

NOVAGOLD RESOURCES INC

Form SUPPL

March 19, 2008

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**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

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

**Subject to completion, dated March 19, 2008**

**Prospectus Supplement**

*To prospectus, dated April 16, 2007*

**US\$100,000,000**

***% Senior Convertible Notes due May 1, 2015***

*Interest payable May 1 and November 1*

**Issue price: 100%**

The notes will bear interest at a rate of % per year. Interest will be payable semiannually in arrears on May 1 and November 1 of each year, beginning November 1, 2008. The notes will mature on May 1, 2015.

Holders may convert their notes based on a conversion rate of common shares per US\$1,000 principal amount of notes, equivalent to a conversion price of approximately US\$ per share, subject to adjustment, at their option at any time prior to maturity. Subject to the satisfaction of certain conditions, we may, in lieu of delivering common shares upon conversion of all or a portion of the notes, elect to pay cash or a combination of cash and common shares. In addition, following certain corporate transactions described in this prospectus supplement, we will increase the conversion rate for holders who elect to convert notes in connection with such corporate transactions in certain circumstances.

We may not redeem any of the notes at our option prior to maturity, except upon the occurrence of certain changes to the laws governing Canadian withholding taxes.

Holders may require us to repurchase for cash all or a portion of their notes on May 1, 2013 at a price equal to 100% of the principal amount of the notes to be repurchased plus any accrued and unpaid interest up to, but excluding, the date of repurchase. In addition, if we experience specified types of fundamental changes, we will be required to offer to repurchase for cash all of the outstanding notes at a price equal to 100% of the principal amount of the notes to be repurchased plus any accrued and unpaid interest up to, but excluding, the date of repurchase.

For a more detailed description of the notes, see the Description of notes section of this prospectus supplement.

The notes will not be listed on any securities exchange. Our common shares are listed for trading on the American Stock Exchange ( AMEX ) and on the Toronto Stock Exchange (the TSX ) under the symbol NG. On March 18, 2008, the closing price of the common shares on AMEX and the TSX was US\$8.85 and Cdn\$8.68, respectively.

**Public**

	offering price	Underwriter's fee	Net proceeds to the Company
Per note	US\$	US\$	US\$
Total	US\$	US\$	US\$

We have granted to the underwriter an option exercisable not later than 30 days after the closing date of this offering to purchase from us an additional US\$15,000,000 principal amount of notes to cover over-allotments, if any.

**Investing in the notes involves a high degree of risk. See Risk factors beginning on page S-11.**

**Our earnings coverage ratio as at the fiscal year ended November 30, 2007 was less than one to one. See Earnings coverage for more information.**

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

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

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

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

The notes will be ready for delivery in book-entry form through the facilities of The Depository Trust Company on or about March , 2008.

**JPMorgan**

, 2008

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**General matters**

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

**You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying base shelf prospectus. We and the underwriter have not authorized anyone to provide you with different information. We and the underwriter are not making an offer of the notes in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus supplement, the accompanying base shelf prospectus or the documents incorporated by reference herein and therein is accurate as of any date other than the date on the front of such documents.**

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

**References in this prospectus supplement to the base shelf prospectus refer to the short form base shelf prospectus of the Company dated April 16, 2007.**

**Currency and financial statement presentation**

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

**Cautionary note to United States investors**

This prospectus supplement and the accompanying base shelf prospectus have been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of United States securities laws. Unless otherwise indicated, all reserve and resource estimates included or incorporated by reference in this prospectus supplement and the accompanying base shelf prospectus have been prepared in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects ( NI 43-101 ) and the Canadian Institute of Mining and Metallurgy Classification System. NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. NI 43-101 permits the disclosure of an historical estimate made prior to the adoption of NI 43-101 that does not

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comply with NI 43-101 to be disclosed using the historical terminology if the disclosure: (a) identifies the source and date of the historical estimate; (b) comments on the relevance and reliability of the historical estimate; (c) states whether the historical estimate uses categories other than those prescribed by NI 43-101, and (d) includes any more recent estimates or data available. Such historical estimates are presented concerning the Company's Saddle and Shotgun mineralization.

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

See Preliminary notes Glossary and defined terms in the Company's Annual Information Form for the fiscal year ended November 30, 2007, which is incorporated by reference, for a description of certain of the mining terms used in this prospectus supplement and the accompanying base shelf prospectus and the documents incorporated by reference herein and therein.

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**Cautionary statement regarding forward-looking statements**

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

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

**Risks relating to the notes and the offering**

the notes are unsecured and are effectively subordinated to all of our existing and future secured indebtedness;

the notes are effectively subordinated to all liabilities of our subsidiaries;

we expect to incur substantially more debt or take other actions which may affect our ability to satisfy our obligations under the notes;

we may not have the ability to repurchase the notes in cash upon a redemption for changes in Canadian withholding tax law, at the option of the holder or upon the occurrence of a fundamental change;

some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the notes;

upon conversion of the notes, we will have the right to elect to deliver cash in lieu of some or all the common shares to be delivered upon conversion, the amount of cash to be delivered per note being calculated on the basis of average prices over a specified period, and you may receive less proceeds than expected;

the adjustment to the conversion rate for notes converted in connection with a specified corporate transaction may not adequately compensate you for any lost value of your notes as a result of such transaction;

the conversion rate of the notes may not be adjusted for all dilutive events;



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the notes may not have an active market and their price may be volatile; you may be unable to sell your notes at the prices you desire or at all;

the notes may not be rated or may receive a lower rating than anticipated;

if you hold notes, you will not be entitled to any rights with respect to our common shares, but you will be subject to all changes made with respect to our common shares;

the price of our common shares, and therefore the price of the notes, may fluctuate significantly, which may make it difficult for holders to resell the notes or the common shares issuable upon conversion of the notes when desired or at attractive prices;

sales of a significant number of our common shares in the public markets, or the perception of such sales, could depress the market price of the notes, our common shares, or both;

the notes will initially be held in book-entry form and, therefore, you must rely on the procedures and the relevant clearing systems to exercise your rights and remedies;

we may not be able to refinance the notes or other indebtedness if required or if we so desire;

the conversion of notes for cash or for a combination of cash and common shares will be taxable to holders of the notes for Canadian and United States tax purposes;

U.S. holders may have to pay taxes if we make or fail to make certain adjustments to the conversion rate of the notes even though you do not receive a corresponding cash distribution;

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

**Risks relating to the Company's business**

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

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

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

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

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

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

commodity price fluctuations;

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

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risks related to current or future government regulation, including environmental regulations as well as the potential impact of two clean water initiatives proposed in the State of Alaska;

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

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

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

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

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

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

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

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

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

risks related to the impact of current and future indebtedness of the Company and its subsidiaries, including the impact of the terms of any such indebtedness on the notes;

increased competition in the mining industry; and

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

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in this prospectus supplement, the accompanying base shelf prospectus and the Company's Annual Information Form for the fiscal year ended November 30, 2007 under the heading "Risk factors" and elsewhere in this prospectus supplement, the accompanying base shelf prospectus and in the documents incorporated by reference herein and therein. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

**Table of Contents****Exchange rate information**

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

		<b>Fiscal year ended November 30,</b>		
		<b>2007</b>	<b>2006</b>	<b>2005</b>
Rate at end of period	US\$	1.0000	US\$ 0.8755	US\$ 0.8570
Average rate based on last day each month	US\$	0.9249	US\$ 0.8848	US\$ 0.8249
High for period	US\$	1.0852	US\$ 0.9105	US\$ 0.8601
Low for period	US\$	0.8435	US\$ 0.8524	US\$ 0.7876

On March 18, 2008, the exchange rate based on the Bank of Canada closing rate was \$1.00 per US\$1.0068 and on November 30, 2007 was \$1.00 per US\$1.0000.

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**The Company**

*The following description of the Company, its properties and its business highlights selected information contained in the documents incorporated by reference into this prospectus supplement and the accompanying base shelf prospectus. This description does not contain all of the information about the Company and its properties or business that you should consider before investing in the notes. You should carefully read the entire prospectus supplement, the accompanying base shelf prospectus and the documents incorporated by reference herein and therein, including the sections titled "Risk factors" in this prospectus supplement, the accompanying base shelf prospectus and the Company's Annual Information Form for the fiscal year ended November 30, 2007, before making an investment decision regarding the notes. Technical information about the Company's properties, including reserve and resource estimates, estimated capital costs to develop the properties, and drilling results, are based on information contained in technical reports and other documents that were prepared or reviewed by, or under the supervisions of, "Qualified Persons" as defined in NI 43-101, as described in further detail in the Company's Annual Information Form for the fiscal year ended November 30, 2007 and the other documents incorporated by reference into this prospectus supplement and the accompanying base shelf prospectus.*

**Description of the business**

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

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

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

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

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silver, with additional inferred resources, including the Copper Canyon deposit of which NovaGold holds 60% (held in trust for the Galore Creek Partnership), of 3.6 billion pounds of copper, 3.8 million ounces of gold and 65 million ounces of silver.

