NOVAGOLD RESOURCES INC
Form 10-K
January 28, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended November 30, 2014

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from to

Commission File Number: 001-31913

NOVAGOLD RESOURCES INC.
(Exact Name of Registrant as Specified in Its Charter)

British Columbia	N/A
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
789 West Pender Street, Suite 720 Vancouver, British Columbia, Canada	V6C 1H2
(Address of Principal Executive Offices)	(Zip Code)

(604) 669-6227
(Registrant's Telephone Number, Including Area Code)

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Shares, no par value	NYSE MKT

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer x	Non-accelerated filer o (Do not check if a smaller reporting company) o	Smaller reporting company o

Based on the last sale price on the NYSE-MKT of the registrant's Common Shares on May 31, 2014 (the last business day of the registrant's most recently completed second fiscal quarter) of $3.01 per share, the aggregate market value of the voting Common Shares held by non-affiliates was approximately $588,135,000.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of January 22, 2015, the registrant had 317,794,647 Common Shares, no par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than March 30, 2015, in connection with the registrant's 2014 annual meeting of stockholders, are incorporated herein by reference into Part III of this Annual Report on Form 10-K.

NOVAGOLD RESOURCES INC.

TABLE OF CONTENTS

Unless the context otherwise requires, the words “we,” “us,” “our,” the “Company” and “NOVAGOLD” refer to NOVAGOLD RESOURCES INC., a British Columbia corporation, and its subsidiaries as of November 30, 2014.

CURRENCY

References in this report to $ refer to United States currency and C$ to Canadian currency.

CAUTIONARY NOTE TO U.S. INVESTORS REGARDING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES AND PROVEN AND PROBABLE RESERVES

We are a mineral exploration company engaged in the exploration and development of mineral properties. As used in this Annual Report on Form 10-K, the terms “mineral reserve”, “proven mineral reserve” and “probable mineral reserve” 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 (“CIM Definition Standards”). These definitions differ from the definitions in the United States Securities and Exchange Commission (SEC) Industry Guide 7 (“SEC Industry Guide 7”) under the United States Securities Act of 1933, as amended (the “Securities Act”). Under SEC Industry Guide 7 standards, a “final” or “bankable” feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves, and the primary environmental analysis or report must be filed with the appropriate governmental authority. The terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in, and required to be disclosed by, NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that all or any part of a mineral deposit in these categories will ever be converted into reserves.

“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, estimates of 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. Accordingly, information contained in this report and the documents incorporated by reference herein contain descriptions of our mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

The term “mineralized material” as used in this Annual Report on Form 10-K, although permissible under SEC Industry Guide 7, does not indicate “reserves” by SEC Industry Guide 7 standards. We cannot be certain that any part of the mineralized material will ever be confirmed or converted into SEC Industry Guide 7 compliant “reserves”. Investors are cautioned not to assume that all or any part of the mineralized material will ever be confirmed or converted into reserves or that mineralized material can be economically or legally extracted.

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements or information within the meaning of Canadian securities laws and the United States Private Securities Litigation Reform Act of 1995 concerning

anticipated results and developments in our operations in future periods, planned exploration activities, the adequacy of our financial resources and other events or conditions that may occur in the future. 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 our plans and expectations relating to the Donlin Gold and Galore Creek 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”, “str “objectives”, “potential”, “possible” or variations thereof or stating that certain actions, events, 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 simi 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 our 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 our 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 our mineral deposits;
- our expectations regarding demand for equipment, skilled labor 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 our mineral exploration and development properties;
- uncertainty of estimates of capital costs, operating costs, production and economic returns;
- uncertainties relating to the assumptions underlying our resource and reserve estimates, such as metal pricing, metallurgy, mineability, marketability and operating and capital costs;
- risks related to our ability to commence production and generate material revenues or obtain adequate financing for our planned exploration and development activities;
- risks related to our ability to finance the development of our mineral properties through external financing, strategic alliances, the sale of property interests or otherwise;
- risks related to the third parties on which we depend for our 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 our mineral deposits;
- risks related to lack of infrastructure required to develop, construct, and operate our mineral properties;
- 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 our properties will not be available on a timely basis, subject to reasonable conditions, 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 our properties and uncertainty of cost estimates related thereto;
- uncertainty related to title to our mineral properties;

- uncertainty related to unsettled aboriginal rights and title in British Columbia;
- our history of losses and expectation of future losses;
- uncertainty as to the outcome of potential litigation;
- risks related to our 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;
- competition in the mining industry;
- our need to attract and retain qualified management and technical personnel;
- risks related to our current practice of not using hedging arrangements;
- risks related to conflicts of interests of some of the directors of the Company;
- risks related to global climate change;
- risks related to opposition to our operations at our mineral exploration and development properties from non-governmental organizations or civil society; and
- increased regulatory compliance costs relating to the Dodd-Frank Act.

This list is not exhaustive of the factors that may affect any of our forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and our actual achievements or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in this Annual Report on Form 10-K under the heading “Risk Factors” and elsewhere.

Our forward-looking statements contained in this Annual Report on Form 10-K are based on the beliefs, expectations and opinions of management as of the date of this report. We do 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.

GLOSSARY OF TECHNICAL TERMS

The following technical terms defined in this section are used throughout this Annual Report on Form 10-K.

alluvial	A placer formed by the action of running water, as in a stream channel or alluvial fan; also said of the valuable mineral (e.g. gold or diamond) associated with an alluvial placer.
arsenopyrite	The common arsenic mineral and principal ore of arsenic; occurs in many sulfide ore deposits, particularly those containing lead, silver and gold.
alteration	Refers to the process of hydrothermal fluids (hot water) changing primary rock minerals (such as quartz, feldspar and hornblende) to secondary minerals (quartz, carbonate and clay minerals).
assay	A metallurgical analysis used to determine the quantity (or grade) of various metals in a sample.
bornite	A copper iron sulfide mineral (Cu5FeS4).
breccia	A rock in which angular fragments are surrounded by a mass of fine-grained minerals.
chalcopyrite	A copper iron sulfide mineral (CuFeS2).
concentrate	A clean product recovered in flotation, which has been upgraded sufficiently for downstream processing or sale.
cut-off grade	When determining economically viable mineral reserves, the lowest grade of mineralized material that can be mined and processed at a profit.
cyanidation	A metallurgical technique, using a dilute cyanide solution, for extracting gold from ore by dissolving the gold into solution.
dike	A tabular igneous intrusion that cuts across the bedding of the host rock.
doré	A semi-pure alloy of gold and silver.
electrowinning	The deposition of gold from solution to cathodes by passing electric current from anodes through gold-bearing solution.
extrusive	Said of igneous rock that has been erupted onto the surface of the Earth.

geotechnical	Said of tasks or analysis that provide representative data of the geological rock quality in a known volume.
flotation	A process used for the concentration of minerals, especially within base metal systems.
geohazard	A geologic state that may lead to widespread damage or risk, such as a landslide, debris flow, avalanche, etc.
grade	Quantity of metal or mineral per unit weight of host rock.

greywacke	A variety of sandstone generally characterized by its hardness, dark color, and poorly sorted angular grains of quartz, feldspar, and small rock fragments set in a compact, clay-fine matrix.
host rock	A body of rock serving as a host for other rocks or for mineral deposits.
hydrothermal	Pertaining to hot aqueous solutions of magmatic origin which may transport metals and minerals in solution.
intrusive	Said of igneous rock formed by the consolidation of magma intruded into other rocks.
lithology	The character of a rock described in terms of its structure, color, mineral composition, grain size, and arrangement of its component parts.
mafic	Igneous rocks composed mostly of dark, iron- and magnesium-rich minerals.
massive	Said of a mineral deposit, especially of sulfides, characterized by a great concentration of mineralization in one place, as opposed to a disseminated or veinlike deposit.
mineral	A naturally formed chemical element or compound having a definite chemical composition and, usually, a characteristic crystal form.
mineral deposit	A mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures.
mineralization	A natural occurrence in rocks or soil of one or more yielding minerals or metals.
net present value (NPV)	The sum of the value on a given date of a series of future cash payments and receipts, discounted to reflect the time value of money and other factors such as investment risk.
ore	Rock containing metallic or non-metallic materials that can be mined and processed at a profit.
placer	An alluvial deposit of sand and gravel, which may contain valuable metals.
porphyry	An igneous rock of any composition that contains conspicuous phenocrysts (large crystals or mineral grains) in a fine-grained groundmass.
pyrite	An iron sulfide mineral (FeS2), the most common naturally occurring sulfide mineral.
pyrrhotite	An unusual, generally weakly magnetic, iron sulfide mineral with varying iron content (Fe1-x S (x=0 to 0.2)).
reverse circulation (RC)	A type of drilling using dual-walled drill pipe in which the material drilled, water and mud are circulated up the center pipe while air is blown down the outside pipe.
realgar	An arsenic sulfide mineral (As4 S4).
reclamation	Restoration of mined land to original contour, use, or condition.

rhyodacite	A volcanic, high-silica rock composed of mostly quartz and feldspar.
sedimentary	Said of rock formed at the Earth's surface from solid particles, whether mineral or organic, which have been moved from their position of origin and re-deposited, or chemically precipitated.
shale	A fine-grained detrital (transported by wind, water, or ice) sedimentary rock, formed by the consolidation of clay, silt, or mud.
sill	An intrusive sheet of igneous rock of roughly uniform thickness that has been forced between the bedding planes of existing rock.

stockwork A three-dimensional network of closely spaced planar to irregular veinlets.

stibnite An antimony sulfide mineral (Sb2S3).

strike The direction, or bearing from true north, of a vein or rock formation measured on a horizontal surface.

sulfide A compound of sulfur and some other metallic element.

syngenetic Relating to or denoting a mineral deposit or formation produced at the same time as the host rock.

tailings Uneconomic material produced by a mineral processing plant which is disposed of in a manner meeting government regulation and which may involve a permanent impoundment facility or which may involve the discharge of material to the environment in a manner regulated by the government authority.

vein A thin, sheet-like crosscutting body of hydrothermal mineralization, principally quartz.

waste rock Barren or submarginal rock that has been mined but is not of sufficient value to warrant treatment and is therefore removed ahead of the milling processes.

Canadian NI 43-101 Definitions:

Terms defined in the Canadian standards of disclosure for mineral projects. The definitions of the terms “Mineral Reserve”, “Mineral Resource”, “Mining Studies”, and “Qualified Person” also refer to the CIM Definition Standards, where they are further defined.

