NOVAGOLD RESOURCES INC
Form 10-K
January 28, 2015

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

Form 10-K

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

For the Fiscal Year Ended November 30, 2014

OR

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

For the Transition Period from to

Commission File Number: 001-31913

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

NOVAGOLD RESOURCES INC.

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

CURRENCY

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

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

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

"Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all, or any part, of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable.

Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measures. Accordingly, information contained in this report and the documents incorporated by reference herein contain descriptions of our mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

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

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements or information within the meaning of Canadian securities laws and the United States Private Securities Litigation Reform Act of 1995 concerning anticipated results and developments in our operations in future periods, planned exploration activities, the adequacy of our financial resources and other events or conditions that may occur in the future. These forward-looking statements may include statements regarding perceived merit of properties, exploration results and budgets, mineral reserves and resource estimates, work programs, capital expenditures, operating costs, cash flow estimates, production estimates and similar statements relating to the economic viability of a project, timelines, strategic plans, including our plans and expectations relating to the Donlin Gold and Galore Creek projects, completion of transactions, market prices for precious and base metals, or other statements that are not statements of fact. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Statements concerning mineral resource estimates may also be deemed to constitute "forward-looking statements" to the extent that they involve estimates of the mineralization that will be encountered if the property is developed.

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

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

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

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

- uncertainty of whether there will ever be production at our mineral exploration and development properties;
- uncertainty of estimates of capital costs, operating costs, production and economic returns;
- uncertainties relating to the assumptions underlying our resource and reserve estimates, such as metal pricing, metallurgy, mineability, marketability and operating and capital costs;
- risks related to our ability to commence production and generate material revenues or obtain adequate financing for our planned exploration and development activities;
- risks related to our ability to finance the development of our mineral properties through external financing, strategic alliances, the sale of property interests or otherwise;
- risks related to the third parties on which we depend for our exploration and development activities;
- dependence on cooperation of joint venture partners in exploration and development of properties;
- credit, liquidity, interest rate and currency risks;
- risks related to market events and general economic conditions;
- uncertainty related to inferred mineral resources;
- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of our mineral deposits;
- risks related to lack of infrastructure required to develop, construct, and operate our mineral properties;
- mining and development risks, including risks related to infrastructure, accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with, or interruptions in, development, construction or production;
- the risk that permits and governmental approvals necessary to develop and operate mines on our properties will not be available on a timely basis, subject to reasonable conditions, or at all;
- commodity price fluctuations;
- risks related to governmental regulation and permits, including environmental regulation;
- risks related to the need for reclamation activities on our properties and uncertainty of cost estimates related thereto;
- uncertainty related to title to our mineral properties;

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

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

Our forward-looking statements contained in this Annual Report on Form 10-K are based on the beliefs, expectations and opinions of management as of the date of this report. We do not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

GLOSSARY OF TECHNICAL TERMS

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

alluvial	A placer formed by the action of running water, as in a stream channel or alluvial fan; also said of the valuable mineral (e.g. gold or diamond) associated with an alluvial placer.
arsenopyrite	The common arsenic mineral and principal ore of arsenic; occurs in many sulfide ore deposits, particularly those containing lead, silver and gold.
alteration	Refers to the process of hydrothermal fluids (hot water) changing primary rock minerals (such as quartz, feldspar and hornblende) to secondary minerals (quartz, carbonate and clay minerals).
assay	A metallurgical analysis used to determine the quantity (or grade) of various metals in a sample.
bornite	A copper iron sulfide mineral (Cu_5FeS_4).
breccia	A rock in which angular fragments are surrounded by a mass of fine-grained minerals.
chalcopyrite	A copper iron sulfide mineral ($CuFeS_2$).
concentrate	A clean product recovered in flotation, which has been upgraded sufficiently for downstream processing or sale.
cut-off grade	When determining economically viable mineral reserves, the lowest grade of mineralized material that can be mined and processed at a profit.
cyanidation	A metallurgical technique, using a dilute cyanide solution, for extracting gold from ore by dissolving the gold into solution.
dike	A tabular igneous intrusion that cuts across the bedding of the host rock.
doré	A semi-pure alloy of gold and silver.
electrowinning	The deposition of gold from solution to cathodes by passing electric current from anodes through gold-bearing solution.
extrusive	Said of igneous rock that has been erupted onto the surface of the Earth.