*Ambler*, in which NovaGold is earning a 51% interest in joint venture with subsidiaries of Rio Tinto plc ( Rio Tinto ), is a large, high-grade earlier stage polymetallic massive sulphide deposit with indicated resources of 1.5 billion pounds of copper, 2.2 billion pounds of zinc, 0.45 million ounces of gold, 32.3 million ounces of silver and 350 million pounds of lead, with additional inferred resources of 0.9 billion pounds of copper, 1.3 billion pounds of zinc, 0.3 million ounces of gold, 18.6 million ounces of silver and 210 million pounds of lead.

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

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

**Summary of reserves**

Property	Reserve Category	Tonnes Millions	In Situ	Total	NovaGold Share Net After Earn-Ins Au Moz
			Grade Au g/t	Contained Metal Au Moz	
<b>100% Ownership</b>					
<b>Rock Creek 0.6 g/t Cutoff</b> (assumed US\$500/oz Au price)	Probable	7.8	1.3	0.3	0.3
<b>Big Hurrah 1.33 g/t Cutoff</b> (assumed US\$500/oz Au price)	Probable	1.2	4.8	0.2	0.2
<b>Total Probable Reserves</b>		<b>9.0</b>	<b>1.8</b>	<b>0.5</b>	<b>0.5</b>

**Summary of measured, indicated, inferred and historical resources<sup>(1)</sup>****Donlin Creek<sup>(2)</sup> approximately 0.8 g/t gold**

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

Resource Category	Tonnes Millions	In Situ	Total	NovaGold Share Net After Earn-Ins Au Moz
		Grade Au g/t	Contained Metal Au Moz	

Measured	4.3	2.7	0.4	0.2
Indicated	367.4	2.5	29.0	14.5
<b>Total M&amp;I</b>	<b>371.7</b>	<b>2.5</b>	<b>29.4</b>	<b>14.7</b>
Inferred	46.5	2.3	3.5	1.7

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**Table of Contents****Galore Creek<sup>(3)</sup> 0.21% CuEq Cutoff**

50% Ownership 50% Owned by Teck Cominco Limited

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

**Copper Canyon<sup>(4)</sup> 0.35% CuEq Cutoff**

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

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

**Rock Creek 0.6 g/t Cutoff**

100% Ownership

Resource Category	Tonnes Millions	In Situ Grade Au g/t	Total Contained Metal Au Moz	NovaGold Share Net After Earn-Ins Au Moz
<b>Total M&amp;I</b>	<b>4.6</b>	<b>1.2</b>	<b>0.2</b>	<b>0.2</b>



Inferred	2.0	1.1	0.1	0.1
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**Big Hurrah 1.0 g/t Cutoff**

100% Ownership

Resource Category	Tonnes Millions	In Situ	Total Contained	NovaGold Share Net After Earn-Ins
		Grade Au g/t	Metal Au Moz	Au Moz
Indicated	0.9	2.7	0.08	0.08
<b>Total M&amp;I</b>	<b>0.9</b>	<b>2.7</b>	<b>0.08</b>	<b>0.08</b>
Inferred	0.2	3.0	0.02	0.02

**Saddle<sup>(5)</sup> 1.0 g/t Cutoff**

100% Ownership

Resource Category	Tonnes Millions	In Situ	Total Contained	NovaGold Share Net After Earn-Ins
		Grade Au g/t	Metal Au Moz	Au Moz
Historical	3.6	2.2	0.3	0.3

**Table of Contents****Nome Gold<sup>(6)</sup> 0.2 g/m3 Cutoff**  
100% Ownership

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

**Shotgun<sup>(5)</sup> 0.5 g/t Cutoff**  
50% Ownership 50% owned by TNR Gold Corp.

Resource Category	Tonnes Millions	In Situ	Total Contained	NovaGold Share Net After Earn-Ins Au Moz
		Grade Au g/t	Metal Au Moz	
Historical	32.8	0.9	1.0	0.5

**Ambler<sup>(7)</sup> \$100 Gross Metal Value / Tonne Cutoff**  
Earning 51% from subsidiaries of Rio Tinto

Resource Category	Tonnes Millions	Au g/t	Ag g/t	In Situ Grade			Au Moz	Ag Moz	Total Contained Metal			NovaGold Share Net After Earn				
				Cu %	Zn %	Pb %			Cu Mlbs	Zn Mlbs	Pb Mlbs	Au Moz	Ag Moz	AuEq Moz	Cu Mlbs	Zn Mlbs
Measured	16.8	0.8	59.6	4.1	6.0	0.9	0.4	32.3	1,538	2,237	350	0.2	16.5	0.5	784	1,141
<b>Total M&amp;I</b>	<b>16.8</b>	<b>0.8</b>	<b>59.6</b>	<b>4.1</b>	<b>6.0</b>	<b>0.9</b>	<b>0.4</b>	<b>32.3</b>	<b>1,538</b>	<b>2,237</b>	<b>350</b>	<b>0.2</b>	<b>16.5</b>	<b>0.5</b>	<b>784</b>	<b>1,141</b>
Inferred	11.9	0.7	48.4	3.6	5.0	0.8	0.3	18.6	937	1,313	210	0.1	9.5	0.3	478	670

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

**Notes:**

1. These resource estimates have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining and Metallurgy Resource Classification System, unless otherwise noted.
2. See numbered footnotes below on resource information. Resources shown in the right-hand columns are reported as net values to NovaGold after all project earn-ins.
3. The gold equivalent (AuEq) is calculated using gold and silver in the ratio of gold + silver / (US\$650 Au / US\$11 Ag).

**Resource footnotes:**

- (1) Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred Resources are in addition to Measured and Indicated Resources. Details of Measured and Indicated Resources and other NI 43-101 information can be found in the relevant Technical Reports, all of which have been prepared by a Qualified Person as defined in NI 43-101 and filed with the Canadian securities regulators and which are available on SEDAR ([www.sedar.com](http://www.sedar.com)). Inferred Resources have a great amount of uncertainty as to their existence and whether they can be mined legally or economically. It cannot be assumed that all or any part of the Inferred Resources will ever be upgraded to a higher category. Although Measured

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Resources, Indicated Resources and Inferred Resources are categories of mineralization that are recognized and required to be disclosed by Canadian regulations, the SEC does not recognize them. Disclosure of contained ounces is permitted under Canadian regulations, however, the SEC generally permits resources to be reported only as in place tonnage and grade. See Cautionary note to United States investors. Rounding differences may occur.

- (2) A variable cut-off grade has been estimated based on recent estimates of mining costs, processing costs (dependent upon sulphur content), selling costs and royalties, rather than gold grade alone. Resources are constrained within a Lerchs-Grossman (LG) open-pit shell using the long-term metal price assumption of US\$650/oz of gold. Assumptions for the LG shell included pit slopes varying by sector and pit area: mining cost is variable with depth, averaging US\$1.57/t mined; process cost is calculated as the percent sulfur grade x US\$2.09 + US\$10.91; general and administrative costs, gold selling cost and sustaining capital are reflected on a per tonne basis. Based on metallurgical testing, gold recovery is assumed to be 89.5%. Blocks with a cost margin of US\$0.01/t or higher above the variable cutoff were reported. Waste blocks within the open-pit shell surrounded by blocks above cutoff are included in resource estimate. Blocks above cutoff within the open-pit shell surrounded by blocks of waste are excluded from the resource estimate.
- (3) The copper-equivalent grade was calculated as follows:  $CuEq = \text{Recoverable Revenue} / 2204.62 / \text{US\$1.55} / \text{Cu Recovery}$ . Where: CuEq = Copper equivalent grade; Recoverable Revenue = Revenue in US dollars for recoverable copper, recoverable gold, and recoverable silver using metal prices of Cu US\$/lb = 1.550, Au US\$/oz = 650, Ag US\$/oz = 11. Cu Recovery = Recovery for copper based on mineral zone and total copper grade. The cut-off grade is based on assumptions of offsite concentrate and smelter charges and onsite plant recovery) and is used for break-even mill feed/waste selection.
- (4) The copper equivalent (CuEq) calculations use metal prices of US\$375/oz for gold, US\$5.50/oz for silver and US\$0.90/lb for copper. Copper equivalent calculations reflect gross metal content that have been adjusted for metallurgical recoveries based on the following criteria: copper recovery =  $(\%Cu - 0.06) / \%Cu$  with a minimum of 50% and maximum of 80%; gold recovery =  $(Au \text{ g/t} - 0.14) / Au \text{ g/t}$  with a minimum of 30% and maximum of 80%; and silver recovery = 80%.
- (5) These estimates include historical resources that are not NI 43-101 compliant. The historical resource for the Saddle deposit was completed by the Alaska Gold Company in 2000 and the historical resource for Shotgun was completed by NovaGold Resources Inc., in 1998. Although believed by NovaGold management to be relevant and reliable, these historical resources pre-date NI 43-101 and because they were not estimated in compliance with NI 43-101 procedures, they are not NI 43-101 resources. Historical resources were completed prior to the February 2001 adoption of NI 43-101 procedures. See Cautionary note to United States investors.
- (6) Nome Gold resource is an alluvial deposit, which is reported in cubic meters rather than tonnes, and grams/cubic meter rather than grams/tonne. 85,000 ounces contained within the reported resources may be subject to a royalty.
- (7) Subject to an earn-in agreement with subsidiaries of Rio Tinto.