Advanced Property

A property that has Mineral Reserves or Mineral Resources, the potential economic viability of which is supported by a Preliminary Economic Assessment, a Pre-Feasibility Study or a Feasibility Study.

Disclosure

Any oral statement or written disclosure made by or on behalf of an issuer and intended to be, or reasonably likely to be, made available to the public in a jurisdiction of Canada, whether or not filed under securities legislation, but does not include written disclosure that is made available to the public only by reason of having been filed with a government or agency of government pursuant to a requirement of law other than securities legislation.

Early Stage Exploration Property

A property for which the technical report being filed has no current mineral resources or mineral reserves defined and no drilling or trenching proposed.

Effective date

With reference to a technical report, the most recent scientific or technical information included in the technical report.

Exploration Information

Geological, geophysical, geochemical, sampling, drilling, trenching, analytical testing, assaying, mineralogical, metallurgical and other similar information concerning a particular property that is derived from activities undertaken to locate, investigate, define or delineate a mineral prospect or mineral deposit.

Mineral Project

Any exploration, development or production activity, including a royalty or similar interest in these activities, in respect of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals.

Preliminary Economic Assessment

A study, other than a Pre-Feasibility or Feasibility Study, that includes an economic analysis of the potential viability of Mineral Resources.

Professional Association

A self-regulatory organization of engineers, geoscientists, or both engineers and geoscientists that is given authority or recognition by statute in a jurisdiction of Canada or a foreign (non-Canadian) association that is generally accepted within the international mining community as a reputable professional association; admits individuals on the basis of their academic qualifications, experience, and ethical fitness; requires compliance with the professional standards of competence and ethics established by the organization; requires or encourages continuing professional development; and has and applies disciplinary powers, including the power to suspend or expel a member regardless of where the member practices or resides.

Qualified Person

An individual who is an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geoscience, or engineering, relating to mineral exploration or mining; has at least five years of experience in mineral exploration, mine development or operation, or mineral project assessment, or any combination of these, that is relevant to his or her professional degree or area of practice; has experience relevant to the subject matter of the mineral project and the technical report; and is in good standing with a professional association; and in the case of a professional association in a foreign jurisdiction, has a membership designation that requires attainment of a position of responsibility in their profession that requires the exercise of independent judgement and requires a favourable confidential peer evaluation of the individual's character, professional judgement, experience, and ethical fitness or requires a recommendation for membership by at least two peers, and demonstrated prominence or expertise in the field of mineral exploration or mining.

Quantity

Either tonnage or volume, depending on which term is the standard in the mining industry for the type of mineral.

SEC Industry Guide 7

The mining industry guide entitled "Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations" contained in the Securities Act Industry Guides published by the United States Securities and Exchange Commission, as amended.

Technical Report

A report prepared and filed in accordance with this Instrument and Form 43-101F1 Technical Report that includes, in summary form, all material scientific and technical information in respect of the subject property as of the effective date of the technical report.

Written Disclosure

Any writing, picture, map, or other printed representation whether produced, stored or disseminated on paper or electronically, including websites.

Mineral Resource

In this Instrument, the terms “Mineral Resource”, “Inferred Mineral Resource”, “Indicated Mineral Resource”, and “Measured Mineral Resource” have the meanings ascribed to those terms by CIM, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as amended.

Mineral Reserve

In this Instrument, the terms “Mineral Reserve”, “Probably Mineral Reserve”, and “Proven Mineral Reserve” have the meanings ascribed to those terms by CIM, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as amended.

Mining Studies

In this Instrument, the terms “Preliminary Feasiblity Study”, “Pre-Feasibility Study” and “Feasibility Study” have the meanings ascribed to those terms by CIM, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as amended.

Independence

In this Instrument, a Qualified Person is independent of an issuer if there is no circumstance that, in the opinion of a reasonable person aware of all relevant facts, could interfere with the Qualified Person’s judgement regarding the preparation of the technical report.

CIM Definition Standards, adopted by CIM Council on May 10, 2014:

Qualified Person

Mineral Resource and Mineral Reserve estimates and any supporting Technical Reports must be prepared by or under the direction of a Qualified Person, as that term is defined in NI 43-101.

Pre-Feasibility Study (Preliminary Feasibility Study)

A Pre-Feasibility Study is a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the Mineral Resource may be converted to a Mineral Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

Feasibility Study

A Feasibility Study is a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate, at the time of reporting, that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-Feasibility Study.

Mineral Resource

A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction.

The location, quantity, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

Inferred Mineral Resource

An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verfy geological and grade or quality continuity.

An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

Indicated Mineral Resource

An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.

Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.

And Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probably Mineral Reserve.

Measured Mineral Resource

A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.

Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation.

A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probably Mineral Reserve.

Modifying Factors

Modifying Factors are considerations used to convert Mineral Resources to Mineral Reservs. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social, and governmental factors.

Mineral Reserve

A Mineral Reserve is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasiblity or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.

The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.

The public disclosure of a Mineral Reserve must be demonstrated by a Pre-Feasibility Study or Feasibility Study.

Probable Mineral Reserve

A Probable Mineral Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probably Mineral Reserve is

lower than that applying to a Proven Mineral Reserve.

Proven Mineral Reserve (Proved Mineral Reserve)

A Proven Mineral Reserve is the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.

SEC Industry Guide 7 Definitions:

U.S. reporting guidelines that apply to registrants engaged or to be engaged in significant mining operations.

Exploration stage

Prospect is one which is not in either the development or production stage.

Development stage

Project is one which is undergoing preparation of an established commercially mineable deposit for its extraction but which is not yet in production. This stage occurs after completion of a feasibility study.

Production stage

Project is actively engaged in the process of extraction and beneficiation of mineral reserves to produce a marketable metal or mineral product.

Mineralized material

Refers to material that is not included in the reserve as it does not meet all of the criteria for adequate demonstration for economic or legal extraction.

Probable reserve

Refers to reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

Proven reserve

Refers to reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.

Reserve

Refers to that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves must be supported by a feasibility study done to bankable standards that demonstrates the economic extraction. (“Bankable standards” implies that the confidence attached to the costs and achievements developed in the study is sufficient for the project to be eligible for external debt financing.) A reserve includes adjustments to the in-situ tonnes and grade to include diluting materials and allowances for losses that might occur when the material is mined.

PART I

Item 1. Business

Overview

We operate in the gold mining industry, primarily focused on advancing permitting on the Donlin Gold project in Alaska. The Donlin Gold project is held by Donlin Gold LLC ("Donlin Gold"), a limited liability company owned equally by wholly-owned subsidiaries of NOVAGOLD and Barrick Gold Corporation ("Barrick"). We are also committed to maximizing the value of our interest in the Galore Creek copper-gold-silver project in British Columbia, Canada. The Galore Creek project is held by a partnership owned equally by NOVAGOLD Canada Inc., a wholly-owned subsidiary of NOVAGOLD, and by Teck Resources Limited ("Teck"). We are continue to explore opportunities to sell, in whole or in part, our interest in the Galore Creek project.

We do not produce gold or any other minerals, and do not currently generate operating earnings. Through 2014, funding to explore our gold properties and to operate the Company was acquired primarily through equity financings consisting of public offerings of our common shares and warrants and through debt financing consisting of convertible notes. We expect to continue to raise capital through additional equity and/or debt financings, through the exercise of stock options, and otherwise.

We were incorporated by memorandum of association on December 5, 1984, under the Companies Act (Nova Scotia) as 1562756 Nova Scotia Limited. On January 14, 1985, we changed our name to NovaCan Mining Resources (l985) Limited and on March 20, 1987, we changed our name to NOVAGOLD RESOURCES INC. On May 29, 2013, our shareholders approved the continuance of the corporation into British Columbia. Subsequently, we filed the necessary documents in Nova Scotia and British Columbia and effective as of June 10, 2013 we continued under the Business Corporations Act (British Columbia). The current addresses, telephone and facsimile numbers of our offices are:

Executive office 201 South Main Street, Suite 400 Salt Lake City, Utah, USA 84111 Telephone (801) 639-0511 Facsimile (801) 649-0509	Registered and records office 789 West Pender Street, Suite 720 Vancouver, BC, V6C 1H2 Toll free 1(866) 669-6227 Facsimile (604) 669-6272

Corporate Structure

As of November 30, 2014, we had the following material, direct and indirect, wholly-owned subsidiaries: NOVAGOLD Resources Alaska, Inc., NOVAGOLD US Holdings Inc., NOVAGOLD USA, Inc., NOVAGOLD (Bermuda) Alaska Limited, NOVAGOLD Resources (Bermuda) Limited and NOVAGOLD Canada Inc.

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

Employees

As of November 30, 2014, we had 13 full-time employees. We also use consultants with specific skills to assist with various aspects of project evaluation, engineering and corporate governance.

Segment and Geographical Information

We operate in a single reportable operating segment, being the exploration and development of mineral properties. Our long-lived assets are geographically distributed as shown in the following table. We did not have revenue from continuing operations in any of the periods shown below.

Long-lived assets

	At November 30,		
($ thousands)	2014	2013	2012
Canada	$ 349,070	$ 367,712	$ 407,037
United States	3,521	4,435	7,451
Other	—	—	513
	$ 352,591	$ 372,147	$ 415,001

Recent Developments

Donlin Gold Project

During the year ended November 30, 2014, permitting activities continued at Donlin Gold and were mainly focused on the preparation of the draft Environmental Impact Statement (EIS). The EIS is required by the National Environmental Policy Act (NEPA), the act that governs the process by which most major projects in the United States are evaluated. The EIS is also, in large part, a determining factor in the overall permitting timeline which, for Donlin Gold, commenced in 2012 and is anticipated to take approximately four years to complete. This document is comprised of four main sections which:

- Outline of the purpose and need for the proposed mine. The management of Donlin Gold LLC and its Native Corporation partners, Calista Corporation and The Kuskokwim Corporation (TKC), jointly contributed to the preparation of this section which highlights the need for the development of the proposed mine and the benefit it would bring to its stakeholders.

- Identify and analyze a reasonable range of alternatives to the mine development proposed by Donlin Gold which comprise variations on certain mine site facility designs, as well as local transportation and power supply options.

- Involve the preparation of an environmental analysis of the proposed action and reasonable alternatives (including a no action alternative), which identifies and characterizes the potential biological, social, and cultural impacts relative to the existing baseline conditions. This portion normally constitutes the most extensive part of the EIS.

