

Alchemy

TURNING EXPERIENCE AND OPPORTUNITY INTO GOLD

Golden Gift

**NOVAGOLD'S LARGEST
SHAREHOLDER
DONATES TWO MILLION
SHARES TO CHARITY**

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no accident **3**

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"People are killing tigers for gold and Tom Kaplan is taking gold and making it into tigers."

These are the wise words of Dr. Alan Rubinowitz, one of the world's leading big cat experts and President and CEO of Panthera, a nonprofit organization co-founded with Electrum Strategic Resources CEO Dr. Thomas Kaplan.

Electrum exercised two million warrants of NovaGold in July and donated them to two charitable organizations, Panthera Corporation, a public charity with the sole mission of conserving the world's 36 species of wild cats, and The Recanati-Kaplan Foundation, a charitable foundation focused on supporting organizations that encourage and promote environmental sustainability, animal protection and conservation, education, medical research and fine arts.

While credited with setting up the world's largest tiger reserve in Northern Burma, Dr. Rubinowitz says a safe haven to keep animals in and people out will not successfully conserve the species.

"Having a protected area apart from human landscape will always be restricted by scale. The human landscape needs to be part of the conservation," explains Dr. Rubinowitz. "The cats need core areas where an animal has a home, just as humans have houses, but only



BIG CATS: Drs. Alan Rubinowitz and Thomas Kaplan

by having the animal accepted to be living and travelling through the gold mines and timber cuts can we save them."

Panthera's Jaguar Corridor Initiative, Dr. Rubinowitz's proudest accomplishment to date, aims to link core jaguar populations within the human landscape from northern Argentina to Mexico, preserving their genetic integrity so that jaguars can live in the wild forever and humans can live in a world where we live with wildlife.

He's quick to squash any thoughts of a Bambi-like environment. The ideal is to not sacrifice animals for industry or industry for animals.

For more information about Panthera or to make a personal donation, go to: www.panthera.org.

From the Ground Up OUR PROJECTS

Scott Petsel recaps the 2010 season and what lies ahead for the Ambler project.

1. What occurred during the 2010 season?
We completed environmental baseline and geotechnical studies focused on the potential locations for project infrastructure, including local access corridors to the project. These studies consisted of wetlands determination and mapping, water quality studies, fisheries studies, geohazards analysis (potential avalanche and rock fall localities) and acid rock drainage potential.

TAKE 5 WITH SCOTT PETSEL PROJECT MANAGER, AMBLER PROJECT

2. How many people were involved?
We had 10 local hires for various periods of time over the course of the summer. Not including Frank Gish and me, we had 4 non-locals (2 from Fairbanks, one from Portland, OR and one from Ontario). This does not take into account the consultants that were used.

Curious about someone you work with? Nominate a Take 5 candidate today!

3. How many were at camp?
Camp maxed out at about 18 people but only for a brief period of time. I think we averaged about 10 over the summer.

4. What now?
Data from the field season are currently being analyzed and reports are being written. Evan Twelker is assimilating work from the fields and building a 3-D model of the deposit. We're looking forward to a longer and more robust 2011, which should include significant drilling activities.

5. Who remains hands-on this winter?
Geologist Evan Twelker, Community Liaison Eva Kitty Cleveland, and me.



A 320-mile Journey

CREWS TRAVERSE REMOTE ALASKAN RANGE TO ASSESS GASLINE ROUTE TO DONLIN

Imagine having to contend with low visibility, poor ground conditions, bears and a few hundred stream drainages just to get your work done every day.

These were routine conditions for the crews involved in the gasline assessment project at Donlin Creek.

The field program, which started May 15 and wrapped up last week, involved a number of crews traversing the Alaskan range between Cook Inlet and the Donlin Creek project site.

"There are a few unique elements about this gasline," explains James Fueg, Pipeline Project Manager, Donlin Creek LLC. "The small diameter pipe will cross a long distance — 320 miles — of extremely remote territory. There are no roads or other infrastructure in this area."

