investment management company

Kalidas Madhavpeddi ^(1, 2)

president, Azteca Consulting LLC, metals & mining advisory firm

Gerald McConnell ^(2, 4, 5)

CEO, Namibia Rare Earths Inc.

Clynton Nauman ^(1, 3)

CEO, Alexco Resource Corp.

Rick Van Nieuwenhuysse ⁽⁵⁾

president & CEO, NovaCopper Inc.; founder & former CEO, NOVAGOLD RESOURCES INC.

Anthony Walsh ^(1, 4)

corporate director

Management

Gregory Lang

president & CEO

David Deisley

executive vice president & general counsel

David Ottewell, CA

vice president & CFO

Mélanie Hennessey

vice president, corporate communications

Ron Rimelman

vice president, environment, health, safety & sustainability

Richard Williams

vice president, engineering & development

Members of:

1. Audit Committee
2. Compensation Committee
3. Environment, Health, Safety and Sustainability, and Technical Committee
4. Corporate Governance and Nominations Committee
5. Corporate Communications Committee

Corporate Office

789 West Pender Street, Suite 720, Vancouver, BC, V6C1H2

T: 604 669 6227

Toll free: 1 866 669 6227

F: 604 669 6272

E: info@novagold.com

Salt Lake City Executive Office

201 South Main Street, Suite 400

Salt Lake City, UT 84111

T: 801 639 0511

F: 801 649 0509

Transfer Agent

For information on share transfers, lost certificates or a change of address, contact:

Computershare

1 800 564 6253 (toll-free in Canada and the United States)

1 514 982 7555 (international direct dial)

www.computershare.com

Auditors

PricewaterhouseCoopers LLP

Share Listings

TSX, NYSE-MKT: NG

Issued at February 11, 2014, 316.7 million*

*Excludes outstanding convertible notes. Notes mature on May 1, 2015.

NOVAGOLD is a well-financed precious metals company engaged in the exploration and development of mineral properties in North America. We have a strong track record of forging collaborative partnerships with local communities.

Permitting of our 50 percent-owned flagship Donlin Gold project is currently underway. Of all the development-stage open-pit mines in the world, Donlin Gold is one of the largest. It has size, grade, exploration potential, jurisdictional safety, and projected annual production averaging in excess of one million ounces of gold over a mine life of 27 years.

Our 50 percent-owned Galore Creek project has the potential to be Canada's largest and lowest-cost copper mine. We are currently evaluating opportunities to sell all or part of our interest in Galore Creek, the funds from which would be applied to the development of Donlin Gold.

Annual General Meeting

Thursday June 5th, 2014 – 3:00 p.m. (Pacific time)
The Metropolitan Hotel
645 Howe Street, Vancouver, BC V6C 2Y9
In the Connaught Room, second floor

Investor Inquiries

T: 604 669 6227 or 1 866 669 6227
E: info@novagold.com
novagold.com
[facebook.com/novagold](https://www.facebook.com/novagold)
twitter.com/novagold

*Design and copywriting by helveticka
Spokane, Washington*

NOVAGOLD | SOLID.
SECURE.
GOLDEN.
novagold.com