- Describe potential mitigation measures intended to reduce or eliminate the environmental impacts described in the impact analysis section.

During the second quarter of 2014, the U.S. Army Corps of Engineers (the “Corps”), the lead agency for the Donlin Gold EIS, and cooperating agencies’ completed the alternatives identification, establishing a reasonable range of alternatives to be evaluated in the EIS. Outstanding environmental baseline data and analyses required to complete the draft EIS were compiled and provided to the Corps during the third quarter. During the fourth quarter, the Corps distributed initial drafts of the Environmental Consequences sections of the draft EIS to the cooperating agencies and they provided input to the Corps prior to the end of December 2014. The Corps and AECOM Technology Corporation (AECOM), its contractor for preparation of the EIS, presently are considering the agencies’ comments and will incorporate the relevant changes into the draft EIS, which is on schedule to be issued for public comment in 2015. The Corps and AECOM are working toward issuance of the final EIS in 2016. A schedule of the Corps’ time table for the Donlin Gold EIS process can be found on their website at www.donlingoldeis.com.

In addition, Donlin Gold LLC continues to work simultaneously with other permitting agencies on other major permit applications, such as air quality, water discharge and usage, gas pipeline, wetlands, rights-of-way, and dam safety.

Beyond permitting, on September 4, 2014 the Company announced that it has invested in the National Fish and Wildlife Foundation's (NFWF) Alaska Fish and Wildlife Fund conservation initiative designed to protect, conserve and restore fish and wildlife in Alaska. Some of the proposed projects and locally-led efforts are in the Yukon-Kuskokwim (Y-K) region where the Donlin Gold project is located. The program will integrate NFWF's expertise with Donlin Gold's wealth of baseline data and regional experience and ecological knowledge of Native Alaskans to enhance fish and wildlife in Alaska for many years to come.

On June 9, 2014, the Company announced that Donlin Gold LLC and TKC reached an updated long term Surface Use Agreement for the Donlin Gold project. This agreement has been extended to coincide with the term of the Exploration and Mining Lease with the Calista Corporation and continues so long as production continues at the project. This agreement:

- Provides direct compensation to TKC through payments for project milestones, annual surface use and mine operation.

- Includes a coordinated and consultative approach between Donlin Gold and TKC regarding annual project planning, reclamation as well as preparation of a subsistence harvest plan for affected surface lands.

- Gives preference to TKC for contracts, hiring and training TKC shareholders, as well as funding scholarships and working with federal, state and local entities to help create and fund a training facility in the region.

- Commits to an exclusive contract with TKC for the construction and operations of an upriver port site.

Donlin Gold remains actively engaged in sponsorship activities at the community level, supporting local youth in leadership endeavors, visiting communities in the Y-K region and executing on its workforce development strategy. Throughout 2014, we continued to promote safety, education and workforce development by supporting local and regional events, scholarships and programs. We led and participated in multiple community meetings throughout the region. Additionally, we participated in the annual spring Clean Up Green Up event, where a record of 52 villages participated this year in community-wide efforts to reduce litter and promote reuse and recycling.

An extensive list of additional federal and state government permits and approvals must be obtained before the Donlin Gold project can commence construction. Preparation of the applications for some of these permits and approvals requires additional, more detailed engineering that were not part of the Donlin Gold feasibility study. Completion of this engineering will require a significant investment of funds, time, and other resources by Donlin Gold and its contractors. Also, the Donlin Gold board must approve a construction program and budget before construction of the Donlin Gold project can begin. The timing of the required engineering work and the Donlin Gold board's approval of a construction program and budget, the receipt of all required governmental permits and approvals, the availability of financing, among other factors, will affect whether and when construction of the Donlin Gold project will begin. Among other reasons, project delays could occur as a result of public opposition, limitations in agency staff resources during regulatory review and permitting, or project changes made by Donlin Gold.

Our share of funding for Donlin Gold in 2014 was $13.9 million for permitting, community engagement and development efforts. Our 50% share of the 2015 work program is expected to be $12.6 million. The 2015 work program and budget includes funds to assist the Corps in continuing to advance the permitting process through issuance of the draft EIS in 2015. In addition, Donlin Gold will continue to maintain its engagement with communities in the Y-K region.

For further information, see section Item 2, Properties – Donlin Gold Project, below.

Galore Creek Project

On January 23, 2014, we announced drill results for Galore Creek's 2013 campaign which identified extensions to the copper-gold mineralization into, as well as adjacent to, the 2012 Legacy zone discovery. The 2013 program confirmed significant mineralization at the Legacy zone and provided sufficient data to proceed with additional technical studies in support of mine planning. During 2014, we conducted workshops and engineering analyses aimed at evaluating and optimizing scenarios for an integrated mining, waste disposal and water management plan.

Galore Creek remains active in the community, sponsoring local fundraising events, supporting Tahltan literacy camps, as well as providing assistance and funding for research on the Tahltan language dictionary.

Our share of funding for Galore Creek in 2014 was $2.1 million, which primarily funded technical studies, administrative expenses, environmental monitoring, and site care and maintenance costs. Our 50% share of the 2015 work program is expected to be $1.6 million. The 2015 work plan includes further technical studies to narrow down scenarios of integrated management of mining, waste disposal, and water; and reviewing other areas of potential improvement and de-risking of the project; environmental monitoring, administrative responsibilities and site care and maintenance. No drilling program is planned for 2015. We will continue to evaluate opportunities to monetize the value of the asset.

In 2015, NOVAGOLD and Teck will continue to evaluate opportunities to further advance development of the Galore Creek project. In the meantime, we will continue to evaluate opportunities to monetize the value of the asset, in whole or in part, to strengthen our balance sheet and focus primarily on the permitting of Donlin Gold.

For further information, see Item 2, Properties – Galore Creek Project, below.

Reclamation

We will generally be required to mitigate long-term environmental impacts by stabilizing, contouring, re-sloping and re-vegetating various portions of a site after mining and mineral processing operations are completed. These reclamation efforts will be conducted in accordance with detailed plans, which must be reviewed and approved by the appropriate regulatory agencies. In addition, financial assurance acceptable to the regulatory authority with jurisdiction over reclamation must be provided in an amount that the authority determines to be sufficient to allow the authority to implement the reclamation plan in the event that we fail to complete the work as provided in the plan.

Government and Environmental Regulations

Our exploration and development activities are subject to various national, state, provincial and local laws and regulations in the United States and Canada, which govern prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, protection of the environment, mine safety, hazardous substances and other matters. We have obtained or have pending applications for those licenses, permits or other authorizations currently required to conduct our exploration and development programs. We believe that we are in compliance in all material respects with applicable mining, health, safety and environmental statutes and regulations in the United States and Canada. There are no current orders or directions relating to us with respect to the foregoing laws and regulations. For a more detailed discussion of the various government laws and regulations applicable to our operations and potential negative effects of these laws and regulations, see Item 1A, Risk Factors, below.

Competition

We compete with other mineral resource exploration and development companies for financing, technical expertise and the acquisition of mineral properties. Many of the companies with whom we compete have greater financial and technical resources. Accordingly, these competitors may be able to spend greater amounts on the acquisition, exploration and development of mineral properties. This competition could adversely impact our ability to finance further exploration and to obtain the financing necessary for us to develop our mineral properties.

Availability of Raw Materials and Skilled Employees

Most aspects of our business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, metallurgy, mine planning, logistical planning, preparation of feasibility studies, permitting, construction and operation of a mine, financing, legal and accounting. Historically, we have found that we can locate and retain appropriate employees and consultants and we believe we will continue to be able to do so.

All of the raw materials we require to carry on our business are readily available through normal supply or business contracting channels in the United States and Canada. Historically, we have been able to secure the appropriate equipment and supplies required to conduct our contemplated programs. As a result, we do not believe that we will experience any shortages of required equipment or supplies in the foreseeable future.

Seasonality

Our business is seasonal as mineral exploration and development activities take place in southwestern Alaska and northern British Columbia. Due to the northern climate, work on the Donlin Gold and Galore Creek projects can be limited due to excessive snow cover and cold temperatures. In general, surface work often is limited to late spring through early fall, although work in some locations, which may more efficiently be accessed while frozen, occurs in the winter.

Gold Price History

The price of gold is volatile and is affected by numerous factors all of which are beyond our control, such as the sale or purchase of gold by various central banks and financial institutions, inflation, recession, fluctuation in the relative values of the U.S. dollar and foreign currencies, changes in global and regional gold demand in addition to international and national political and economic conditions.

The following table presents the high, low and average afternoon fixed prices in U.S. dollars for an ounce of gold on the London Bullion Market over the past five calendar years:

Year	High	Low	Average
2010	$1,421	$1,058	$1,225
2011	$1,895	$1,319	$1,571
2012	$1,792	$1,540	$1,669
2013	$1,694	$1,192	$1,411
2014	$1,385	$1,142	$1,266
2015 (to January 22)	$1,296	$1,172	$1,240

Data Source: www.kitco.com

Available Information

We make available, free of charge, on or through our website at www.novagold.com, our Annual Report on Form 10-K, our quarterly reports on Form 10-Q and our current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934. Our website and the information contained therein or connected thereto are not intended to be, and are not incorporated into this Annual Report on Form 10-K.

ItemRisk Factors
1A.

You should carefully consider the following risk factors in addition to the other information included in this Annual Report on Form 10-K. Each of these risk factors could adversely affect our business, operating results and financial condition, as well as adversely affect the value of an investment in our common shares. The risks described below are not the only ones facing the Company. Additional risks that we are not presently aware of, or that we currently believe are immaterial, may also adversely affect our business, operating results and financial condition. We cannot assure you that we will successfully address these risks or that other unknown risks exist or may arise that may affect our business.

An investment in our securities is speculative and involves a high degree of risk due to the nature of our business and the present stage of exploration and development of our mineral properties. The following risk factors, as well as risks not currently known to us, could materially adversely affect our future business, operations and financial condition and could cause them to differ materially from the estimates described in the forward-looking statements relating to us.

Risks Related to Our Business

We have no history of commercially producing precious or base metals from our mineral exploration properties and there can be no assurance that we will successfully establish mining operations or profitably produce precious or base metals.