Working from four primary base camps, the crews required full helicopter support to assess the chosen route. Drill samples were taken roughly every mile to evaluate geotechnical conditions and a number of crews were involved in different elements of the environmental baseline

data collection. Environmental baseline studies included wetlands mapping, aquatic studies, cultural studies and wildlife surveys.

Fueg says there were "no real surprises" with the baseline data collection, but final analysis of the data is ongoing.

"It was a challenge and the weather didn't cooperate. I want to congratulate the crews who made it through the summer program without a single lost-time incident," says Fueg. "There were difficult flying conditions and difficult conditions on the

UP AND AWAY: The five-month field program required helicopter support



ground. And a lot of wildlife encounters. Yet, there were no conflicts."

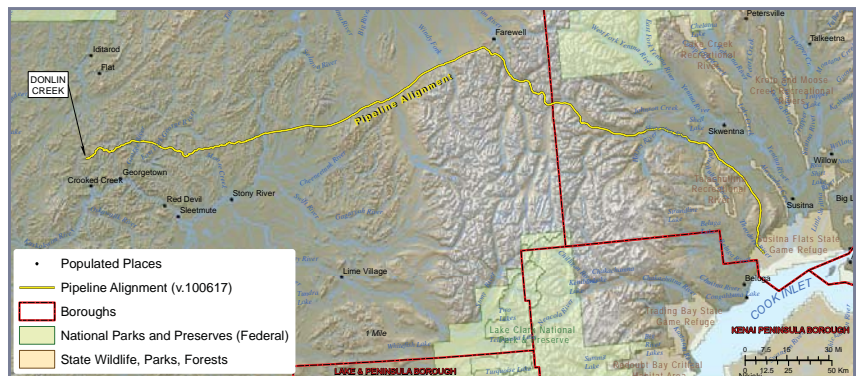
Fueg believes bear awareness training helped crews avoid any incidents and injuries to personnel and animals.

"This speaks highly of the professionalism of the people we employed. All contractors and staff took the training seriously and were prepared to deal with the situations, ensuring a positive outcome."

Fueg also has high praise for the geotechnical drilling team that consisted of experienced Donlin Creek personnel hired through Calista Corporation. "They had a challenging job with drills being moved around by helicopter, and they were outstanding."

During the next few months, engineers will compile the data to come up with an actual design and cost breakdown for the gasline.

The feasibility revision for Donlin Creek, updating the 2009 study to incorporate the gas pipeline and use more recent gold prices and construction inputs, is expected to be completed in mid-2011.



In Good Hands OUR PEOPLE

REWARDS & RECOGNITIONS

"It is the effort of many that create the ripples that can move mountains."

~Unknown

CARA WATTS, Administration and NAOMI SCAVINGTON, HR Teamwork

"Cara and Naomi demonstrated NovaGold's core values of teamwork and accountability when they both stepped in to coordinate all of the details of our off-site Senior Management Planning Sessions. The meetings were a huge success and flowed perfectly thanks to the well-organized event."

~Rick Van Nieuwenhuysse

ROB BARCLAY, IT Initiative

"Rob demonstrated NovaGold's core value of initiative when he upgraded my computer and increased its efficiency. Thanks Rob for performing this upgrade while I was off-site at meetings as your work didn't cause any disruptions to my work activities."

~Rick Van Nieuwenhuysse

KATHLEEN STOLL, Accounting Teamwork & Customer Service

"Kathleen really helped Rock Creek. We had gotten behind on approx 150 vendor invoices that had been sent to AP but not been received due to problems with the US Postal Service. Kathleen processed and input the invoices, got them into the cheque run and signed and out the door by Friday night."

Happy Birthday and Congratulations!

October 5: Michael Grubb

October 12: Kathleen Stoll

October 13: Mitchell Henning

October 26: Rick Van Nieuwenhuysse

5 Years of Service: Alberto Chang

5 Years of Service: Kevin Francis

Safety Will be No Accident at Rock Creek

LORRIE MOFFITT IS MAKING SAFETY ACTIVITIES PERSONAL

The work life of a safety person on an industrial site can be far from glamorous.