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

greywacke	A variety of sandstone generally characterized by its hardness, dark color, and poorly sorted angular grains of quartz, feldspar, and small rock fragments set in a compact, clay-fine matrix.
host rock	A body of rock serving as a host for other rocks or for mineral deposits.
hydrothermal	Pertaining to hot aqueous solutions of magmatic origin which may transport metals and minerals in solution.
intrusive	Said of igneous rock formed by the consolidation of magma intruded into other rocks.
lithology	The character of a rock described in terms of its structure, color, mineral composition, grain size, and arrangement of its component parts.
mafic	Igneous rocks composed mostly of dark, iron- and magnesium-rich minerals.
massive	Said of a mineral deposit, especially of sulfides, characterized by a great concentration of mineralization in one place, as opposed to a disseminated or veinlike deposit.
mineral	A naturally formed chemical element or compound having a definite chemical composition and, usually, a characteristic crystal form.
mineral deposit	A mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures.
mineralization	A natural occurrence in rocks or soil of one or more yielding minerals or metals.
net present value (NPV)	The sum of the value on a given date of a series of future cash payments and receipts, discounted to reflect the time value of money and other factors such as investment risk.
ore	Rock containing metallic or non-metallic materials that can be mined and processed at a profit.
placer	An alluvial deposit of sand and gravel, which may contain valuable metals.
porphyry	An igneous rock of any composition that contains conspicuous phenocrysts (large crystals or mineral grains) in a fine-grained groundmass.
pyrite	An iron sulfide mineral (FeS_2), the most common naturally occurring sulfide mineral.
pyrrhotite	An unusual, generally weakly magnetic, iron sulfide mineral with varying iron content ($Fe_{1-x}S$ (x=0 to 0.2)).
reverse circulation (RC)	A type of drilling using dual-walled drill pipe in which the material drilled, water and mud are circulated up the center pipe while air is blown down the outside pipe.
realgar	An arsenic sulfide mineral (As_4S_4).
reclamation	Restoration of mined land to original contour, use, or condition.

rhyodacite A volcanic, high-silica rock composed of mostly quartz and feldspar.

sedimentary Said of rock formed at the Earth's surface from solid particles, whether mineral or organic, which have been moved from their position of origin and re-deposited, or chemically precipitated.

shale A fine-grained detrital (transported by wind, water, or ice) sedimentary rock, formed by the consolidation of clay, silt, or mud.

sill An intrusive sheet of igneous rock of roughly uniform thickness that has been forced between the bedding planes of existing rock.

stockwork	A three-dimensional network of closely spaced planar to irregular veinlets.
stibnite	An antimony sulfide mineral (Sb_2S_3).
strike	The direction, or bearing from true north, of a vein or rock formation measured on a horizontal surface.
sulfide	A compound of sulfur and some other metallic element.
syngenetic	Relating to or denoting a mineral deposit or formation produced at the same time as the host rock.
tailings	Uneconomic material produced by a mineral processing plant which is disposed of in a manner meeting government regulation and which may involve a permanent impoundment facility or which may involve the discharge of material to the environment in a manner regulated by the government authority.
vein	A thin, sheet-like crosscutting body of hydrothermal mineralization, principally quartz.
waste rock	Barren or submarginal rock that has been mined but is not of sufficient value to warrant treatment and is therefore removed ahead of the milling processes.