## **Recent developments**

### **Donlin Creek**

On December 1, 2007, the Company entered into an agreement with Barrick that provided for the conversion of the Donlin Creek joint venture into a new limited liability company, which is owned 50% by the Company and 50% by

Barrick ( Donlin Creek LLC ). Pursuant to the limited liability company agreement, the Company has agreed to reimburse Barrick over time for approximately US\$64.8 million, representing 50% of Barrick's approximately US\$129.6 million expenditures at the Donlin Creek project from April 1, 2006 to November 30, 2007. The Company's reimbursement will be made following the effective date of the agreement, by the Company paying the next approximately US\$12.7 million of Barrick's share of project development costs, and the remaining approximately US\$52.1 million will bear interest and be paid out of future mine production cash flow. After the Company's initial contribution of US\$25.4 million, all funding will be shared by both parties on a 50/50 basis.

As the Company and Barrick work together to review alternatives at the Donlin Creek project to further optimize the project, significant effort will be focused on determining the best power source for the project. Building a power line that ties into the Fairbanks grid will be evaluated along with other project power generation including a combination of wind and on-site diesel power generation. The Donlin Creek LLC is completing a series of optimizing studies for power, logistics, processing and production levels with the objective of identifying the optimal design plan. The Company anticipates that the Donlin Creek LLC will have clarity on the go-forward plan for Donlin Creek by mid-year 2008.

The 2008 exploration program at Donlin Creek is underway and three drill rigs are currently focused on drilling the East ACMA target area. The Company and Barrick have approved an

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initial 21,000 meter drill program at East ACMA, designed to determine the limits of mineralization in this target area. The East ACMA area is highly prospective for additional resource discovery and follows the structural projection of mineralized sill and dyke intersections within the Donlin anticline, which hosts the majority of resources at Donlin Creek. The initial exploration program should determine the limits of mineralization and will be used to aid in facility and infrastructure planning for the Donlin Creek feasibility study. Should the initial expansion drilling prove successful, the Company and Barrick are considering an additional 50,000 meters of infill drilling to begin to delineate mineralization recognized in the initial program.

### **Galore Creek Partnership**

On August 1, 2007, the Company formed the Galore Creek Partnership pursuant to which each of NovaGold and Teck Cominco has a 50% interest in the Galore Creek project. The activities of the Galore Creek Partnership are being conducted by the jointly-managed Galore Creek Mining Corporation ( GCMC ). Under the original partnership agreement, the Company contributed its assets in the Galore Creek project to the Galore Creek Partnership and Teck Cominco was to fund an initial contribution of \$520 million, subject to adjustment, after which both partners would be equally responsible to fund the project going forward. In addition, under the terms of the original partnership agreement, the Company would receive up to US\$50 million of preferential distributions once the Galore Creek project was fully operational, if partnership revenues exceeded certain established targets in the first year of commercial production.

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

### **Acquisitions**

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

On November 14, 2007, the Company provided notice to Copper Canyon Resources Ltd. that it had completed its earn-in requirements under the Copper Canyon Option Agreement dated October 1, 2003 between Eagle Plains Resources Ltd. (the agreement was transferred to Copper Canyon Resources Ltd.) and SpectrumGold Inc. (now NovaGold Canada Inc.) to earn a 60% interest in the Copper Canyon property. On February 12, 2008, NovaGold notified Copper Canyon Resources Ltd. that it would not exercise a second option for an additional 20% interest

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in the Copper Canyon property and, upon such notice, was deemed to have formed a joint venture with Copper Canyon Resources Ltd. to develop the property. NovaGold's 60% interest in the Copper Canyon property is being held in trust for the Galore Creek Partnership.

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

**Other**

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

**Table of Contents****The offering**

*The following summary contains basic information about the notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the notes, please refer to the sections of this prospectus supplement entitled *Description of notes* and the sections in the base shelf prospectus entitled *Description of debt securities* and *Description of share capital*. Unless otherwise indicated, the information in this prospectus supplement assumes that the underwriter does not exercise its option to purchase additional notes.*

Issuer	NovaGold Resources Inc.
Securities offered	US\$100,000,000 (or US\$115,000,000 principal amount if the underwriter exercises its over-allotment option in full) principal amount of % Senior Convertible Notes due May 1, 2015.
Maturity	May 1, 2015.
Interest	% . Interest on the notes will accrue from March , 2008. Interest will be payable semiannually in arrears on May 1 and November 1, of each year, beginning November 1, 2008.
Conversion rights	<p> Holders may convert their notes into common shares at the applicable conversion rate, prior to the close of business on the business day immediately preceding the maturity date, in multiples of US\$1,000 principal amount.</p> <p> The initial conversion rate for the notes is common shares per US\$1,000 principal amount of notes (equal to a conversion price of approximately US\$ per share), subject to adjustment.</p> <p> Upon conversion, we will have the right to elect to deliver cash or a combination of cash and common shares instead of delivering only common shares (plus cash in lieu of fractional shares).</p> <p> In addition, following certain corporate transactions that occur prior to maturity, we will increase the conversion rate for a holder who elects to convert its notes in connection with such corporate transactions by a number of additional common shares as described under <i>Description of notes Conversion rights Adjustments to shares delivered upon conversion upon certain fundamental changes</i>.</p> <p> You will not receive any additional cash payment or additional shares representing accrued and unpaid interest upon conversion of a note, except in limited circumstances. Instead, interest will be deemed paid by the common shares issued and cash, if any, paid to you upon conversion.</p>
Purchase of the notes by us at the option of the holder	You have the right to require us to repurchase for cash all or a portion of your notes on May 1, 2013 at a price equal to 100% of the





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principal amount of the notes to be repurchased plus accrued and unpaid interest up to, but excluding, the repurchase date.

Fundamental change	If we undergo a fundamental change as defined in this prospectus supplement, we will be required to offer to purchase all of the outstanding notes at a price equal to 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest up to, but excluding, the fundamental change repurchase date, subject to certain exceptions. We will pay cash for all notes so repurchased.
Redemption for tax reasons	In the event of certain changes to the laws governing Canadian withholding taxes, we will have the option to redeem, in whole but not in part, the notes for a purchase price equal to 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest up to, but excluding, the redemption date but without reduction for applicable Canadian taxes (except in respect of certain excluded holders). Upon our giving a notice of redemption, a holder may elect not to have its notes redeemed, in which case such holder would not be entitled to receive the additional amounts referred to in Additional amounts below after the redemption date.
Additional amounts	All payments made by us with respect to the notes will be made without withholding or deduction for Canadian taxes unless we are legally required to do so, in which case we will pay such additional amounts as may be necessary so that the net amount received by holders of the notes (other than certain excluded holders) after such withholding or deduction will not be less than the amount that would have been received in the absence of such withholding or deduction.
Events of default	If there is an event of default under the notes, the principal amount of the notes, plus accrued and unpaid interest, if any, may be declared immediately due and payable. These amounts automatically become due and payable if an event of default relating to certain events of bankruptcy, insolvency or reorganization occurs.
Ranking	The notes will rank equally in right of payment with all of our existing and future unsecured senior debt and are senior in right of payment to all our future subordinated debt. The notes will effectively rank junior to any of our secured debt to the extent of the value of the assets securing such indebtedness, and will effectively rank junior to debt incurred by our subsidiaries, including any secured debt or debt incurred by our subsidiaries for the construction and development of our mining projects. The indenture does not limit the amount of debt that we or our subsidiaries may incur.
Use of proceeds	We estimate that the net proceeds from this offering will be approximately US\$95.5 million (or approximately US\$110.1 million if the underwriter exercises its over-allotment option in full), after deducting fees and estimated expenses. We intend to use the net proceeds

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of this offering to repay the amount drawn on our \$30.0 million short-term credit facility, which was approximately \$16.0 million as of March 18, 2008, to fund exploration and development of our mineral properties, and for general working capital.