"I've had guys pee on my shoes, spit on me and throw their hard hat at me," says Lorrie Moffitt, Senior Safety Coordinator, Rock Creek, reflecting on

SAFETY MOM: Lorrie Moffitt, on scene at an incident in July, at the satellite field



experiences at past projects. "For some guys, safety can be a thorn in their side."

But at Rock Creek, Lorrie is best known as "Safety Mom," a term of endearment that reflects her personal commitment to the crew.

"Everyone here is someone's child and I tell them I don't want to see them carried out in a black bag. They will work safely."

Whether it's fuelled by her 15 years spent nursing, witnessing far too many construction deaths one summer or the unexpected and sudden passing of her 13-year-old son, Lorrie is truly passionate about protecting the health and well-being of her colleagues.

A lifelong Alaskan (her family moved there when she was only a few weeks old), Lorrie graduated from the nursing program at Washington State University. She also did a dual masters in occupational safety and employee health. She worked in construction as a journeyman heavy equipment operator and apprentice mechanic before realizing that she was far too small for a career as a heavy equipment mechanic. Mother to three grown children, Lorrie also has two grandchildren. This is her first role at a mine and she returns to her home just outside Anchorage when she's off shift.

"It's not just a job for me. I want to make sure no

one is hurt on my watch."

And, it's about far more than safety procedures. "I really want to make things better for them. Sometimes that means just listening to them talk about their families or their weekend plans or whatever. Guys don't always want to talk about what's bugging them, they just want to talk. It's about caring for the whole person."

It hasn't been an easy job and there's lots of work to do. Lorrie, the fifth person in this role, has expanded policies and procedures to meet or exceed the standards of the regulatory agencies. Fifty-two standard operating procedures (SOP), covering everything from aerial lift plans to gas safety and trenching evacuation, now exist. And soon there will be 53. Lorrie is currently writing an SOP for light duty vehicles.

"Now, the guys will have a little more work to do. For the most part the guys know this stuff. But it's easy to get sloppy. We got an MSHA citation for having vehicles running with no one inside. It wasn't my truck but as the safety person, it's my responsibility so I took the rap for it. At the end of the meeting, several guys came up and shook my hand."

This is only one example of her growing influence. Rock Creek currently boasts more than 40,000 man hours without a lost-time incident. And four colleagues recently came forward to form the site's first safety committee.

100 Years Strong

TAHLTAN PEOPLE CELEBRATE 100TH ANNIVERSARY



Rick Van Nieuwenhuysse and Frank Gish were among the invited guests that joined the Tahltan people in Telegraph Creek to commemorate the centenary of the Declaration of the Tahltan Tribe.

On October 18, 1910, Tahltan leaders, in unity with 22 interior British Columbia tribes, signed the Declaration of the Tahltan Tribe, giving notice to the Canadian Government that the Tahltan people did not surrender their rights and title.

"The Declaration of the Tahltan Tribe is the pride of our people. Our 100th anniversary celebration will honour our ancestors who had the foresight to defend the rights of Tahltan people immemorial," says Annita McPhee, Chair of the Tahltan Central Council. "This gathering will reassert the sovereign right to our land and resources and help us to strengthen our resolve to protect the independence of the Tahltan Nation."

The four-day centenary celebration (October 15–18, 2010) culminated in a ceremony at the Old Tahltan Village on October 18 to commemorate the signing of the 1910 Declaration. Leaders from across the province were in attendance.

"Through the Declaration we have defined ourselves as a Nation, and will continue to benefit from the resources that our land provides for us," says Chief Rick Mclean, Chief of the Telegraph Creek Band.

All that Glitters is Gold

UNDERSTANDING THE GROWING INTEREST IN THIS PRECIOUS METAL

With gold reaching all-time highs, many investors are taking a fresh look at the world's favourite precious metal. And gold truly is precious. On average there is less than 0.004 ppm (parts per million) of gold in the earth's crust, compared to silver at 0.07 ppm, copper at 55 ppm and iron at 56,000 ppm. So gold is rare, finding gold is difficult, and finding a large enough deposit to make it worth mining is very rare indeed.