Canadian NI 43-101 Definitions:

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

Advanced Property

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

Disclosure

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

Early Stage Exploration Property

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

Effective date

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

Exploration Information

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

Mineral Project

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

Preliminary Economic Assessment

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

Professional Association

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

Qualified Person

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

Quantity

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

SEC Industry Guide 7

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

Technical Report

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

Written Disclosure

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

Mineral Resource

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

Mineral Reserve

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

Mining Studies

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

Independence

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

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

Qualified Person

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

Pre-Feasibility Study (Preliminary Feasibility Study)

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

Feasibility Study

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

Mineral Resource

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

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

Inferred Mineral Resource

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

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

Indicated Mineral Resource

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

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

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

Measured Mineral Resource

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

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

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

Modifying Factors

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

Mineral Reserve

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

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

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

Probable Mineral Reserve

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

Proven Mineral Reserve (Proved Mineral Reserve)

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

SEC Industry Guide 7 Definitions:

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

Exploration stage

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

Development stage

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

Production stage

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

Mineralized material

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

Probable reserve

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

Proven reserve

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

Reserve

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

PART I

Item 1. Business

Overview

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

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

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

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

Corporate Structure

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

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

Employees

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

Segment and Geographical Information

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

Long-lived assets

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

Recent Developments

Donlin Gold Project

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Galore Creek Project

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

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

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

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

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

Reclamation

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

Government and Environmental Regulations

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

Competition

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

Availability of Raw Materials and Skilled Employees

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

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

Seasonality

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

Gold Price History

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

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

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

Data Source: www.kitco.com

Available Information

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

ItemRisk Factors
1A.

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

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

Risks Related to Our Business

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

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

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

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

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

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

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

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

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

We have limited financial resources. We will need external financing to develop and construct the Donlin Gold project and, if applicable, the Galore Creek project. On December 5, 2011, we announced the total capital cost estimate for the Donlin Gold project was approximately $6.7 billion including costs related to the natural gas pipeline (100% basis). Our failure to obtain sufficient financing could result in the delay or indefinite postponement of exploration, development, construction, or production at the Donlin Gold project or any or all of our other mineral properties. The cost and terms of such financing may significantly reduce the expected benefits from new developments and/or render such developments uneconomic. There can be no assurance that additional capital or other types of financing will be available when needed or that, if available, the terms of such financing will be favorable. Our failure to obtain financing could have a material adverse effect on our growth strategy and results of operations and financial condition. In addition, we may have to sell one or more of our mineral properties.

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

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

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

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

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

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

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

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

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

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

We cannot predict the effect of these factors on metal prices. A decrease in the market price of gold, copper and other metals could affect our ability to finance the development of the Donlin Gold and Galore Creek projects, and the exploration and development of other mineral properties held by us, which would have a material adverse effect on our financial condition and results of operations. There can be no assurance that the market price of gold, copper and other metals will remain at current levels or that such prices will improve. In particular, an increase in worldwide supply, and consequent downward pressure on prices, may result over the longer term from increased production from the development of new or expansion of existing mines. There is no assurance that if commercial quantities of gold, copper and other metals are discovered, that a profitable market may exist or continue to exist for a production decision to be made or for the ultimate sale of the metals.

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

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

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

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

We have a limited property portfolio.

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

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

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

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

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

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

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

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

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

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

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

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

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

Estimated mineral reserves or mineral resources may have to be recalculated based on changes in metal prices, further exploration or development activity, or actual production experience. In addition, if production costs increase, recovery rates decrease, if applicable laws and regulations are adversely changed, there is no assurance that the anticipated level of recovery will be realized or that mineral reserves or mineral resources as currently reported can be mined or processed profitably. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral reserve or mineral resource estimates. The extent to which mineral resources may ultimately be reclassified as mineral reserves is dependent upon the demonstration of their profitable recovery. Any material changes in mineral resource estimates and grades of mineralization will affect the economic viability of placing a mineral property into production and a mineral property's return on capital. We cannot provide assurance that mineralization identified at our mineral properties can or will be mined or processed profitably.