None of our mineral properties are in production, we have no history of commercially producing precious or base metals from our current portfolio of mineral properties, and we have no ongoing mining operations or revenue from mining operations. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. None of our mineral properties are currently under construction. The future development of any mineral properties found to be economically feasible will require obtaining permits and financing and the construction and operation of mines, processing plants and related infrastructure. As a result, we are subject to all of the risks associated with establishing new mining operations and business enterprises, including:

- the need to obtain necessary environmental and other governmental approvals and permits, and the timing and conditions of those approvals and permits;
- the availability and cost of funds to finance construction and development activities;

- the timing and cost, which can be considerable, of the construction of mining and processing facilities and related infrastructure;
- potential opposition from non-governmental organizations, environmental groups or local groups which may delay or prevent development activities;
- potential increases in construction and operating costs due to changes in the cost of labor, fuel, power, materials and supplies, services, and foreign exchange rates;
- the availability and cost of skilled labor and mining equipment; and
- the availability and cost of appropriate smelting and/or refining arrangements.

The costs, timing and complexities of mine construction and development are increased by the remote location of our mineral properties, with additional challenges related thereto, including access, water and power supply, and other support infrastructure. Cost estimates may increase significantly as more detailed engineering work and studies are completed on a project. New mining operations commonly experience unexpected costs, problems and delays during development, construction, and mine start-up. In addition, delays in the commencement of mineral production often occur. Accordingly, there are no assurances that our activities will result in profitable mining operations, or that we will successfully establish mining operations, or profitably produce precious or base metals at any of our mineral properties.

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

We have a history of net losses and expect losses to continue for the foreseeable future.

We have a history of net losses and we expect to incur net losses for the foreseeable future. None of our mineral properties have advanced to the commercial production stage and we have no history of earnings or cash flow from operations. We expect to continue to incur net losses unless and until such time as one or more of our projects enter into commercial production and generate sufficient revenues to fund continuing operations or until such time as we are able to offset our expenses against the sale of one or more of our mineral properties, if applicable. The development of our mineral properties to achieve production will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, including the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the process of obtaining required government permits and approvals, the availability and cost of financing, the participation of our partners, and the execution of any sale or joint venture agreements with strategic partners. These factors, and others, are beyond our control. There is no assurance that we will be profitable in the future.

Our ability to continue the exploration, permitting, development, and construction of the Donlin Gold and Galore Creek projects, and to continue as a going concern, will depend in part on our ability to obtain suitable financing.

We have limited financial resources. We will need external financing to develop and construct the Donlin Gold project and, if applicable, the Galore Creek project. On December 5, 2011, we announced the total capital cost estimate for the Donlin Gold project was approximately $6.7 billion including costs related to the natural gas pipeline (100% basis). Our failure to obtain sufficient financing could result in the delay or indefinite postponement of exploration, development, construction, or production at the Donlin Gold project or any or all of our other mineral properties. The cost and terms of such financing may significantly reduce the expected benefits from new

developments and/or render such developments uneconomic. There can be no assurance that additional capital or other types of financing will be available when needed or that, if available, the terms of such financing will be favorable. Our failure to obtain financing could have a material adverse effect on our growth strategy and results of operations and financial condition. In addition, we may have to sell one or more of our mineral properties.

We intend to fund our plan of operations from working capital, the proceeds of financings, and the potential sale of our interest in the Galore Creek project. In the future, our ability to continue our exploration, permitting, development, and construction activities, if any, will depend in part on our ability to obtain suitable financing. If we raise additional funding by issuing additional equity securities or other securities that are convertible into equity securities, such financings may substantially dilute the interest of existing or future shareholders. Sales or issuances of a substantial number of securities, or the perception that such sales could occur, may adversely affect the prevailing market price for our common shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in our earnings per share.

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

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

The capital costs to take our projects into production may be significantly higher than anticipated. Escalation of costs was a significant factor in the decision to suspend construction at the Galore Creek project in 2007. On December 5, 2011, we announced the total capital cost estimate for the Donlin Gold project of approximately $6.7 billion including costs related to the natural gas pipeline (100% basis). The previous capital cost estimate for the project released in April 2009 was $4.5 billion which did not include the cost of a natural gas pipeline.

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

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

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

Changes in the market price of gold, copper and other metals, which in the past have fluctuated widely, affect our financial condition.

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

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

We cannot predict the effect of these factors on metal prices. A decrease in the market price of gold, copper and other metals could affect our ability to finance the development of the Donlin Gold and Galore Creek projects, and the exploration and development of other mineral properties held by us, which would have a material adverse effect on

our financial condition and results of operations. There can be no assurance that the market price of gold, copper and other metals will remain at current levels or that such prices will improve. In particular, an increase in worldwide supply, and consequent downward pressure on prices, may result over the longer term from increased production from the development of new or expansion of existing mines. There is no assurance that if commercial quantities of gold, copper and other metals are discovered, that a profitable market may exist or continue to exist for a production decision to be made or for the ultimate sale of the metals.

General economic conditions may adversely affect our growth, future profitability and ability to finance.

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Many industries, including the mining industry, are impacted by these market conditions. Some of the key impacts of the recent financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. The price of gold and gold mining company equities have experienced significant declines over the past few years.

Continued lower or a worsening of gold prices or slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect our growth and ability to finance. Specifically:

- global economic conditions could make other investment sectors more attractive, thereby affecting the cost and availability of financing to us and our ability to achieve our business plan;
- the volatility of metal prices would impact the economic viability of our mineral properties and any future revenues, profits, losses and cash flow;
- negative economic pressures could adversely impact demand for future production from our mineral properties;
- construction related costs could increase and adversely affect the economics of any of our projects;
- volatile energy, commodity and consumables prices and currency exchange rates would impact our future production costs; and
- the devaluation and volatility of global stock markets would impact the valuation of our equity and other securities.

We have a limited property portfolio.

At present, our only material mineral properties are the interests that we hold in the Donlin Gold and Galore Creek projects. Unless we acquire or develop additional mineral properties, we will be solely dependent upon these properties. If no additional mineral properties are acquired by us, any adverse development affecting our operations and further development at either or both of the Donlin Gold and Galore Creek projects may have a material adverse effect on our financial condition and results of operations.

We are dependent on third parties that participate in or are responsible for exploration and development of our properties.

Our success depends on the efforts and expertise of third parties with whom we have contracted. With respect to each of the Donlin Gold and Galore Creek projects, we hold a 50% interest and the remaining 50% interest is held by a third party that is not under our control or direction. We are dependent on such third parties for accurate information relating to our mineral properties and related assets and the progress and development of such properties and assets. Third parties may also have different priorities which could impact the timing and cost of development of either or both of the Donlin Gold and Galore Creek projects. A third party may also be in default of its agreement with us, without our knowledge, which may put the mineral property and related assets at risk. The existence or occurrence of one or more of the following circumstances and events could have a material adverse impact on our ability to achieve our business plan, profitability, or the viability of our interests held with third parties, which could have a material adverse impact on our business, future cash flows, earnings, results of operations and financial condition: (i) disagreement with our business partners on how to develop and operate the mineral properties efficiently; (ii) inability to exert influence over certain strategic decisions made in respect of jointly held mineral properties; (iii) inability of our business partners to meet their obligations to the joint business or third parties; and (iv) litigation with our business partners regarding joint business matters.

We require various permits to conduct our current and anticipated future operations, and delays or a failure to obtain such permits, or a failure to comply with the terms of any such permits that we have obtained, could have a material adverse impact on us.

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

The duration and success of efforts to obtain and renew permits are contingent upon many variables not within our control. Shortage of qualified and experienced personnel in the various levels of government could result in delays or inefficiencies. Backlog within the permitting agencies could affect the permitting timeline of the various projects. Other factors that could affect the permitting timeline include (i) the number of other large-scale projects currently in a more advanced stage of development which could slow down the review process and (ii) significant public response regarding a specific project. As well, it can be difficult to assess what specific permitting requirements will ultimately apply to each of the projects.

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

Unless otherwise indicated, mineralization figures presented in this Annual Report on Form 10-K and in our other filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by our personnel and independent geologists. These estimates use mining terms as defined in accordance with Canadian NI 43-101 and CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. These definitions differ from the definitions in the SEC Industry Guide 7. For further information, see Cautionary Note to U.S. Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves above. In addition, these estimates are imprecise and depend upon geologic interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance that:

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

Because we have not commenced commercial production at any of our mineral properties, mineralization estimates for our properties may require adjustments or downward revisions based upon further exploration or development work, actual production experience, or changes in the price of gold, copper or other metals. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that percentage of minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or at production scale.

The SEC does not permit mining companies in their filings with the SEC to disclose estimates other than mineral reserves. However, because we are a Canadian company, we also prepare and file reports in accordance with Canadian disclosure requirements. These disclosures contain resource estimates, which are required by Canada's NI 43-101.

Mineral resource estimates for mineral properties that have not commenced production are based, in many instances, on limited and widely spaced drill hole information, which is not necessarily indicative of the conditions between and around drill holes. Accordingly, such mineral resource estimates may require revision as more drilling information becomes available or as actual production experience is gained. No assurance can be given that any part or all of our mineral resources constitute or will be converted into reserves.

The estimating of mineral reserves and mineral resources is a subjective process that relies on the judgment and experience of the persons preparing the estimates. The process relies on the quantity and quality of available data and is based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. By their nature, mineral resource and reserve estimates are imprecise and depend, to a certain extent, upon analysis of drilling results and statistical inferences that may ultimately prove to be inaccurate. There can be no assurances that actual results will meet the estimates contained in studies.

Estimated mineral reserves or mineral resources may have to be recalculated based on changes in metal prices, further exploration or development activity, or actual production experience. In addition, if production costs increase, recovery rates decrease, if applicable laws and regulations are adversely changed, there is no assurance that the anticipated level of recovery will be realized or that mineral reserves or mineral resources as currently reported can be mined or processed profitably. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral reserve or mineral resource estimates. The extent to which mineral resources may ultimately be reclassified as mineral reserves is dependent upon

the demonstration of their profitable recovery. Any material changes in mineral resource estimates and grades of mineralization will affect the economic viability of placing a mineral property into production and a mineral property's return on capital. We cannot provide assurance that mineralization identified at our mineral properties can or will be mined or processed profitably.

The resource and reserve estimates contained in this Annual Report on Form 10-K have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for gold, silver and copper may render portions of our mineralization uneconomic and result in reduced reported mineralization. Any material reductions in estimates of mineralization, or of our ability to extract this mineralization, could have a material adverse effect on our ability to implement our growth strategy, the results of operations or our financial condition.