On the other hand, gold is practically indestructible and, unlike other commodities such as oil, it's never really consumed. As such, all the gold that has ever been mined is still in existence. The World Gold Council estimates today's above-ground gold stock at around 166,000 tons, with jewelry accounting for 52% of that.

Global mine supply has not increased since 2001, accounting for about 2,250 tons (60%) of global supply in 2009. One might expect gold supply to increase as gold prices increase, but the reality is that mine supply is expected to decrease in coming years. There are few new significant discoveries, with 75% of deposits holding less than one million ounces of gold resource. Most deposits cannot be mined economically because there is too little gold or it is too dispersed (low grade). Couple that with more stringent environmental standards and longer permitting time lines, and it takes gold companies several years to respond to increased prices with a corresponding increase in production.

Global supply from scrap metal, however, does respond quickly to changes in the gold price. Most of this supply comes from recycled jewelry. When the gold price rises, owners have a strong

incentive to sell their jewelry for recycle value. Some are also forced to liquidate their jewelry during periods of economic hardship. Scrap gold supply more than doubled over the last 10 years, reaching a high of 1,549 tons in 2009 (31%).

Historically, central banks have accounted for about 9% of total gold supply. Recently, however, central banks have become net buyers, with India alone increasing its gold reserves by more than 50%. This is a strong statement on both the positive outlook for gold and the negative outlook for global economics, and the US dollar in particular.

Global gold demand continues to outstrip gold supply. The greatest demand comes from the jewelry sector, accounting for 45 to 80% of global gold demand. But jewelry demand has been on a downtrend in response to rising gold prices. Investment demand, however, has become a key price driver in recent years, soaring from 510 tons in 1999 to more than 1,750 tons in 2009. Investors purchase physical gold through gold bars and gold coins, as well as physically backed exchange-traded funds (ETFs).

But physical gold can only increase in value if the gold price increases. Gold equities (like NovaGold stock) offer additional upside potential because the stock trades on the price of gold as well as corporate milestones such as exploration success, acquisitions and progress at projects. That's the "leverage to gold" that we talk about with investors, and that's why NovaGold is performing so well in this strong gold market.

—from June 2010 UBS Research Focus

NovaGold's Third Quarter Financials

On October 14, NovaGold released its Q3-2010 financials, posting pretty impressive numbers for a development-stage mining company. The working capital of \$149.5M means we are well financed for the next couple of years based on existing obligations at our projects. And total assets of \$822.6M showcases the underlying value of our world-class portfolio of projects.

Year to date, \$29.4M has been spent at Donlin Creek (NovaGold is responsible for 50% of these costs) and \$10M has been spent at Galore Creek (Teck still funding 100% of costs). The 2011 budgets for these projects will be finalized soon. Teck has approximately \$18M left to

spend to complete its 50% earn-in and will likely complete its earn-in by mid-2011, at which point NovaGold and Teck will share Galore Creek expenditures equally.

The biggest change with the Q3 financials was the loss for the period as a result of the Rock Creek write down. In Q3-2010 NovaGold reported a net loss of \$147.6M (\$0.66 per share) compared to \$18.1M (\$0.10 per share) for Q3-2009. As a result of the decision not to advance Rock Creek to production, NovaGold's financial team wrote the project down to zero, resulting in a non-cash impairment cost of \$116.2M and an additional \$7.5M of inventory write down.

Donlin Creek and Galore Creek grab the spotlight

ONE GOAL: TO BECOME A LOW-COST, MILLION-OUNCE-A-YEAR GOLD PRODUCER

The takeaway message from the senior managers' strategy meeting is that advancing our core properties is the priority for 2011. What exactly does this mean?