**Book-entry form**

The notes will be issued in book-entry form and will be represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company, or DTC, and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.

**American Stock Exchange and Toronto Stock Exchange symbols for our common shares**

The notes will not be listed on any securities exchange. Our common shares are listed on the American Stock Exchange and on the Toronto Stock Exchange under the symbol NG.

**U.S. and Canadian federal income tax considerations**

The notes and common shares issuable upon conversion of the notes will be subject to special and complex tax rules. Holders are urged to consult their own tax advisors with respect to the U.S. and Canadian federal, state, provincial, local and foreign tax consequences of purchasing, owning and disposing of the notes and the common shares issuable upon conversion of the notes. See Certain Canadian and United States income tax considerations.

Potential investors that are U.S. taxpayers should be aware that we believe we were a passive foreign investment company under Section 1297(a) of the U.S. Internal Revenue Code ( PFIC ) for the taxable year ended November 30, 2007, but we believe we will not be a PFIC for the taxable year ending November 30, 2008 if commercial production commences at Rock Creek and Big Hurrah in mid-2008, as currently anticipated, and sufficient revenues are generated to cause us to cease to be a PFIC. For more information on tax considerations related to our PFIC status see Certain Canadian and United States income tax considerations United States federal income tax considerations.

**Risk factors**

See Risk factors in this prospectus supplement for a discussion of factors you should carefully consider before deciding to invest in the notes.

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**Risk factors**

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

**Risks relating to the notes and the offering.**

**The notes are unsecured and are effectively subordinated to all of our existing and future secured indebtedness.**

The notes are unsecured and are effectively subordinated in right of payment to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness. The indenture for the notes does not restrict our ability to incur additional indebtedness, including secured indebtedness generally, which would have a prior claim on the assets securing that indebtedness. We may incur such indebtedness under credit facilities entered into for purposes of financing the construction and development of our mining projects, and expect to secure any such indebtedness with substantially all of the assets related to such projects. In the event of our insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up, our assets that serve as collateral for any secured indebtedness would be made available to satisfy the obligations to our secured creditors before any payments are made on the notes. Accordingly, all or a substantial portion of our assets could be unavailable to satisfy the claims of the holders of the notes.

**The notes are effectively subordinated to all liabilities of our subsidiaries.**

We expect that all or a substantial portion of the indebtedness that we incur to finance the construction and development of our mining projects will be incurred or guaranteed by our subsidiaries. None of our subsidiaries has guaranteed or otherwise become obligated with respect to the notes. Accordingly, our right to receive assets from any of our subsidiaries upon such subsidiary's bankruptcy, liquidation or reorganization and the right of holders of the notes to participate in those assets, is effectively subordinated to claims of that subsidiary's creditors, including trade creditors.

The ability of our subsidiaries and other entities in which we have interests, including the Galore Creek Partnership and Donlin Creek LLC, to pay dividends and make other payments to us may be restricted by, among other things, applicable corporate and other laws and regulations as well as agreements to which our subsidiaries are or may become a party.

**We expect to incur substantially more debt or take other actions which may affect our ability to satisfy our obligations under the notes.**

We will not be restricted under the terms of the notes or the indenture from incurring additional indebtedness, including secured debt. In addition, the limited covenants applicable to the notes do not require us to achieve or maintain any minimum financial results relating to our financial position or results of operations. We may incur substantial additional indebtedness in



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connection with the financing of, or secured upon, our mining projects in the future. Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the notes could have the effect of diminishing our ability to make payments on the notes when due, and require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, which would reduce the availability of cash flow to fund our operations, working capital and capital expenditures. In addition, we are not restricted from repurchasing common shares by the terms of the notes.

**We may not have the ability to repurchase the notes in cash upon a redemption for changes in Canadian withholding tax law, at the option of the holder or upon the occurrence of a fundamental change.**

We will be required to repurchase for cash all or a portion of a holder's notes at the option of such holder on May 1, 2013 and to make an offer to repurchase the notes upon the occurrence of a fundamental change as described under Description of notes. We may also redeem all but not part of the notes upon certain changes to the law governing Canadian withholding taxes. We may not have sufficient funds to repurchase or redeem the notes in cash or to make the required repayment at such time or have the ability to arrange necessary financing on acceptable terms.

A fundamental change may also constitute an event of default or prepayment under, or result in the acceleration of the maturity of, our then-existing indebtedness. Our ability to repurchase the notes in cash or make any other required payments may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time. Our failure to repurchase the notes when required would result in an event of default with respect to the notes.

**Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the notes.**

Upon the occurrence of a fundamental change, we will be required to make an offer to repurchase the notes. However, the fundamental change provisions will not afford protection to holders of notes in the event of certain transactions. For example, any leveraged recapitalization, refinancing, restructuring, or acquisition initiated by us will generally not constitute a fundamental change requiring us to make an offer to repurchase the notes, even though any of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the holders of notes.

**Upon conversion of the notes, we will have the right to elect to deliver cash in lieu of some or all the common shares to be delivered upon conversion, the amount of cash to be delivered per Note being calculated on the basis of average prices over a specified period, and you may receive less proceeds than expected.**

Upon conversion of the notes, we will have the right to elect to deliver cash in lieu of some or all the common shares to be delivered upon conversion. As described below under Description of notes Conversion rights, the amount of cash to be delivered per note will be equal to the number of common shares in respect of which the cash payment is being made multiplied by the average of the daily volume-weighted average price of the common shares on the corresponding Bloomberg screen for the 10 trading days commencing one day after the date of our notice of election to deliver all or part of the conversion consideration in cash if we have not given notice of redemption or the conversion date, in the case of conversion following

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notice of redemption specifying our intention to deliver cash upon conversion. Accordingly, upon conversion of a note, holders might not receive any common shares and, if the above-referred prices decline over the 10-day period, they might receive less proceeds than expected.

Our failure to convert the notes into common shares, cash or a combination of cash and common shares upon exercise of a holder's conversion right in accordance with the provisions of the indenture would constitute a default under the indenture. In addition, a default under the indenture could lead to a default under future agreements governing our indebtedness. If, due to a default, the repayment of related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay such indebtedness and the notes.

**The adjustment to the conversion rate for notes converted in connection with a specified corporate transaction may not adequately compensate you for any lost value of your notes as a result of such transaction.**

If a specified corporate transaction that constitutes a fundamental change occurs, under certain circumstances we will increase the conversion rate by a number of additional common shares for notes converted in connection with such specified corporate transaction. The increase in the conversion rate will be determined based on the date on which the specified corporate transaction becomes effective and the price paid per common share in such transaction, as described below under Description of notes Conversion rights Adjustments to shares delivered upon conversion upon certain fundamental changes. The adjustment to the conversion rate for notes converted in connection with a specified corporate transaction may not adequately compensate you for any lost value of your notes as a result of such transaction. In addition, if the price of our common shares in the transaction is greater than US\$ per share or less than US\$ (in each case, subject to adjustment), no adjustment will be made to the conversion rate.

**The conversion rate of the notes may not be adjusted for all dilutive events.**

The conversion rate of the notes will be subject to adjustment for certain events, including, but not limited to, the issuance of share dividends on our common shares, the issuance of certain rights or warrants, subdivisions, combinations, distributions of share capital, indebtedness or assets, cash dividends and certain issuer tender or exchange offers as described under Description of notes. However, the conversion rate will not be adjusted for other events, such as a third-party tender or exchange offer or an issuance of common shares for cash, that may adversely affect the trading price of the notes or the common shares. An event that adversely affects the value of the notes may occur, and that event may not result in an adjustment to the conversion rate.

**The notes may not have an active market and their price may be volatile. You may be unable to sell your notes at the price you desire or at all.**

There is no existing trading market for the notes. As a result, there can be no assurance that a liquid market will develop or be maintained for the notes, that you will be able to sell any of the notes at a particular time (if at all) or that the prices you receive if or when you sell the notes will be above their initial offering price. We do not intend to list the notes on any national securities exchange or the TSX. The underwriter may make a market in the notes after this offering is completed, but has no obligation to do so and may cease such market-making at any time without notice.