We have established the presence of proven and probable reserves at our Donlin Gold and Galore Creek projects under Canadian standards. There can be no assurance that any resource estimates for our mineral projects will ultimately be reclassified as mineral reserves. There can be no assurance that subsequent testing or future studies will establish proven and probable mineral reserves at our other mineral properties, if any. The failure to establish proven and probable mineral reserves could restrict our ability to successfully implement our strategies for long-term growth and could impact future cash flows, earnings, results of operation and financial condition.

Significant uncertainty exists related to inferred mineral resources.

There is a risk that inferred mineral resources referred to in this Annual Report on Form 10-K cannot be converted into measured or indicated mineral resources. Due to the uncertainty relating to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to resources with sufficient geological and grade continuity to constitute measured and indicated resources as a result of continued exploration.

The proposed sale of Galore Creek may not occur.

Part of our current business strategy is to sell all or part of our 50% interest in the Galore Creek Partnership. Our management expects to continue to evaluate disposition opportunities on a regular basis and intends to pursue opportunities that management believes 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 in the Galore Creek Partnership and as a result we may not be successful in identifying a purchaser or in obtaining an offer at an acceptable price and on acceptable terms and conditions. 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 the Galore Creek project through the Galore Creek Partnership, which would result in increased capital requirements for us to fund our portion of project development.

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

Completion of the development of the Donlin Gold and Galore Creek projects is subject to various requirements, including the availability and timing of acceptable arrangements for power, water, transportation, access and facilities. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay development of these projects. There can be no assurance that adequate infrastructure, including access and power supply, will be built, that it will be built in a timely manner or that the cost of such infrastructure will be reasonable or that it will be sufficient to satisfy the requirements of the projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that:

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

Access to the Donlin Gold and Galore Creek projects is limited and there is no infrastructure in the respective areas. At the Donlin Gold project, an approximately 500-kilometer long natural gas pipeline is needed to supply fuel to the generating plant proposed to provide power for the project. The proposed pipeline would traverse generally undeveloped areas in Alaska that are difficult to access. Terrain, geologic conditions, ground conditions, steep slopes, weather, and other natural conditions that are beyond our control, along the pipeline route present design, permitting, construction, and operational challenges for the project. Cost and schedule estimates may increase significantly as more detailed engineering work, geotechnical and geological studies are completed.

Title and other rights to our mineral properties are subject to agreements with other parties.

The subsurface mineral and surface rights at the Donlin Gold project are owned by Calista Corporation and The Kuskokwim Corporation, respectively, two Native Alaska corporations. Donlin Gold operates on these lands pursuant to a Mining Lease with Calista Corporation and a Surface Use Agreement with The Kuskokwim Corporation. The ability of Donlin Gold to continue to explore and develop the Donlin Gold project depends upon its continued compliance with the terms and conditions of the Mining Lease and Surface Use Agreement. Furthermore, our ability to continue to explore and develop other mineral properties may be subject to agreements with other third parties, including agreements with native corporations and First Nations, for instance.

Mining is inherently risky and subject to conditions or events some of which are beyond our control, and which could have a material adverse effect on our business.

Mining involves various types of risks, including:

- environmental hazards;

- industrial accidents;
- metallurgical and other processing problems;
- unusual or unexpected geologic formations and conditions;
- structural cave-ins or slides;
- flooding;
- fires;
- power outages;
- labor disruptions;
- explosions;
- landslides and avalanches;
- mechanical equipment and facility performance problems;
- availability of materials and equipment;
- metals losses; and
- periodic interruptions due to inclement or hazardous weather conditions.

These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties; personal injury or death, including to employees; environmental damage; delays in construction or mining operations; increased production costs; asset write downs; monetary losses; and possible legal liability. We may not be able to obtain insurance to cover these risks at economically feasible premiums or at all. Insurance against certain environmental risks, including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from mineral production, is not generally available to us or to other companies within the mining industry. We may suffer a material adverse impact on our business if we incur losses related to any significant events that are not covered by our insurance policies.

Exploration, construction and production activities may be limited or delayed by inclement weather and shortened exploration, construction, development and operating seasons. For example, Donlin Gold proposes to transport the bulk of the supplies required to operate the Donlin Gold project to the site from ports in the United States and Canada. This would require the supplies to be transported by barge on the Kuskokwim River which is free of ice and open for barge traffic for a limited period each year. Delays in the ice breakup or early freeze-up, low flow levels and water depths, or other conditions affecting the Kuskokwim River could delay or prevent Donlin Gold from transporting supplies to the site. Any such interference with the delivery of needed supplies to the Donlin Gold project could adversely affect the construction or operation of the project or the cost of constructing or operating the project which, in turn, would adversely affect our business.

We are subject to significant governmental regulation.

Our operations and exploration and development activities in Canada and the United States are subject to extensive federal, state, provincial, territorial and local laws and regulations governing various matters, including:

- environmental protection;
- management and use of toxic substances and explosives;
- management of tailings and other wastes generated by our operations;
- management of natural resources;
- exploration and development of mines, production and post-closure reclamation;
- exports;
- price controls;
- taxation and mining royalties;
- regulations concerning business dealings with native groups;
- availability and use of water resources;

- labor standards and occupational health and safety, including mine safety; and
- preservation of historic and cultural resources.

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

Our activities are subject to environmental laws and regulations that may increase our costs of doing business and restrict our operations.

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

Environmental hazards may exist on our mineral properties that are unknown to us at the present time, and that have been caused by previous owners or operators or that may have occurred naturally. We may be liable for remediating such damage.

Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities, causing operations to cease or to be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Our largest shareholder has significant influence on us and may also affect the market price and liquidity of our Securities.

Electrum Strategic Resources L.P. and its affiliate GRAT Holdings LLC hold in the aggregate 26.7% of our issued and outstanding common shares. Accordingly, Electrum and its affiliates will have significant influence in determining the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets and other significant corporate actions. Unless full participation of all shareholders takes place in such shareholder meetings, Electrum and its affiliates may be able to approve such matters itself. The concentration of ownership of the common shares by Electrum and its affiliates may: (i) delay or deter a change of control of the Company; (ii) deprive shareholders of an opportunity to receive a premium for their common shares as part of a sale of the Company; and (iii) affect the market price and liquidity of the common shares. In conjunction with the January 22, 2009 financing, we provided Electrum with the right to designate an observer at all meetings of the Board of Directors and any committee thereof so long as Electrum and its affiliates hold not less than 15% of our common shares. Electrum designated Igor Levental as its observer at our Board of Directors meetings. In July 2010, Igor Levental was appointed to our Board of Directors. In November 2011, Dr. Thomas S. Kaplan, was appointed Chairman of our Board. Dr. Kaplan is also the Chairman and Chief Executive Officer of The Electrum Group LLC, an investment advisor that manages Electrum's investments. As long as Electrum and its affiliates maintain its shareholdings in the Company, Electrum will have significant influence in determining the members of the Board of Directors. Without the consent of Electrum, we could be prevented from entering into transactions that are otherwise beneficial to us. The interests of Electrum and its affiliates may differ from or be adverse to the interests of our other shareholders. The effect of these rights and Electrum's influence may impact the price that investors are willing to pay for our shares. If Electrum or its affiliates sell a substantial number of our common shares in the public market, the market price of the common shares could fall. The perception among the

public that these sales will occur could also contribute to a decline in the market price of our common shares.

Some of the directors have conflicts of interest as a result of their involvement with other natural resource companies.

Certain of our directors also serve as directors, or have significant shareholdings in, other companies involved in natural resource exploration and development or mining-related activities. To the extent that such other companies may participate in ventures in which we may participate in, or in ventures which we may seek to participate in, the directors may have a conflict of interest. In all cases where the directors have an interest in other companies, such other companies may also compete with us for the acquisition of mineral property investments. Such conflicts of the directors may result in a material and adverse effect on our profitability, results of operation and financial condition. As a result of these conflicts of interest, we may miss the opportunity to participate in certain transactions, which may have a material adverse effect on our financial position or future business prospects.

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

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

Opposition to our operations from local stakeholders or non-governmental organizations could have a material adverse effect on us.

There is an increasing level of public concern relating to the effect of mining production on its surroundings, communities and environment. Local communities and non-governmental organizations (NGOs), some of which oppose resource development, are often vocal critics of the mining industry. While we seek to operate in a socially responsible manner, opposition to extractive industries or our operations specifically or adverse publicity generated by local communities or NGOs related to extractive industries, or our operations specifically, could have an adverse effect on our reputation and financial condition or our relationships with the communities in which we operate. As a result of such opposition or adverse publicity, we may be unable to obtain permits necessary for our operations or to continue our operations as planned or at all.

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

Land reclamation requirements are generally imposed on mineral exploration companies (as well as companies with mining operations) in order to minimize long term effects of land disturbance. Reclamation may include requirements to:

- treat ground and surface water to applicable water standards;
- control dispersion of potentially deleterious effluents;
- reasonably re-establish pre-disturbance land forms and vegetation; and
- provide adequate financial assurance to ensure required reclamation of land affected by our activities.

Exploration and other activities at the Donlin Gold and Galore Creek projects have created disturbance that must be reclaimed. The initial access road construction at the Galore Creek project also would need to be reclaimed, if the Galore Creek project is not developed. Financial resources spent on reclamation might otherwise be spent on further exploration and development programs. In addition, regulatory changes could increase our obligations to perform reclamation and mine closure activities. There can be no assurance that we will not be required to fund additional reclamation work at these sites that could have a material adverse effect on our financial position.

We are exposed to credit, liquidity, interest rate and currency risk.

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Our cash equivalents and term deposit investments are held through large Canadian chartered banks with high investment-grade ratings. These investments mature at various dates over the current operating period. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents our maximum exposure to credit risk.

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that we will realize a loss as a result of a decline in the fair value of the term deposit investments is limited because these investments have an original term of less than one year and are generally held to maturity. In respect of financial liabilities, the convertible notes are not subject to interest rate risk because they are at fixed rates. The promissory note owed to Barrick is variable with the U.S. prime rate. Based on the amount owing on the promissory note as of November 30, 2014, and assuming that all other variables remain constant, a 1% change in the U.S. prime rate would result in an increase/decrease of $0.8 million in the interest accrued by us per annum. For more detail with respect to the promissory note, see Item 2, Donlin Gold Project, Alaska, below.