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

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

Significant uncertainty exists related to inferred mineral resources.

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

The proposed sale of Galore Creek may not occur.

Part of our current business strategy is to sell all or part of our 50% interest in the Galore Creek Partnership. Our management expects to continue to evaluate disposition opportunities on a regular basis and intends to pursue opportunities that management believes are in our long-term best interests. Competition in the mining business for limited sources of capital could adversely impact our ability to dispose of our interest in the Galore Creek Partnership and as a result we may not be successful in identifying a purchaser or in obtaining an offer at an acceptable price and on acceptable terms and conditions. As a result, there is no assurance that we will be able to dispose of our interest in the Galore Creek Partnership; in which case we expect to continue with the joint development of the Galore Creek project through the Galore Creek Partnership, which would result in increased capital requirements for us to fund our portion of project development.

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

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

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

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

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

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

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

Mining involves various types of risks, including:

- environmental hazards;

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

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

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

We are subject to significant governmental regulation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We may be subject to legal proceedings.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

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

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

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

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

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

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

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

“Inferred mineral resources” – we advise U.S. investors that although this term is recognized by Canadian regulations, the SEC does not recognize it. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of a feasibility study or prefeasibility study, except in rare cases. The SEC normally only permits an issuer to report mineralization that does not constitute “reserves” as in-place tonnage and grade without reference to unit measures. U.S. investors are cautioned not to assume that any part or all of an inferred mineral resource exists or is economically or legally minable.

Donlin Gold Project, Alaska

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

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

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

Property Description and Location

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

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

Permits

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

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

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

Mineral Tenure

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

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

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

Accessibility and Climate

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

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

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

Exploration History

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

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

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

Geology

Regional Geology

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

Local Geology

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

Property Geology

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

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

Geotechnical and Hydrology

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

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

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

Exploration Potential

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

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

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

Mineralization

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

Gold-bearing sulfides occur in both veins and disseminated zones in mafic igneous bodies, rhyodacite dikes and sills, and sedimentary rocks. Quartz-carbonate-sulfide (pyrite, stibnite, and arsenopyrite) veins are the primary mineralized features, but gold also occurs in thin, discontinuous sulfide fracture fillings.

Minor Elements and Deleterious Materials

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

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

Metallurgy

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

Process testing generated development of the following conceptual flowsheet:

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

This processing concept incorporates proven commercial unit operations.

Reserve and Resource Estimate

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

Proven and Probable Mineral Reserve Estimate

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

Notes:

(1) Mineral reserves are contained within Measured and Indicated pit designs, and supported by a mine plan, featuring variable throughput rates, stockpiling and cut-off optimization. The pit designs and mine plan were optimized on diluted grades using the following economic and technical parameters: Metal price for gold of $975 per ounce; reference mining cost of $1.67 per tonne incremented $0.0031 per tonne per meter with depth from the 220 meter elevation (equates to an average mining cost of $2.14 per tonne), variable processing cost based on the formula 2.1874 x (S%) + 10.65 for each $ per tonne processed; general and administrative cost of $2.27 per tonne processed; stockpile rehandle costs of $0.19 per tonne processed assuming that 45% of mill feed is rehandled; variable recoveries by rock type, ranging from 86.66% in shale to 94.17% in intrusive rocks in the Akivik domain; refining and freight charges of $1.78 per ounce gold; royalty considerations of 4.5%; and variable pit slope angles, ranging from 23° to 43°. The Mineral Reserves are reported in accordance with NI 43-101, which differs from Industry Guide 7. The project is without known reserves under SEC Industry Guide 7. See Cautionary Note to U.S. Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves, above.