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**The notes may not be rated or may receive a lower rating than anticipated.**

We do not intend to seek a rating on the notes. However, if one or more rating agencies rates the notes and assigns the notes a rating lower than the rating expected by investors, or reduces their rating in the future, the market price of the notes and our common shares could be harmed.

**If you hold notes, you will not be entitled to any rights with respect to our common shares, but you will be subject to all changes made with respect to our common shares.**

If you hold notes, you will not be entitled to any rights with respect to our common shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common shares, other than extraordinary dividends that our board of directors designates as payable to the holders of the notes), but if you subsequently convert your notes into common shares, you will be subject to all changes affecting the common shares. You will have rights with respect to our common shares only if and when we deliver common shares to you upon conversion of your notes and, to a limited extent, under the conversion rate adjustments applicable to the notes. For example, in the event that an amendment is proposed to our constating documents requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to delivery of common shares to you, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers or rights of our common shares that result from such amendment.

**The price of our common shares, and therefore the price of the notes, may fluctuate significantly, which may make it difficult for holders to resell the notes or the common shares issuable upon conversion of the notes when desired or at attractive prices.**

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

the price of gold and other metals;

our operating performance and the performance of competitors and other similar companies;

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

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

changes in general economic conditions;

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

the arrival or departure of key personnel;



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developments relating to acquisitions, strategic alliances or joint ventures involving us or our competitors; and the factors listed under the heading Cautionary statement regarding forward-looking statements.

In addition, the share market in general, and prices for mining companies in particular, have experienced volatility that often has been unrelated to the operating performance of such companies. These market and industry fluctuations may adversely affect the price of our shares, regardless of our operating performance. Because the notes are convertible into common shares, volatility or depressed prices of our common shares could have a similar effect on the trading price of our notes. Holders who receive common shares upon conversion also will be subject to the risk of volatility and depressed prices of our common shares. In addition, the existence of the notes may encourage short selling in our common shares by market participants because the conversion of the notes could depress the price of our common shares.

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

Sales of a substantial number of our common shares or other equity-related securities in the public markets could depress the market price of the notes, our common shares, or both, and impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that future sales of our common shares or other equity-related securities would have on the market price of our common shares or the value of the notes. The price of our common shares could be affected by possible sales of our common shares by investors who view the notes as a more attractive means of equity participation in our company and by hedging or arbitrage trading activity which we expect to occur involving our common shares. This hedging or arbitrage could, in turn, affect the market price of the notes.

**The notes will initially be held in book-entry form and, therefore, you must rely on the procedures and the relevant clearing systems to exercise your rights and remedies.**

Unless and until certificated notes are issued in exchange for book-entry interests in the notes, owners of the book-entry interests will not be considered owners or holders of notes. Instead, the common depository, or its nominee, will be the sole holder of the notes. Payments of principal, interest and other amounts owing on or in respect of the Notes in global form will be made to the paying agent, which will make payments to DTC. Thereafter, such payments will be credited to DTC participants' accounts that hold book-entry interests in the notes in global form and credited by such participants to indirect participants. Unlike holders of the notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from holders of the notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from DTC or, if applicable, a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions on a timely basis.

**We may not be able to refinance the notes or other indebtedness if required or if we so desire.**

We may need or desire to refinance all or a portion of the notes or any other future indebtedness that we incur on or before the maturity of the notes. There can be no assurance

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that we will be able to refinance any of our indebtedness or incur additional indebtedness on commercially reasonable terms, if at all.

**Conversion of notes for cash or a combination of cash and common shares will be a taxable transaction to holders of notes for Canadian tax purposes.**

Upon conversion of the notes, we will have the right to elect to deliver cash or a combination of cash and common shares. You should be aware that the conversion of notes into cash or a combination of cash and common shares will be a taxable transaction at the time of such conversion for Canadian tax purposes. These consequences may be materially different from the consequences that you may expect in considering other convertible debt investments. Investors considering the purchase of notes are urged to consult with their own tax advisors concerning such consequences and the potential effect of their particular circumstances. The material Canadian federal income tax consequences of the purchase, ownership and disposition of the notes are summarized in this prospectus supplement under the heading **Certain Canadian and United States income tax considerations** Canadian federal income tax considerations.

**Conversion of notes for cash or a combination of cash and common shares will be a taxable transaction to holders of notes for United States federal income tax purposes.**

You should be aware that the conversion of notes into cash or a combination of cash and common shares will be a taxable transaction at the time of such conversion for United States federal income tax purposes (or subject to alternative treatment different from that of convertible debt instruments settled in shares only). These consequences may be, for United States federal income tax purposes, materially different from the consequences that you may expect in considering other convertible debt investments. Investors considering the purchase of notes are urged to consult with their own tax advisors concerning such consequences and the potential effect of their particular circumstances. The material United States federal income tax consequences of the purchase, ownership and disposition of the notes are summarized in this prospectus supplement under the heading **Certain Canadian and United States income tax considerations** United States federal income tax considerations.

**U.S. Holders may have to pay taxes if we make or fail to make certain adjustments to the conversion rate of the notes even though you do not receive a corresponding cash distribution.**

The conversion rate of the notes is subject to adjustment for certain events and actions that modify our capital structure. See **Description of the notes** Conversion rate adjustments. If, for example, the conversion rate is adjusted as a result of a distribution that is taxable to our common shareholders, such as a cash dividend, U.S. Holders (as defined in **United States federal income tax considerations** ) of notes may be required to include an amount in income for United States federal income tax purposes, notwithstanding the fact that holders of notes do not receive a corresponding cash distribution. In addition, a failure to adjust (or to adjust adequately) the conversion rate after an event that has the effect of increasing your proportional interest in our company could be treated as a deemed taxable dividend to U.S. Holders of notes. The amount that you would have to include in income if you are a U.S. Holder of notes generally will be equal to the amount of the distribution that you would have received if you had converted your notes into our common shares. See **Certain Canadian and United States income tax considerations** United States federal income tax considerations.

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If certain types of fundamental changes occur on or before the maturity date of the notes, under some circumstances, we will increase the conversion rate for notes converted in connection with the fundamental change. Such increase may also be treated as a distribution subject to United States federal income tax as a dividend.

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

Potential investors that are U.S. Holders (as defined in Certain Canadian and United States income tax considerations United States federal income tax considerations ) should be aware that we believe we were a passive foreign investment company under Section 1297(a) of the U.S. Internal Revenue Code ( PFIC ) for the taxable year ended November 30, 2007, but we believe we will not be a PFIC for the taxable year ending November 30, 2008 if commercial production commences at Rock Creek and Big Hurrah in mid-2008, as currently anticipated, and sufficient revenues are generated to cause the Company to cease to be a PFIC. If we are a PFIC, any gain recognized on the sale of our notes and common shares and any excess distributions (as specifically defined) paid on our common shares must be ratably allocated to each day in a U.S. Holder's holding period for the notes and/or common shares. The amount of any such gain or excess distribution allocated to prior years of such U.S. Holder's holding period for the common shares generally will be subject to U.S. federal income tax at the highest tax rate applicable to ordinary income in each such prior year, and the U.S. Holder 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.

The determination of whether we will be a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether we will be a PFIC for any taxable year generally depends on our assets and income over the course of each such taxable year and, as a result, cannot be predicted with certainty as of the date of this prospectus supplement. Accordingly, there can be no assurance that the U.S. Internal Revenue Service will not challenge the determination made by us concerning our PFIC status or that we will not be a PFIC for any taxable year.

See Certain Canadian and United States income tax considerations United States federal income tax considerations for more information on tax considerations related to our PFIC status, including the ability of U.S. Holders to make certain elections that may mitigate the adverse consequences of the Company being a PFIC.

### **Risks relating to the Company's business.**

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

NovaGold has no history of producing precious metals from its current portfolio of mineral exploration properties. All of the Company's properties are in the exploration or development stage and the Company has only defined or delineated any probable reserves at its Rock Creek project. None of the Company's properties, other than Rock Creek and Big Hurrah, are currently under development. The future development of any properties found to be economically feasible will require the construction and operation of mines, processing plants and related

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infrastructure. As a result, NovaGold is subject to all of the risks associated with establishing new mining operations and business enterprises, including:

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

the availability and costs of skilled labour and mining equipment;

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

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

the availability of funds to finance construction and development activities.