Donlin Creek and Galore Creek are unique in both size and quality — they are true world-class assets and very rare. Of all the gold deposits on the planet, Donlin is not only in the top 1%, it's at the top of that 1%. While Galore Creek is smaller, it's in the upper 3% and offers a unique blend of copper, gold and silver.

Finding an ore deposit is extremely rare. Billions of dollars are spent on exploration yet very few new deposits are found, and of those most are too small or too low-grade to be economic. Today NovaGold trades at a significant discount to net asset value of both these assets; however, if we focus and advance these two assets to production, then we will have maximized shareholder value. To accomplish this, we need to manage our resources — people and money. We need to focus our resources on our Core Assets — Donlin and Galore.

That doesn't mean we ignore our non-core assets. It means maximizing the value of our non-core assets to enable us to advance our core properties.



THE VIEW FROM THE TOP
with Rick Van Nieuwenhuysse

You've decided to solicit offers for Rock Creek. Personally, how do you feel about walking away from this project?

Honestly, I have to say that I am disappointed — we all like to succeed, and we did not. We had a lot of unfortunate circumstances

at this project, we made some mistakes, but we also had a lot of bad luck and timing. Right at the start, AFTER, getting our permits we were sued by an NGO (non-government organization) and right at the beginning of winter when we had planned to work in the then-frozen wetlands. By not doing that work we fell off our schedule, and that had a ripple effect from which the property never really recovered. There were cost overruns and then start-up issues and the project needed yet more money, and then again, bad timing, the 2008 financial disaster hit us and everyone, and that cost us dearly. Yes, it has certainly been a big disappointment — spending all the money and not having success, especially with the price of gold right now — it would have been sweet to be in production, but it just seems like Rock Creek was never meant to be for us. Looking back it was a lot of hard work ... blood, sweat and a few tears, but we did learn a lot and I am proud of what the team has accomplished — especially in the past two years. A remarkable and commendable job. The decision we've made is the right decision for the company and stakeholders. Sometimes there are hard decisions, but we have to make them. But yeah, it's sad, no question.

And what about Ambler?

Although not a core property, Ambler has huge potential for the company. However, we don't get any significant value for it in our current share price. So to maximize its value to NovaGold, we'll likely look at spinning it out.

This is similar to what we did in 2003 with SpectrumGold, which was a special-purpose vehicle launched to explore Galore Creek. This is consistent with our concept of focusing our resources on our core assets.

What are your prime objectives for Q4-2010?

I feel pretty good about where the company is now. We won't have everything wrapped up by the end of the year and we're not anticipating any big news this next quarter, but our studies are on track. It's all about keeping the ball rolling.

I am optimistic that we will be successful in finding a buyer for Rock Creek. We have a process in place to identify qualified and interested buyers — we want this to be done right and are looking for a company that has the capacity and people to be successful operators at Rock Creek. If we are not successful in finding an appropriate buyer, then we will move towards closure.

We're also making progress at San Roque, although we are not likely to start drilling this year. There's always a lot going on!

Is there any other news to share?

Last week I participated in a question-and-answer Roundtable with former Republican vice-presidential candidate and Governor of Alaska Sarah Palin, and 15 executives hosted by The Bon Mot Book Club. The Roundtable focused on Mines, Energy and Infrastructure and each participant could ask one question. My question was how to solve Alaska's infrastructure challenges and was there a role for public-private partnership. Her answer indicated that she was very favorable to PPP. I've had the opportunity to meet with her on a few occasions and she remembered — she obviously has a good memory! I was certainly honored to be invited to such an exclusive event and pleased that NovaGold and its projects could be highlighted.

PREVIOUS ISSUE



WINNING CAPTION:

Do you think the books and glasses make me look smarter?

~ by Kurt Parkan

2 RUNNERS UP:

Deadlines amuse me!

~ by Gwen Dowell

Don't they publish Office 2010 for Dummies?

~ by Mike Grubb

Show your Halloween Funny Bone: Write the Caption

Send your entry to:
alchemy@novagold.net



And Then Some OUR LAST WORD