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

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

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

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

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

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

Measured and Indicated Resources Estimate (inclusive of reserves)

Resource Category	Tonnes (thousands)	Gold Grade (grams/tonne)	Contained Gold (thousands of ounces)
Measured	7,731	2.52	626
Indicated	533,607	2.24	38,380
Measured and indicated	541,337	2.24	39,007

Notes:

(1) Mineral resources that are not mineral reserves do not have demonstrated economic viability. See Cautionary Note to U.S. Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves, above.

(2) Mineral resources are inclusive of mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. See Cautionary Note to U.S. Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves, above.

(3) Mineral resources are contained within a conceptual measured, indicated and inferred optimized pit shell using the following assumptions: gold price of $1,200 per ounce; variable process cost based on 2.1874 * (sulfur grade) + 10.65; administration cost of $2.29 per tonne; refining, freight & marketing (selling costs) of $1.85 per ounce recovered; stockpile re-handle costs of $0.20 per tonne processed assuming that 45% of mill feed is re-handled; variable royalty rate, based on royalty of 4.5% * (Gold price – selling cost).

(4) Mineral resources have been estimated using a constant net sales return cut-off of $0.001 per tonne milled. The net sales return cut-off was calculated using the formula: NSR = Gold grade * Recovery * ($1,200 – (1.85 + ($1,200 – 1.85) * 0.045)) – (10.65 + 2.1874 * (S%) + 2.29 + 0.20) and reported in $ per tonne.

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

(6) Tonnage and grade measurements are in metric units. Contained gold ounces are reported as troy ounces. See Cautionary Note to U.S. Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves, above.

Inferred Mineral Resource Estimate

Resource Category	Tonnes (thousands)	Gold Grade (grams/tonne)	Contained Gold (thousands of ounces)
Inferred	92,216	2.02	5,993

Notes:

(1) Inferred resources are in addition to measured and indicated resources. Inferred resources have a great amount of uncertainty as to their existence and whether they can be mined legally or economically. It cannot be assumed that

all or any part of the inferred resources will ever be upgraded to a higher category. See Cautionary Note to U.S. Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves, above.

(2) Tonnage and grade measurements are in metric units. Contained gold ounces are reported as troy ounces. See Cautionary Note to U.S. Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves, above.

Feasibility Study and Updates

On December 5, 2011, we announced the results of the Donlin Gold FS which revised the previous 2009 feasibility study with updated mineral reserves and resources, capital costs and operating cost estimates. The Donlin Gold FS also utilizes natural gas as the primary power generation fuel source for the project rather than the original diesel option. Based on the Donlin Gold FS, the project is expected to be a conventional truck-and-shovel open-pit operation. The mine life is estimated to be 27 years based on a nominal processing rate of 59,000 tons (53,500 tonnes) per day. During the first five years of full operation, expected production averages 1.46 million ounces of gold annually and an average of 1.13 million ounces of gold per year over its projected 27 year mine life. The total capital cost estimate for the Donlin Gold project is approximately $6.7 billion including costs related to the natural gas pipeline and a contingency of $984 million. The project's estimated after-tax net present value at a 5% discount rate ("NPV5%") is $547 million using the base case gold price of $1,200 per ounce. The internal rate of return (IRR) at the same gold price is 6.0%.

Base Case Project Sensitivity to Gold Price

Gold ($ per ounce)	LOM Cash Flow ($ million)	Jan 2014 NPV5% ($ million)	Jan 2014 IRR (%)
$700	$(5,690)	$(4,917)	—
$800	$(2,838)	$(3,637)	—
$900	$(45)	$(2,374)	—
$1,000	$2,143	$(1,342)	2.3
$1,100	$4,191	$(385)	4.3
$1,200	$6,197	$547	6.0
$1,300	$8,187	$1,465	7.5
$1,400	$10,166	$2,375	8.9
$1,500	$11,631	$3,147	10.2
$1,600	$13,092	$3,862	11.2
$1,700	$14,616	$4,581	12.3
$1,800	$16,156	$5,296	13.2
$1,900	$17.699	$6,010	14.2
$2,000	$19,248	$6,722	15.1