We are exposed to the financial risk related to the fluctuation of foreign exchange rates. We operate in Canada and the United States and a portion of our expenses are incurred in Canadian dollars. A significant change in the currency exchange rate between the Canadian dollar relative to the U.S. dollar could have an effect on our results of operations, financial position or cash flows. We have not hedged our exposure to currency fluctuations. Based on our net exposures as of November 30, 2014, and assuming that all other variables remain constant, a $0.01 depreciation or appreciation of the Canadian dollar against the U.S. dollar would result in an increase/decrease of $3.0 million in our consolidated comprehensive income (loss).

Our insurance will not cover all of the potential risks associated with mining operations.

Our business is subject to a number of risks and hazards generally including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena, such as inclement weather conditions, floods, hurricanes and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to our properties or the property of others, delays in construction or mining, monetary losses and possible legal liability.

Although we maintain insurance to protect against certain risks in such amounts as we consider reasonable, our insurance will not cover all the potential risks associated with a mining company's operations. We may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as loss of title to mineral property, environmental pollution, or other hazards as a result of exploration and production is not generally available to us or to other companies in the mining industry on acceptable terms. We might also become subject to liability for pollution or other hazards which may not be insured against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause us to incur significant costs that could have a material adverse effect on our financial performance and results of operations.

Title and other rights to our mineral properties cannot be guaranteed and may be subject to prior unregistered agreements, transfers or claims and other defects.

We cannot guarantee that title to our mineral properties will not be challenged. We may not have, or may not be able to obtain, all necessary surface rights to develop a mineral property. Title insurance is generally not available for mineral properties and our ability to ensure that we have obtained secure claim to individual mineral properties or mining concessions may be severely constrained. Our mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. We have not conducted surveys of all of the mineral properties in which we hold direct or indirect interests. A successful challenge to the precise area and location of these mineral properties could result in us being unable to operate on our mineral properties as permitted or being unable to enforce our rights with respect to our mineral properties. This could result in us not being compensated for our prior investment relating to the mineral property.

Rising metal prices encourages mining exploration, development and construction activity, which in the past has increased demand for and cost of contract mining services and equipment.

Increases in metal prices tend to encourage increases in mining exploration, development and construction activities. During past expansions, demand for and the cost of contract exploration, development and construction services and equipment have increased as well. Increased demand for and cost of services and equipment could cause project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and increased potential for scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs, result in project delays, or both. Increased costs were a significant factor in the decision to suspend construction at the Galore Creek project in 2007 and there can be no assurance that increased costs may not adversely affect our development of our mineral properties in the future.

We may experience difficulty attracting and retaining qualified management and technical personnel to meet our business objectives, and the failure to manage our business effectively could have a material adverse effect on our business and financial condition.

We are dependent on the services of key executives including our President and Chief Executive Officer and other highly skilled and experienced executives and personnel focused on managing our interests and the advancement of the Donlin Gold and Galore Creek projects, in addition to the identification of new opportunities for growth and funding. Due to our relatively small size, the loss of these persons or our inability to attract and retain additional highly skilled employees required for the development of our activities may have a material adverse effect on our business or future operations.

We do not currently intend to use forward sales arrangements to protect against low commodity prices; therefore, our operating results are exposed to the impact of any significant drop in commodity prices.

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

We may be subject to legal proceedings.

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

Global climate change is an international concern, and could impact our ability to conduct future operations.

Global climate change is an international issue and receives an enormous amount of publicity. We would expect that the imposition of international treaties or U.S. or Canadian federal, state, provincial or local laws or regulations pertaining to mandatory reductions in energy consumption or emissions of greenhouse gasses could affect the feasibility of mining projects and increase operating costs.

Our projects are not directly threatened by current predictions of sea level rise because all of them are located inland at elevations from 100 meters to 4,000 meters above sea level. However, changes in sea levels could affect ocean transportation and shipping facilities, which would be used to transport supplies, equipment and personnel to our projects and products from those projects to world markets.

Extreme weather events (such as increased frequency or intensity of hurricanes, increased snow pack, prolonged drought) have the potential to disrupt operations at our projects. Where appropriate, our projects have developed emergency plans for managing extreme weather conditions; however, extended disruptions to supply lines due to extreme weather could result in interruption of activities at the project sites, delay or increase the cost of construction of the projects, or otherwise adversely affect our business.

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

We have documented and tested our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act (SOX). SOX requires an annual assessment by management of the effectiveness of our internal control over financial reporting and an attestation report by our independent auditors addressing this assessment. At November 30, 2014, management concluded that our internal control over financial reporting was effective. We may in the future fail to achieve and maintain the adequacy of our internal control over financial reporting, as such standards are modified, supplemented or amended from time to time, and we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of SOX. Our failure to satisfy the requirements of Section 404 of SOX on an ongoing, timely basis could result in the loss of investor confidence in the reliability of our financial statements, which in turn could harm our business and negatively impact the trading price of our shares. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. Future acquisitions of companies may provide us with challenges in implementing the required processes, procedures and controls in our acquired operations. Acquired companies may not have disclosure control and procedures or internal control over financial reporting that are as thorough or effective as those required by securities laws currently applicable to us.

No evaluation can provide complete assurance that our internal control over financial reporting will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be reported. The effectiveness of our internal controls and procedures could also be limited by simple errors or faulty judgments. In

addition, should we expand in the future, the challenges involved in implementing appropriate internal controls over financial reporting will increase and will require that we continue to improve our internal controls over financial reporting. Although we intend to devote substantial time and incur substantial costs, as necessary, to ensure compliance, we cannot be certain that we will be successful in complying with Section 404 of SOX on an ongoing basis.

We are subject to increased regulatory compliance costs relating to the Dodd-Frank Act.

In July 2010, the "Dodd-Frank Wall Street Reform and Consumer Protection Act" ("Dodd-Frank Act") was enacted, representing an overhaul of the framework for regulation of U.S. financial markets. The Dodd-Frank Act calls for various regulatory agencies, including the SEC and the Commodities Futures Trading Commission, to establish regulations for implementation of many of the provisions of the Dodd-Frank Act, and we anticipate that these new regulations will provide additional clarity regarding the extent of the impact of this legislation on us. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed. Dodd-Frank also requires companies in the mining industry to disclose substantial additional information in their periodic reports filed with the SEC about safety issues relating to their mining operations and will require us to disclose on an annual basis, once a final rule becomes effective, certain payments made by us, our subsidiaries or entities we control, to the U.S. government and foreign governments, including sub-national governments. This heightened scrutiny could generate negative publicity for the mining industry, increase the cost of compliance with mining regulations or result in the passage of new laws and regulations, any of which could negatively affect our business results. We may also need to incur additional costs and invest additional resources, including management's time, in order to comply with the new regulations and anticipated additional reporting and disclosure obligations. While we are not able to assess the full impact of the Dodd-Frank Act until all the implementing regulations have been adopted, based on the information available to us at this time, we do not believe provisions of the regulations implementing the Dodd-Frank Act will have a material adverse effect on our financial position, results of operations or cash flows.

Acquiring, holding or disposing of our securities may have tax consequences under the laws of Canada and the United States that are not disclosed in this Annual Report on Form 10-K and, in particular, potential investors should be aware that if we are or we become a “passive foreign investment company” under the U.S. Internal Revenue Code, there may be adverse tax consequences for investors in the United States.

Acquiring, holding or disposing of our securities may have tax consequences under the laws of Canada and the United States that are not disclosed in this Annual Report on Form 10-K. In particular, potential investors that are U.S. taxpayers should be aware that we may be considered a “passive foreign investment company” under Section 1297(a) of the U.S. Internal Revenue Code (a PFIC). We believe that we were not a PFIC for our tax year ended November 30, 2014, but may become a PFIC for future tax years. PFIC classification is fundamentally factual in nature, generally cannot be determined until the close of the tax year in question, and is determined annually. Additionally, the analysis depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In any tax year in which we are a PFIC, a U.S. taxpayer will be required to file an annual report with the Internal Revenue Service containing such information as Treasury Regulations or other tax rules may require.

Any gain recognized on the sale of common shares of a PFIC and any excess distributions paid on the common shares of a PFIC must be ratably allocated to each day in a U.S. taxpayer’s holding period for the common shares. The amount of any such gain or excess distribution allocated to prior years of such U.S. taxpayer’s holding period for the common shares generally will be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such prior year, and the U.S. taxpayer will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

Alternatively, a U.S. taxpayer that makes a timely “QEF election” generally will be subject to U.S. federal income tax on such U.S. taxpayer’s pro rata share of our “net capital gain” and “ordinary earnings” (calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by us. U.S. taxpayers should be aware that there can be no assurance that we will satisfy record-keeping requirements or that we will supply U.S. taxpayers with required information under the QEF rules, in event that we are a PFIC and a U.S. taxpayer wishes to make a QEF election. As a second alternative, a U.S. taxpayer may make a “mark-to-market election” if we are a PFIC and the common shares are marketable stock. A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which we are a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the common shares as of the close of such taxable year over (b) such U.S. taxpayer’s tax basis in such common shares.

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

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

Investors in the United States or in other jurisdictions outside of Canada may have difficulty bringing actions and enforcing judgments against us, our directors, our executive officers and some of the experts named in this Annual Report on Form 10-K based on civil liabilities provisions of the federal securities laws or other laws of the United States or any state thereof or the equivalent laws of other jurisdictions of residence.

ItemUnresolved Staff Comments
1B.

None.

29

Item 2. Properties

The following descriptions summarize selected information about our 50% interest in the Donlin Gold project located in Alaska, USA and our 50% interest in the Galore Creek project located in British Columbia, Canada. Both of these mineral projects are without known reserves, as defined under SEC Industry Guide 7. Except for subsequent events or as otherwise noted, the disclosure in this Annual Report on Form 10-K of a scientific or technical nature for our mineral properties is based on the following technical reports prepared in accordance with NI 43-101:

(i) "Donlin Creek Gold Project Alaska, USA, NI 43-101 Technical Report on Second Updated Feasibility Study" ("Donlin Gold FS") for the Donlin Gold project in southwestern Alaska, USA, prepared by AMEC Americas Limited, now known as AMEC Foster Wheeler Americas Limited (AMEC), effective date November 18, 2011 and amended and filed on January 20, 2012. The Donlin Gold FS has been filed with the securities regulatory authorities in each province of Canada and with the SEC. Portions of the following information are based on assumptions, qualifications and procedures that are not fully described herein. References should be made to the full text of the Donlin Gold FS which is available for review on EDGAR at www.sec.gov and on SEDAR at www.sedar.com.