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

**NovaGold's ability to generate the cash needed to pay interest and principal amounts on the notes, to continue its exploration activities and any future development activities, and to continue as a going concern, will depend in part on its ability to complete this offering and to commence production and generate material revenues or to obtain suitable financing in the future.**

The Company had consolidated cash as of November 30, 2007 of \$97.9 million of which \$82.8 million was designated for Galore Creek activities, including payment of existing payables, but a portion is expected to be used for payment of suspension costs. Since November 30, 2007, the Company has received cash from several sources including the release of amounts securing bonds, the sale of some of its marketable securities and \$16.0 million from a \$30.0 million line of credit, and as of March 18, 2008 it had cash and undrawn lines of credit of approximately \$23.8 million. The Company has an immediate need for the proceeds from this financing in order to fund its plan of operations. In the future, the Company intends to fund its obligations under the notes and its plan of operations from working capital, the proceeds of financings and cash flow from Rock Creek and Big Hurrah. In the future, the Company's ability to continue its exploration and development activities, will depend in part on the Company's ability to commence production and generate material revenues or to obtain additional financing through joint ventures, debt financing, equity financing, production-sharing arrangements or other means. There can be no assurance that the Company will commence production at any of its projects or generate sufficient revenues to meet its obligations as they become due or obtain necessary financing on acceptable terms, if at all.

The Company's failure to meet its ongoing obligations on a timely basis could result in the loss or substantial dilution of the Company's interests (as existing or as proposed to be acquired) in its properties. For example, if we default in making a required contribution to Donlin Creek LLC, the limited liability company agreement that governs the co-ownership of the Donlin Creek project provides that Barrick may, on not less than 30 days prior notice, exercise its right to have

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our percentage ownership in the Donlin Creek LLC permanently reduced by a percentage calculated by a formula that increases if there are three or more such defaults.

The limited liability company agreement that governs the co-ownership of the Donlin Creek project also provides that once a draft environmental impact statement for the Donlin Creek project is released for public comment, the parties will have to vote on a construction plan and budget. If either party votes against the construction plan and budget, a buy-sell provision is triggered whereby the party who voted in favor of the construction plan and budget can offer to buy the membership interests of the party who voted against the construction plan and budget. If the offeree accepts the offer, the offeror will acquire the offeree's interest. If the offer is rejected, the offeree can either (1) make a counter-offer to the offeror at the same price per percent as the original offer, which the original offeror must accept, or (2) agree to vote in favor of the construction plan and budget. If the initial party who voted in favor of the construction plan and budget does not want to make an offer to purchase the other party's membership interest then the construction plan and budget is terminated. If this provision was triggered by Barrick and we were unable to fund a purchase of Barrick's interest in the Donlin Creek project, we could be required to either accept the offer or fund a construction plan and budget that we may not feel is in the best interests of the project.

Should the Company incur significant losses in future periods, it may be unable to continue as a going concern, and realization of assets and settlement of liabilities in other than the normal course of business may be at amounts significantly different than those included in the Company's Annual Information Form for the fiscal year ended November 30, 2007.

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

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

these estimates will be accurate;

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

this mineralization could be mined or processed profitably.

Because the Company has not commenced production at any of its properties, and has not defined or delineated any proven or probable reserves on any of its properties other than at Rock Creek, mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work, actual production experience or other developments. For example, as a result of the escalation of costs at the Galore Creek project and the decision to reassess the feasibility study and project economics for the Galore Creek project, all of the previously reported proven and probable reserves at the Galore Creek project were reclassified as measured and indicated resources, and the Company advised its shareholders that the information in the feasibility study should not be relied on. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling

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results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

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

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

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

The capital costs to take the Company's projects into production may be significantly higher than anticipated. Escalation of costs was a significant factor in the decision to suspend construction at the Galore Creek project. In connection with the Donlin Creek project, as a result of the potential for changes to the project scale and design, and because of general inflationary conditions affecting capital costs, management currently expects significant increases to the US\$2.2 billion estimated capital costs of the Donlin Creek project described in the September 2006 Preliminary Economic Assessment on the Donlin Creek project, although the amount of the increase has not yet been determined.

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

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

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

cash operating costs of comparable facilities and equipment; and

anticipated climatic conditions.

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

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**Two Alaska Clean Water initiatives, if adopted and upheld, may adversely affect our ability to develop the Donlin Creek project or other properties in Alaska.**

Two ballot initiatives may appear on the November 2008 Alaskan general election ballot regarding large scale metallic mining. The full impact of either of these initiatives, even if adopted and found to be constitutional, cannot yet be determined as the full impact will be dependent on the rules and regulations implementing such initiatives. One initiative seeks to impose two water quality standards on new large scale metallic mineral mining operations in Alaska. The cost statement prepared by the Alaska Division of Elections accompanying this initiative indicated that the language in the initiative does not differ significantly from existing water quality standards. We believe this initiative, if adopted and implemented, would not significantly impact our ability to develop our Alaskan properties. The other initiative imposes new prohibitions on new large scale metallic mineral mining operations in Alaska. In the cost statement accompanying the initiative, the Division of Elections noted that [b]y prohibiting any discharge of certain pollutants, even if those discharges meet or exceed existing state and federal water quality standards, this initiative would effectively prohibit most, if not all new large scale mining activity. This initiative has been held to be unconstitutional by an Alaskan state court, but that ruling is expected to be appealed to the Supreme Court of Alaska. We believe if this initiative is adopted and found to be constitutional, it may be difficult or impossible for any new large mining project, such as the Donlin Creek project or other of our Alaskan properties, to be successfully developed and operated.

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

The Company has documented and tested, during the current fiscal year, its internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 ( SOX ). Commencing November 30, 2006, the end of the Company s 2006 fiscal year, SOX requires an annual assessment by management of the effectiveness of the Company s internal control over financial reporting and an attestation report by the Company s independent auditors addressing this assessment. Management concluded that the Company s internal control over financial reporting was ineffective as of November 30, 2007 due to a material weakness identified by its external auditors in the preparation and review of the U.S. GAAP reconciliation to Canadian GAAP, specifically in respect to project expenditures capitalized or expensed under U.S. GAAP. The remediation efforts designed by the Company may not be adequate to address the material weakness. Due to the existence of the material weakness relating to U.S. GAAP, the Company has also determined that its disclosure controls and procedures, as defined under the Securities Exchange Act of 1934, were not effective.

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

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required processes, procedures and controls in its acquired operations. Acquired companies may not have disclosure control and procedures or internal control over financial reporting that are as thorough or effective as those required by securities laws currently applicable to the Company.

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

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**Use of proceeds**

The Company estimates that the net proceeds from the offering will be approximately US\$95.5 million after deducting the underwriter's fee and the Company's estimated fees and expenses. If the underwriter's over-allotment option is exercised in full, the net proceeds will be approximately US\$110.1 million. The Company intends to use the net proceeds from the offering to repay the amount drawn down under the Company's \$30.0 million short-term credit facility, which was approximately \$16.0 million at March 18, 2008, to fund general exploration and development on the Company's projects and for general corporate purposes.

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

Pending the uses described above, the Company intends to invest the net proceeds in cash on deposit with major Canadian banks and highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition.

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**Dividend policy**

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

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**Table of Contents****Consolidated capitalization**

The following table sets forth our consolidated capitalization as of November 30, 2007 on an actual basis and as adjusted to give effect to this offering (but not the exercise of the over-allotment option) as though it had occurred on such date. This table should be read in conjunction with the Company's audited consolidated financial statements, including the notes thereto, for the fiscal year ended November 30, 2007. This table assumes no conversion of the notes into common shares.

(in thousands)	As at November 30, 2007	As at November 30, 2007 after giving effect to the issuance of the notes
<b>Cash and cash equivalents</b> <sup>(1)</sup>	\$ 97,916	\$
<b>Debt:</b>		
Senior Convertible Notes offered hereby <sup>(2)(3)</sup>		
<b>Shareholders Equity</b>		
Common shares (1,000,000,000 shares authorized, no par value; 104,898,102 shares issued and outstanding) <sup>(4)(5)</sup>	760,468	760,468
Contributed surplus	820	820
Share based compensation	19,739	19,739
Warrants	9,178	9,178
Deficit	(163,657)	
Accumulated other comprehensive income	15,927	
Senior Convertible Notes offered hereby <sup>(2)(3)</sup>		
<b>Total Shareholders Equity</b> <sup>(4)(5)</sup>	642,475	
<b>Total Capitalization</b>	\$ 642,475	\$

**Notes:**

- (1) Does not include restricted cash.
- (2) Under Canadian GAAP, the notes would be allocated on our consolidated financial statements into a debt component estimated at \$ million and an equity component estimated at \$ million. There are differences between Canadian GAAP and U.S. GAAP in the accounting treatment for convertible debt.
- (3) The US\$ principal amount of the notes has been converted for the purposes of this table using Bank of Canada closing rate of \$1.00 per US\$1.0068 on March 18, 2008. The effects of foreign exchange gains or losses from revaluation have not been taken into account.
- (4) Does not include 8,761,000 common shares reserved for issuance pursuant to outstanding stock options, which were exercisable at a weighted average exercise price of \$8.76 as at November 30, 2007.
- (5) Includes approximately 9,396 common shares held by a wholly-owned subsidiary of the Company.