Summary of Key Evaluation Metrics (Base Case at $1,200 per ounce gold)

Total tonnes mined (million)	3,270
Ore tonnes treated (million)	505
Strip ratio (waste tonnes per ore tonne)	5.48
Gold ounces recovered (million)	30.4
Gold recovery (%)	89.8%
($ million)	
Gold, net revenue	$ 36,445
Less:	
Mining	(8,200)
Processing	(7,808)
G&A, community, refining & land	(3,241)
Costs applicable to sales(1)	(19,249)
Initial capital	(6,679)
Sustaining capital	(1,505)
Total capital	(8,184)
Income taxes	(2,748)
Reclamation trust fund	(274)
Total costs	(30,455)
Total cash flow(2)	$ 6,197
Payback period (years)	9.2
Operation life (years)	27
Jan 2014 NPV5%(3) ($ million)	$ 547
Jan 2014 IRR	6.0%

Notes:

(1) Costs applicable to sales (US GAAP), excluding Depreciation and Reclamation costs.

(2) Cash flow after-tax excludes sunk costs.

(3) Reference dates for discounted cash flow metrics are January 1, 2014 and exclude funds expended before that date.

Operating Cost Estimates

	$ per ounce	$ per tonne milled
Mining cost	$ 270	$ 16.24
Process cost	257	15.47
G&A, community, refining & land	107	6.42
	$ 634	$ 38.13

Capital Cost Estimates

($ million)	
Mining	$ 345
Site preparation /roads	236
Process facilities	1,326
Tailings	120
Utilities (including natural gas pipeline)	1,302
Ancillary buildings	304
Off-site facilities	243
Total direct costs	3,876
Owners' costs	414
Indirect costs	1,405
Contingency	984
Total indirect and contingency	2,803
Total project cost	$ 6,679

Sustaining capital requirements are estimated at $1,505 million over the life of the mine.

Planned Mining Operations

The Donlin Gold project will be mined by a conventional truck-and-shovel operation. Initial pioneering and pit development will be undertaken to remove overburden, develop mine access roads suitable for large mining equipment, and "face-up" the initial pit into productive set-ups for the large shovel and mining equipment.

Large hydraulic shovels mining the full 12 meter benches will be the primary loading equipment in zones of waste and steeply dipping ore. The same primary shovels will be used on the 6 meter split benches, thereby avoiding the need for a mixed fleet of hydraulic shovels. Large 360 tonne capacity haul trucks will be used for transporting both ore and waste out of the pit.

Blast hole drilling in predominantly waste areas will be performed with nominal 251 millimeters diameter production drills. Ore zones will be drilled on a single 12 meter bench with 200 millimeter diameter holes or a single 6 meter bench with 140 millimeter diameter holes, depending on the size and continuity of the ore blocks outlined by grade control drilling.

Support equipment will be used for road, bench, and dump maintenance and miscellaneous projects.

Planned Process Operations

The Donlin Gold project ore will be processed by crushing and grinding, sulfide flotation concentration, autoclave pressure oxidation (POX), carbon-in-leach (CIL) cyanide leaching, electrowinning, and refining to produce doré bars on site.

Due to gold being associated with sulfide mineralization, primarily arsenopyrite and pyrite, the ore is considered refractory and requires POX pre-treatment to liberate the gold prior to CIL leaching. Sulfide flotation concentration is required prior to POX to concentrate the sulfide content to a level sufficient to fuel the POX operation.

Concentrate is recovered from the primary rougher flotation followed by regrinding of the tailings prior to secondary rougher flotation. The secondary rougher concentrate is processed through a cleaner-cleaner scavenger circuit producing a concentrate which is combined with the primary rougher concentrate for treatment by POX. The final tailings from the secondary rougher flotation tailings is thickened, and due to their neutralizing potential, is then utilized to modify the pH of the POX discharge solution prior to being transported to the TSF.