(ii) "Galore Creek Copper-Gold Project NI 43-101 Technical Report on Pre-Feasibility Study, British Columbia – Canada" (the PFS) for the Galore Creek project in northwestern British Columbia, Canada, prepared by AMEC, effective date July 27, 2011 and filed on September 12, 2011. The PFS has been filed with the securities regulatory authorities in each province of Canada and with the SEC. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. References should be made to the full text of the PFS which is available for review on EDGAR at www.sec.gov and on SEDAR at www.sedar.com.

Kirk Hanson, P.E., Gordon Seibel, R.M. SME., both of whom are independent Qualified Persons as defined in NI 43-101, have approved the mineral reserves and mineral resources, respectively, included in this Annual Report on Form 10-K related to the Donlin Gold FS. Jay Melnyk, P.Eng., Greg Kulla, P.Geo., both of whom are independent Qualified Persons as defined in NI 43-101, have approved the mineral reserves and mineral resources, respectively, included in this Annual Report on Form 10-K related to the PFS. Heather White, B.Sc., P.Eng., who is a consultant to the Company and a "qualified person" under NI 43-101, has approved the scientific and technical information included in this Annual Report on Form 10-K.

Cautionary Note to U.S. Investors: This section and other sections of this Annual Report on Form 10-K contain the terms "measured mineral resources," "indicated mineral resources," "inferred mineral resources," "proven mineral reserves," and "probable mineral reserves" as defined in accordance with NI 43-101. Please note the following regarding these terms:

"Proven mineral reserves" and "probable mineral reserves" – The definitions of proven and probable mineral reserves used in NI 43-101 differ from the definitions for "proven reserves" and "probable reserves" as found in SEC Industry Guide 7. Accordingly, our disclosures of mineral reserves herein may not be comparable to information from U.S. companies subject to reporting and disclosure requirements of the SEC.

"Measured mineral resources" and "indicated mineral resources" – we advise U.S. investors that although these terms are recognized and required by Canadian regulations, these terms are not defined in SEC Industry Guide 7 and the SEC does not normally permit such terms to be used in reports and registration statements filed with the SEC. U.S. investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves.

“Inferred mineral resources” – we advise U.S. investors that although this term is recognized by Canadian regulations, the SEC does not recognize it. “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, estimates of inferred mineral resources may not form the basis of a feasibility study or prefeasibility study, except in rare cases. The SEC normally only permits an issuer to report mineralization that does not constitute “reserves” as in-place tonnage and grade without reference to unit measures. U.S. investors are cautioned not to assume that any part or all of an inferred mineral resource exists or is economically or legally minable.

Donlin Gold Project, Alaska

The Donlin Gold project is an advanced-stage gold project held by Donlin Gold, a limited liability company that is owned 50% by our wholly-owned subsidiary, NOVAGOLD Resources Alaska, Inc., and 50% by Barrick's wholly-owned subsidiary, Barrick Gold U.S. Inc. The Donlin Gold project is located in southwestern Alaska on private, Alaska Native-owned mineral and surface land and Alaska state mining claims. The 81,361 acre (32,926 hectare) property hosts a gold deposit currently estimated at 33.8 million ounces of proven and probable reserves averaging 2.09 grams per tonne. We believe that significant exploration potential remains in the Donlin Gold district, with prospects to increase mine life and/or justify future production expansions.

We entered into a limited liability company agreement with Barrick ("LLC Agreement") dated December 1, 2007 that provided for the creation of Donlin Gold, which is jointly owned by us and Barrick on a 50/50 basis. Pursuant to the LLC Agreement, we agreed to reimburse Barrick out of future mine production cash flow for a portion of Barrick's prior expenditures in the Donlin Gold project. As of November 30, 2014, the promissory note, including accrued interest, amounted to approximately $76.2 million. Funding is currently shared by both parties on a 50/50 basis.

Except for events subsequent to the Donlin Gold FS, including the information contained under the heading "Item 1, Recent Developments – Donlin Gold," or as otherwise stated or implied, the scientific and technical information regarding the Donlin Gold project in this Annual Report on Form 10-K is based on the Donlin Gold FS.

Property Description and Location

The Donlin Gold property is located in the Kuskokwim region of southwestern Alaska. The property is under lease (the "Mining Lease") for subsurface rights from Calista Corporation ("Calista") and surface rights (the "Surface Use Agreement") from The Kuskokwim Corporation (TKC), two Alaska Native corporations. Calista is one of 13 regional Alaska Native corporations established as part of the Alaska Native Claims Settlement Act of 1971 (ANCSA) and under ANCSA has title to the subsurface estate in the region. TKC was formed in 1977 when the ANCSA village corporations of Lower Kalskag, Upper Kalskag, Aniak, Chuathbaluk, Napaimute, Crooked Creek, Red Devil, Georgetown, Sleetmute and Stony River, which are located along the middle region of the Kuskokwim River, merged. Under ANCSA, TKC has title to extensive surface estate in the region, including most of the project lands.

Other lands required for offsite infrastructure, such as the Jungjuk port site, the road to the port site and gas pipeline are categorized as Native, State of Alaska conveyed, or Bureau of Land Management (BLM) lands. Rights-of-way will be required from other Alaska Native corporations, the state of Alaska and BLM for the road and pipeline alignments that cross Native corporation, state and federal lands.

Permits

Donlin Gold has maintained all of the necessary permits for exploration, camp facilities, and related activities. These permits are active with the Alaska Department of Natural Resources (hard rock exploration, temporary water use), the Corps (individual 404 and nationwide 26), U.S. Bureau of Land Management (rights-of-way), Alaska State Department of Conservation (wastewater, drinking water, food handling), the Alaska Department of Fish and Game (title 16 – fish), Federal Aviation Administration (airport), and other State, Federal and private entities. Current permits have allowed exploration, associated feasibility study test work, environmental monitoring and EIS baseline data collection efforts to be conducted under appropriate state and federal laws.

On August 7, 2012, we announced that Donlin Gold commenced permitting of the project by submitting a draft Plan of Operations and Section 404 of the U.S. Clean Water Act draft permit application to federal and state regulators. The Section 404 permit application initiated the environmental review process under NEPA which involves preparation of an EIS. The Corps selected AECOM, formerly URS, an independent contractor to prepare the EIS. The Notice of Intent for the EIS was published in the Federal Register on December 14, 2012 and the NEPA public scoping process was completed on March 29, 2013. During the remainder of 2013 and in 2014, Donlin Gold worked to address the remaining data needs for the EIS. Throughout 2013 and 2014, Donlin Gold also continued to provide application materials and maintained ongoing dialogue with the agencies that will issue the key permits and authorizations needed for the Donlin Gold project, including the air quality, water discharge, dam safety, wetlands, water use, fish habitat, and pipeline permits. During 2014, the Corps distributed initial drafts of the Environmental Consequences sections of the draft EIS to the cooperating agencies and they provided input to the Corps prior to the end of December 2014. The Corps and AECOM presently are considering the agencies' comments and will incorporate them into the draft EIS, which is on schedule to be issued for public comment in 2015. The Corps and AECOM also continued their public outreach efforts, holding meetings in local communities and participating in local radio programs during the second half of 2014.

An extensive list of additional federal and state government permits and approvals must be obtained before the Donlin Gold project can commence construction. Preparation of the applications for some of these permits and approvals requires additional, more detailed engineering that was not part of the Donlin Gold FS. Completion of this engineering will require a significant investment of funds, time, and other resources by Donlin Gold and its contractors. Also, the Donlin Gold board must approve a construction program and budget before construction of the Donlin Gold project can begin. The timing of the required engineering work and the Donlin Gold board's approval of a construction program and budget, the receipt of all required governmental permits and approvals, the availability of financing, as well as other factors, will affect whether and when construction of the Donlin Gold project will begin. Among other reasons,project delays could occur as a result of public opposition, limitations in agency staff resources during regulatory review and permitting, or project changes made by Donlin Gold.

Mineral Tenure

The Mining Lease currently includes mineral rights leased from Calista, which holds the subsurface (mineral) estate for Native-owned lands in the region. The leased land is believed to contain 20,101 hectares (49,671 acres). Calista also owns the surface estate on a portion of these lands. The Surface Use Agreement with TKC, which owns the surface estate of the remaining lands, grants non-exclusive surface use rights to Donlin Gold for mining activities. All of the lands subject to the Mining Lease and Surface Use Agreement have been conveyed to Calista and TKC by the

Federal Government. On June 9, 2014, the Company announced that Donlin Gold LLC and TKC reached an updated long term Surface Use Agreement for the Donlin Gold project. This agreement has been extended to coincide with the term of the Exploration and Mining Lease with the Calista Corporation and continues so long as production continues at the project.

In addition to the leased land, Donlin Gold holds 242 State of Alaska mineral claims comprising 12,853 hectares (31,760 acres) in the Kuskokwim and Mt. McKinley recording districts primarily surrounding the lands subject to the Mining Lease and Surface Use Agreement. Of the Alaska mineral claims, 3 claims are on state selected lands; 158 claims are tentatively approved for conveyance from the Federal to State government subject to official surveying. These claims have not been legally surveyed. All claims are either 16.2 hectares (40 acres) or 64.8 hectares (160 acres) in size.

Accessibility and Climate

The Donlin Gold property is located in southwestern Alaska, approximately 20 kilometers north of the village of Crooked Creek on the Kuskokwim River. The Kuskokwim River is a regional transportation route and is serviced by commercial barge lines. A 25 kilometer long winter road, designated as an Alaska State Highway route and transportation corridor, accesses the property from the barge landing at the village of Crooked Creek. The Donlin Gold project currently has an all-season, soft-sided camp with facilities to house up to 150 people. An adjacent 1,500 meter long airstrip is capable of handling aircraft as large as C-130 Hercules (42,000 pounds or 19,050 kilograms), allowing efficient shipment of personnel, some heavy equipment, and supplies. The Donlin Gold project can be reached directly by charter air facilities out of both Anchorage, 450 kilometers to the east and Aniak, 80 kilometers to the west.

The project area is one of low topographic relief on the western flank of the Kuskokwim Mountains. Elevations range from 150 meters to 640 meters. Ridges are well rounded and easily accessible by all-terrain vehicle. Hillsides are forested with black spruce, tamarack, alder, birch and larch. Soft muskeg and discontinuous permafrost are common in poorly drained areas at lower elevations. The area has a relatively dry interior continental climate with typically less than 50 cm (20 inches) total annual precipitation. Summer temperatures are relatively warm and may reach nearly 30°C (83°F). Minimum temperatures may fall to well below -42°C (-45°F) during the cold winter months.