**Table of Contents****Earnings coverage**

The following consolidated financial earnings coverage figure and ratio are calculated for the year ended November 30, 2007 and give effect to all long-term financial liabilities of the Company and the repayment, redemption or retirement thereof since this date. The earnings coverage deficiencies and the amount of earnings and interest expense set forth below do not purport to be indicative of earnings coverage deficiencies or ratios for any further periods. The deficiency figures and coverage ratios have been calculated based on Canadian GAAP. These coverage deficiencies, coverage ratios, earnings or interest expenses have been calculated giving effect to the issuance of US\$100,000,000 principal amount of notes from the beginning of the Company's fiscal year at December 1, 2006.

	<b>Year ended November 30, 2007</b>	
	<b>(amounts in millions, other than earnings coverage ratio)</b>	
<b>Interest expense<sup>(1)</sup></b>	\$	
<b>Earnings (loss) before interest expense and income taxes</b>		( )
<b>Earnings coverage (deficiency)<sup>(2)(3)</sup></b>	\$	( ) <sup>(4)</sup>
<b>Earnings coverage ratio</b>		( )

(1) Includes interest expense for the debt portion of the notes.

(2) Earnings coverage (deficiency) is the dollar amount of earnings required to attain an earnings coverage ratio of one-to-one. Earnings coverage ratio is equal to net income after the unrealised loss on derivatives and before interest expense and income taxes divided by interest expense on all debt.

(3) The convertible debenture has a debt and equity component. \$ is the estimated debt component of which \$ at a % interest rate is the amount included in the earnings coverage (deficiency) calculation.

(4) The US\$100,000,000 principal amount of the notes has been converted for the purposes of this table using Bank of Canada closing rate of \$1.00 per \$US1.0068 on March 18, 2008.

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**Description of share capital**

The Company's authorized share capital consists of 1,000,000,000 common shares without par value and 10,000,000 preferred shares, issuable in series. As at March 18, 2008, the Company had 105,161,311 common shares and no preferred shares issued and outstanding.

**Common shares**

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

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

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

**Preferred shares**

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

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**Description of notes**

The notes are to be issued under an indenture between us, as issuer, and The Bank of New York as trustee, as supplemented by a supplemental indenture thereto, each to be dated as of March , 2008, relating to the notes. We refer to the indenture, as so supplemented, as the indenture.

The following description is a summary of the material provisions of the notes and the indenture and does not purport to be complete. We urge you to read the indenture because the indenture, and not this description, defines your rights as a holder of the notes. You should refer to all of the provisions of the indenture, including the definitions of certain terms used in the indenture. The terms of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended. The indenture, including the form of note contained therein, is specifically incorporated herein by reference. You may request a copy of the indenture from us.

As used in this Description of notes section, references to we, our or us refer solely to NovaGold Resources Inc. and not to our subsidiaries.

**General**

The notes are our senior unsecured debt and rank on parity with all of our other existing and future senior unsecured debt and prior to all of our subordinated debt. The notes are convertible into our common shares, as described more fully under Conversion rights below.

The notes are limited to US\$100,000,000 aggregate principal amount (or US\$115,000,000 if the underwriter's over-allotment option is fully exercised). The notes are issued only in denominations of US\$1,000 and multiples of US\$1,000. The notes mature on May 1, 2015, unless earlier converted, redeemed or repurchased. We may, without the consent of the holders, issue additional notes under the indenture with the same terms and with the same CUSIP numbers as the notes offered hereby in an unlimited aggregate principal amount, provided that such additional notes must be part of the same issue as the notes offered hereby for U.S. federal income tax purposes. We may also from time to time repurchase notes in open market purchases or negotiated transactions without prior notice to holders.

Neither we nor any of our subsidiaries are subject to any financial covenants under the indenture. In addition, neither we nor any of our subsidiaries are restricted under the indenture from paying dividends, incurring debt, granting security, or issuing or repurchasing our securities or those of our subsidiaries.

The holders of the notes are not afforded protection under the indenture in the event of a highly leveraged transaction or a change in control of us except to the extent described under Offer to purchase upon a fundamental change, and Conversion rights Adjustment to shares delivered upon conversion upon certain fundamental changes.

Except under limited circumstances described below, the notes are issued only in fully registered book-entry form and are represented by one or more global notes. There is no service charge for registration of transfer or exchange of the notes. We may, however, require holders to pay a sum to cover any tax or other governmental charge payable in connection with certain transfers or exchanges.

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### **Payments on the notes; paying agent and registrar**

We will pay principal of certificated notes at the office or agency designated by us in the Borough of Manhattan, The City of New York. We have initially designated the corporate trust office of the trustee under the indenture at 101 Barclay Street, New York, New York 10286 as our paying agent and registrar and its agency in New York, New York as a place where notes may be presented for payment or for registration of transfer. We may, however, change the paying agent or registrar without prior notice to the holders of the notes, and we may act as paying agent or registrar. Interest on certificated notes will be payable (i) to holders having an aggregate principal amount of US\$5 million or less, by check mailed to the holders of these notes and (ii) to holders having an aggregate principal amount of more than US\$5 million, either by check mailed to each holder or, upon application by a holder to the registrar not less than 15 days prior to the relevant payment date, by wire transfer in immediately available funds to that holder's account within the United States, which application shall remain in effect until the holder notifies, in writing, the registrar to the contrary.

We will pay principal of and interest on notes in global form registered in the name of or held by The Depository Trust Company or its nominee in immediately available funds to accounts specified by The Depository Trust Company or its nominee, as the case may be, as the registered holder of such global note.

### **Interest**

The notes will bear interest at a rate of % per year. Interest on the notes will accrue from March , 2008. Interest will be payable semiannually in arrears on May 1 and November 1, beginning November 1, 2008.

Interest will be paid to the person in whose name a note is registered at the close of business on April 15 or October 15, as the case may be, immediately preceding the relevant interest payment date. Interest on the notes will be computed on the basis of a 360-day year composed of twelve 30-day months.

### **Conversion rights**

Holders of the notes may convert any notes or portions of the notes, in whole or in part, initially at a conversion rate of common shares per US\$1,000 principal amount of notes (equivalent to a conversion price of approximately US\$ per common share) at any time prior to the close of business on the business day immediately preceding the final maturity date of the notes, subject to prior redemption or repurchase of the notes.

The trustee will initially act as conversion agent. The conversion rate and the applicable conversion price in effect at any given time are referred to as the applicable conversion rate and the applicable conversion price, respectively, and will be subject to adjustment as described below. A holder may convert fewer than all of such holder's notes so long as the notes converted are an integral multiple of US\$1,000 principal amount.

Upon conversion of a note, we will have the right to elect to deliver cash or a combination of cash and common shares for the notes surrendered instead of delivering only common shares (plus cash in lieu of fractional shares). To exercise this right, we must give notice of our election to deliver part or all of the conversion consideration in cash to the holder converting the notes within two business days of our receipt of the holder's notice of conversion. The amount of cash



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to be delivered per note will be equal to the number of common shares in respect of which the cash payment is being made multiplied by the average of the daily VWAP prices of the common shares for the 10 trading days commencing one day after (a) the date of our notice of election to deliver all or part of the conversion consideration in cash if we have not given notice of redemption or (b) the conversion date, in the case of conversion following notice of redemption specifying our intention to deliver cash upon conversion. Daily VWAP means the per share volume-weighted average price as displayed under the heading Bloomberg VWAP on Bloomberg page NG US Equity AQR in respect of the period from 9:30 am to 4:00 pm (New York City time) on such trading day (or if such volume-weighted average price is unavailable, the market value of one common share on such trading day on the TSX or otherwise as our board of directors determines in good faith using a volume-weighted method); provided that after the consummation of a fundamental change in which the consideration is comprised entirely of cash, daily VWAP means the cash price per common share received by holders of our common shares on such fundamental change.

If we elect to deliver cash in lieu of some or all of the common shares issuable upon conversion, we will make the payment, including delivery of the common shares, through the conversion agent, to holders surrendering notes no later than the fourteenth business day following the conversion date. Otherwise, we will deliver the common shares, together with any cash payment for fractional shares, as described below, through the conversion agent no later than the fifth business day following the conversion date.

We may not deliver cash in lieu of any common shares issuable upon a conversion date (other than in lieu of fractional shares) if there has occurred and is continuing an event of default under the indenture, other than an event of default that is cured by the payment of the conversion consideration.

If we call notes for redemption, a holder of notes may convert the notes only until the close of business on the business day immediately preceding the redemption date unless we fail to pay the redemption price. If a holder of notes has submitted the notes for purchase upon a fundamental change, a holder of notes may convert the notes only if that holder withdraws the purchase election made by that holder. Similarly, if a holder of notes exercises the option to require us to repurchase the notes other than upon a fundamental change, those notes may be converted only if the holder withdraws its election to exercise the option in accordance with the terms of the indenture.

Upon conversion, you will not receive any separate cash payment for accrued and unpaid interest unless such conversion occurs between a regular record date and the interest payment date to which it relates. We will not issue fractional common shares upon conversion of notes. Instead, we will pay cash in lieu of fractional shares based on the last reported sale price of the common shares on the trading day prior to the conversion date.

Our delivery to you of common shares, cash, or a combination of cash and common shares, as applicable, together with any cash payment for any fractional share, into which a note is convertible, will be deemed to satisfy our obligation to pay:

the principal amount of the note; and  
accrued and unpaid interest to, but not including, the conversion date.

As a result, accrued and unpaid interest to, but not including, the conversion date will be deemed to be paid in full rather than cancelled, extinguished or forfeited.

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Notwithstanding the preceding paragraph, if notes are converted after 5:00 p.m., New York City time, on a regular record date for the payment of interest, holders of such notes at 5:00 p.m., New York City time, on such record date will receive the interest payable on such notes on the corresponding interest payment date notwithstanding the conversion. Notes, upon surrender for conversion during the period from 5:00 p.m., New York City time, on any regular record date to 9:00 a.m. New York City time, on the immediately following interest payment date, must be accompanied by funds equal to the amount of interest payable on the notes so converted on the corresponding interest payment date; provided that no such payment need be made:

if we have specified a redemption date that is after a record date and on or prior to the corresponding interest payment date;

if we have specified a fundamental change purchase date that is after a record date and on or prior to the corresponding interest payment date; or

to the extent of any overdue interest, if any overdue interest exists at the time of conversion with respect to such note.

If a holder converts notes, we will pay any documentary, stamp or similar issue or transfer tax due on the issue of any of our common shares upon the conversion, unless the tax is due because the holder requests any shares to be issued in a name other than the holder's name, in which case the holder will pay that tax.

## **Conversion upon specified corporate transactions**

If we are a party to a consolidation, amalgamation, merger, binding share exchange, statutory arrangement, sale of all or substantially all of our assets or other combination, in each case pursuant to which our common shares are converted into cash, securities, or other property, then at the effective time of the transaction, the right of a holder of notes to convert a note into our common shares and cash will be changed into a right to convert it into the kind and amount of cash, securities and other property which holders of the notes would have received if those holders had converted their notes immediately prior to the transaction (the reference property). If the transaction causes our common shares to be converted into the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election), the reference property into which the notes will be convertible will be deemed to be the weighted average of the types and amounts of consideration received by the holders of our common shares that affirmatively make such an election. We will agree in the indenture not to become a party to any such transaction unless its terms are consistent with the foregoing.

If holders of notes would otherwise be entitled to receive, upon conversion of the notes, any property (including cash) or securities that would not constitute prescribed securities for the purposes of clause 212(1)(b)(vii)(E) of the Tax Act as it applied for the 2007 taxation year (referred to herein as ineligible consideration), such holders shall not be entitled to receive such ineligible consideration but we or the successor or acquirer, as the case may be, shall have the right (at the sole option of us or the successor or acquirer, as the case may be) to deliver either such ineligible consideration or prescribed securities for the purposes of clause 212(1)(b)(vii)(E) of the Tax Act as it applied for the 2007 taxation year with a market value equal to the market value of such ineligible consideration. In general, prescribed securities would include our common shares and other shares which are not redeemable by the holder within five years of the date of issuance of the notes. Because of this, certain transactions may

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result in the notes being convertible into prescribed securities that are highly illiquid. This could have a material adverse effect on the value of the notes. We agree to give notice to the holders of notes at least 30 days prior to the effective date of such transaction in writing and by release to a business newswire stating the consideration into which the notes will be convertible after the effective date of such transaction. After such notice, we or the successor or acquirer, as the case may be, may not change the consideration to be delivered upon conversion of the notes except in accordance with any other provision of the indenture.

If the transaction also constitutes a fundamental change, we will be required to offer to purchase for cash all of your notes as described under Offer to purchase upon a fundamental change.

**Conversion procedures**

To convert the notes into common shares a holder of notes must do the following (or comply with DTC procedures for doing so in respect of its beneficial interest in notes evidenced by a global note):

complete and manually sign the conversion notice on the back of the note or facsimile of the conversion notice and deliver this notice to the conversion agent;

surrender the note to the conversion agent;

if required, furnish appropriate endorsements and transfer documents; and

if required, pay all transfer or similar taxes.

The date a holder of notes complies with these requirements is the conversion date under the indenture.

**Conversion rate and adjustments**

The initial conversion rate for the notes is \_\_\_\_\_ shares of common shares per US\$1,000 principal amount of notes, subject to adjustment as described below.

We will adjust the conversion rate if any of the following events occurs, except that we will not make any adjustment if holders of notes may participate, as a result of holding the notes, in the transactions described without having to convert their notes.

(1) If we issue common shares as a dividend or distribution on our common shares, or if we subdivide or combine our common shares, the conversion rate will be adjusted based on the following formula:

$$CR^1 = CR_0 \times \frac{OS^1}{OS_0}$$

where,

$CR_0$  = the conversion rate in effect immediately prior to such event

$CR^1$  = the conversion rate in effect immediately after such event

$OS_0$  = the number of our common shares outstanding immediately prior to such event

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$OS^1$  = the number of our common shares outstanding immediately after such event

(2) If we issue to all or substantially all holders of common shares certain rights or warrants to purchase our common shares for a total acquisition cost less than the closing sale price of our common shares on the record date for shareholders entitled to receive such rights and warrants, which rights or warrants are exercisable for not more than 60 days, the conversion rate will be adjusted based on the following formula (provided that the conversion rate will be readjusted to the extent that such rights or warrants are not exercised prior to their expiration):

$$CR^1 = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where,

$CR_0$  = the conversion rate in effect immediately prior to such event

$CR^1$  = the conversion rate in effect immediately after such event

$OS_0$  = the number of our common shares outstanding on the close of business on the next business day following such record date

$X$  = the total number of our common shares issuable pursuant to such rights

$Y$  = the number of our common shares equal to the quotient of (A) the aggregate price payable to exercise all such rights or warrants and (B) the average of the closing sale prices of our common shares for the ten consecutive trading days ending on the business day immediately preceding the date of announcement for the issuance of such rights or warrants

(3) If we distribute to all or substantially all holders of our common shares, common shares, evidences of indebtedness or assets, including securities but excluding:

rights or warrants specified above;  
dividends or distributions specified above; and  
dividends or distributions specified in (4) below;

then the conversion rate will be adjusted based on the following formula:

$$CR^1 = CR_0 \times \frac{SP_0}{SP_0 - FMV}$$

where,

$CR_0$  = the conversion rate in effect immediately prior to such distribution

$CR^1$  = the conversion rate in effect immediately after such distribution

$SP_0$  = the current market price (as defined below) of our common shares on such record date for such distribution

FMV the fair market value (as determined by our board of directors) of the common shares, evidences of  
= indebtedness, assets or property distributed with respect to each outstanding common share on the record date for such distribution

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To the extent that we have a rights plan in effect upon conversion of the notes into common shares, a holder of notes will receive, in addition to the common shares, the rights under the rights plan unless the rights have separated from the common shares at the time of conversion, in which case the conversion rate will be adjusted as if we distributed to all holders of our common shares, common shares, evidences of indebtedness or assets as described above, subject to readjustment in the event of the expiration, termination or redemption of such rights.

With respect to an adjustment pursuant to this clause (3) where there has been a payment of a dividend or other distribution on our common shares or shares of any class or series, or similar equity interest, of or relating to a subsidiary or other business unit, which we refer to as a spin-off, the conversion rate in effect immediately before 5:00 p.m., New York City time, on the effective date fixed for determination of shareholders entitled to receive the distribution will be increased based on the following formula:

$$CR^1 = CR_0 \times \frac{FMV_0 + MP_0}{MP_0}$$

where,

$CR_0$  = the conversion rate in e