The Donlin Gold project is currently isolated from power and other public infrastructure. Sufficient space is available to house the various facilities, including personnel housing, stockpiles and processing plants. Ample water supply is available from surface and subsurface sources. Power is produced by on-site generators.

Exploration History

Year	Company	Work Performed	Results
1909 to 1956	Various prospectors and placer miners	Gold discovered in 1909. Placer mining by hand, underground, and hydraulic methods.	Total placer gold production of approximately 30,000 ounces
1970s to present	Robert Lyman and heirs	Resumed sluice mining in Donlin Gold area and placer mined Snow Gulch.	First year of mining Snow Gulch produced best results, with 800 ounces of gold recovered. Donlin Gold has obtained an agreement with the Lyman family to consolidate the land package around the proposed mine.
1974, 1975	Resource Associates of Alaska (RAA)	Regional mineral potential evaluation for Calista. Soil grid and three bulldozer trenches dug in Snow Gulch area.	Soil, rock, and vein samples have anomalous gold values. Trench rock sample results range from 2 to 20 grams per tonne gold.
1984 to 1987	Calista Corporation	Minor work. Geologists from various mining companies, including Cominco and Kennecott, visit the property.	
1986	Lyman Resources	Auger drilling for placer evaluation finds abundant gray, sulfide rich clay near Quartz Gulch.	Assays of cuttings average over 7 grams per tonne gold. Initial discovery of Far Side (“Carolyn”) prospect.
1987	Calista Corporation	Rock sampling of ridge tops and auger drill sampling of Far Side prospect.	Anomalous gold values from auger holes: best result = 9.7 grams per tonne gold.
1988 to 1989	Western Gold Exploration and Mining Co. (WestGold)	Airborne geophysics, geological mapping, and soil sampling over most of the project area. Total of 13,525 meters of D9 Cat trenching at all prospects. Over 15,000 soil, rock chip, and auger samples collected. Drilling included 3,106 feet of AX core drilling, 404 meters in 239 auger holes, and 10,423 meters of RC	Initial work identified eight prospects with encouraging geology (Snow, Dome, Quartz, Carolyn, Queen, Upper Lewis, Lower Lewis, and Rochelieu). Drilling at most of these prospects led to identification of the Lewis areas as having the best bulk-mineable potential. Mineral resource estimate completed.

		drilling (125 holes). First metallurgical tests and petrographic work.	
1993	Teck Exploration Ltd.	D-9 Cat trenching (1,400 meters) and two 500 meter soil lines in Lewis area. Petrographic, fluid inclusion, and metallurgical work.	Identified new mineralized areas, updated Mineral resource estimate.
1995 to 2000	Placer Dome	87,383 meters of core, 11,909 meters of RC drilling and 8,493 meters of trenching. Environmental monitoring and assessment.	Drilled the American Creek magnetic anomaly (ACMA), discovered the ACMA deposit. Numerous mineral resource estimation iterations.

Year	Company	Work Performed	Results
2001 to 2002	NOVAGOLD	46,495 meters of core, 38,022 meters of RC drilling, 89.5 meters of geotechnical drilling, and 268 meters of water monitoring holes.	Filed a preliminary assessment report on the project. Updated resource estimate.
2003 to 2005	Donlin Gold Joint Venture	25,448 meters of core and 5,979 meters of RC drilling. Calcium carbonate exploration drilling; IP lines for facility condemnation studies.	Infill drilled throughout the resource area. Discovered a calcium carbonate resource. Poor quality IP data.
2006	Donlin Gold Joint Venture	92,804 meters of core drilling to support mineral resource classification conversion, slope stability, metallurgy, waste rock, carbonate exploration, facilities and port road studies.	Geological model and mineral resource update.
2007	Donlin Gold Joint Venture	Core drilling totaled 75,257 meters and included resource delineation, geotechnical and engineering, and carbonate exploration. 13 RC holes for monitor wells and pit pump tests totaled 1,043 meters.	Improved pit slope parameters, positive hydrogeological results. Carbonate exploration was negative. Updated mineral resource estimate. Completed feasibility study with positive results.
2008	Donlin Gold LLC	108 core holes totaling 33,425 meters for exploration and facility related geotechnical and condemnation studies. Updated resource models. Metallurgical test work: flotation variability and CN leach. 54 test pits and 37 auger holes were also completed for overburden characterization.	Resource expansion indicated for East ACMA. CN leach resource potential indicated for the main resource area, Snow, and Dome prospects. Facility sites successfully condemned. Updated resource estimates utilizing applicable data through 2007.
2009	Donlin Gold LLC	19 geotechnical core holes totaling 950 meters in facility sites and to address hydrology.	
2010	Donlin Gold LLC	Six geotechnical core holes totaling 2,090 meters to evaluate slope stability of expanded pit. Also drilled 90 auger holes totaling 585 meters and dug 59 test pits to further evaluate overburden conditions and gravel supplies within tailings storage facility (TSF) area.	Pit slope stability of new pit design remained acceptable. Construction suitability of surficial materials in TSF is evaluated.

Geology

Regional Geology

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

Local Geology

The Donlin Gold deposits lie between two regional, northeast-trending, right lateral fault systems: the Denali-Farewell fault system to the south and the Iditarod-Nixon Fork fault system to the north. Undivided Kuskokwim Group sedimentary rocks and granite porphyry complexes are the main rock units.

Property Geology

Greywacke is dominant in the northern part of the area (“northern resource area” comprising Lewis, Queen, Rochelieu, and Akivik), while shale-rich units are common in the southern part of the area (“southern resource area” comprising South Lewis and ACMA).

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

Geotechnical and Hydrology

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

Rowland Engineering Consultants performed the geotechnical assessments for the engineering to support design of the port site, airstrip, plant site and interconnecting roads. BGC, Inc. performed geotechnical analyses for the design of the pit, waste rock facility, and tailings storage facility (TSF).

The site-wide hydrological model developed by BGC, is based on extensive drill data and climatic information for the area. BGC, Inc. and CEMI provided hydrologic studies, design criteria and associated test work for the water treatment plant requirements during construction, operations, and closure. Lorax Environmental performed water quality modeling for the post closure pit lake.

Exploration Potential

The mineral resource defined in the Donlin Gold FS is confined to a small portion of the property. We believe there is considerable potential to increase the mineral resources at the Donlin Gold project. Numerous other targets have been identified along the 8 kilometer mineralized gold trend, and are defined by surface sampling and various historical drill holes containing significant gold values.

Exploration potential in the vicinity of the open pit design in the Donlin Gold FS includes extensions along strike to the East ACMA, Lewis, and Crooked Creek areas. Mineralization remains open at depth under the current pit limits. Mineralization also remains open to the north of the planned pit and has been tested by shallow trenching and soil sampling, with limited drilling undertaken to date.

Exploration potential at the Donlin Gold project also exists outside the areas that have been the subject of the mine design in the Donlin Gold FS. Gold mineralization is associated with an overall north–northeasterly-trending high level dike/sill complex that has been outlined in the regional aero-magnetics as a magnetic low. The zone, approximately 8 kilometers long, and 4 kilometers wide, consists of a northern, dike-dominated area, and a southern, more sill-dominated area.

Mineralization

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

Gold-bearing sulfides occur in both veins and disseminated zones in mafic igneous bodies, rhyodacite dikes and sills, and sedimentary rocks. Quartz-carbonate-sulfide (pyrite, stibnite, and arsenopyrite) veins are the primary mineralized

features, but gold also occurs in thin, discontinuous sulfide fracture fillings.

Minor Elements and Deleterious Materials

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

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

Metallurgy

Sufficient metallurgical testwork was completed under the direction of Barrick personnel to support the Donlin Gold FS. Gold is mainly carried by arsenopyrite. Variation is observed in processing behavior between intrusive rocks and sedimentary rocks, but less so between the geographical sources.

Process testing generated development of the following conceptual flowsheet:

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

This processing concept incorporates proven commercial unit operations.

Reserve and Resource Estimate

The mineral reserves for the Donlin Gold project were classified using criteria appropriate under the CIM Definition Standards with an effective date of July 11, 2011. The mineral reserves are summarized in the table below.

Proven and Probable Mineral Reserve Estimate

Reserve Category	Tonnes (thousands)	Gold Grade (grams/tonne)	Contained Gold (thousands of ounces)
Proven	7,683	2.32	573
Probable	497,128	2.08	33,276
Proven and probable	504,811	2.09	33,849

Notes:

(1) 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 $975 per ounce; reference mining cost of $1.67 per tonne incremented $0.0031 per tonne per meter with depth from the 220 meter elevation (equates to an average mining cost of $2.14 per tonne), variable processing cost based on the formula 2.1874 x (S%) + 10.65 for each $ per tonne processed; general and administrative cost of $2.27 per tonne processed; stockpile rehandle costs of $0.19 per tonne 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 $1.78 per ounce gold; royalty considerations of 4.5%; and variable pit slope angles, ranging from 23º to 43º. The Mineral Reserves are reported in accordance with NI 43-101, which differs from Industry Guide 7. The project is without known reserves under SEC Industry Guide 7. See Cautionary Note to U.S. Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves, above.

(2) Mineral reserves are reported using an optimized net sales return value based on the following equation: net sales return = Gold grade * Recovery * ($975 – (1.78 + ($975 – 1.78) * 0.045)) – (10.65 + 2.1874 * (S%) + 2.27 + 0.19) and reported in $ per tonne.

(3) The life of mine strip ratio is 5.48. The assumed life-of-mine throughput rate is 53,500 tonnes per day.

(4) Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.

(5) Mineral reserves are reported on a 100% basis. NOVAGOLD and Barrick each own 50% of the Donlin Gold project. Tonnage and grade measurements are in metric units. Contained gold ounces are reported as troy ounces.

Mineral reserves have been estimated using a long-term gold price assumption of $975 per ounce. Mineral resources are based on a Whittle™ pit optimized for all measured, indicated, and inferred blocks assuming a gold selling price of $1,200 per ounce and are inclusive of reserves.

Mineral resources were classified using criteria appropriate under the CIM Definition Standards by application of the NSR-based cut-off grade that incorporated mining and recovery parameters, and constraint of the mineral resources to a pit shell based on commodity prices. The mineral resources have an effective date of July 11, 2011. The mineral resources are summarized in the table below.