The oxidized concentrate from the POX operation would then be cyanide leached in a conventional CIL circuit to produce a pregnant (gold-bearing) solution. Gold from the solution is adsorbed onto activated carbon, which is later stripped (gold desorbed from carbon) in an elution circuit. The pregnant solution after elution is fed through electrowinning (EW) cells, where cathodes are plated with gold-bearing materials, which are periodically removed, dried in retort, and melted in an induction furnace to produce doré bars.

Tailings from the CIL circuit would be treated in a cyanide detoxification process using SO2/air technology prior to being transported to the TSF.

Mercury naturally occurs in the Donlin Gold project ores and mercury abatement controls will be installed in six areas of the process facilities including POX, hot cure, EW, retort, refinery furnace, and carbon regeneration kiln. In these control systems, mercury will be collected for off-site shipment and management. Chemicals will be added to tailings to limit the potential for mercury releases from the TSF.

Proposed Production Plan and Schedule

Based on the Donlin Gold FS, the operating mine life is estimated to be 27 years with the nominal processing rate of 53,500 tonnes per day. Mine start-up was proposed to begin in 2020 based on a timeline of 3-4 years for project permitting and concurrent engineering and 3.5 to 4 years for construction. The Donlin Gold FS also assumed that project engineering would proceed in parallel with project permitting. In addition, the Donlin Gold board must approve a construction program and budget before construction of the Donlin Gold project can begin. The timing of the initiation of the required engineering work, of the Donlin Gold board's approval of a construction program and budget, and receipt of all required governmental permits and approvals will determine whether and when construction of the Donlin Gold Project will begin.

Preproduction covers the first 15 months of the mine plan, when mining activities will focus on providing sufficient ore exposure for plant start-up. Ore mined during preproduction will be stockpiled and rehandled to the mill during operations. Average mine production increases progressively in the initial years from 350,000 to 417,000 tonnes per day. The peak rate of 437,000 tonnes per day is reached in Year 6.

Waste Rock Facility

Waste rock from open pit mining will be placed in an ex-pit waste rock facility in the American Creek Valley, east of the pit area, or in a backfill dump in the ACMA pit. The ultimate footprint of the facility covers an area of approximately 9 square kilometers. Approximately 2,232 million tonnes of waste rock and overburden will be placed in the facility, and 423 million tonnes will be placed in the ACMA pit backfill dump. Approximately 103 million tonnes of waste rock will be used for construction purposes, and 17 million tonnes of overburden will be stockpiled and used later for reclamation purposes.

The potential magnitude of flow in the American Creek drainage, as well as discharge from springs in the valley floors, warrants the construction of an engineered rock drain system below the waste rock facility, including connecting secondary rock (finger) drains in the smaller contributing drainages.

Waste rock will be characterized by its potential for acid generation and assigned reactivity categories. Non-acid-generating (NAG) rock will be placed directly in the waste rock facility, along with less reactive potentially acid-generating (PAG) rock, PAG5. Some of the more reactive PAG rock, PAG6, will be encapsulated in cells in the waste rock facility to prevent water infiltration through them. The most reactive PAG rock, PAG7, will be placed in the ACMA backfill dump beneath the ultimate pit lake water level.

Concurrent reclamation of the waste rock facility will be undertaken during operations.

Proposed Tailings Storage

The TSF in the Anaconda Creek basin will be a fully lined impoundment with cross valley dams at both the upstream ("upper dam" comprising upper north and upper south) and downstream ("main dam") ends.

All tailings dams will be constructed of compacted rock fill using the downstream method with a composite liner on the upstream face. The tailings impoundment footprint will be lined with a linear low density polyethylene liner over a layer of broadly graded silty sand and gravel acting as low permeability bedding material and providing secondary containment. Material for construction will be sourced from the plant site and fuel farm during initial construction and from the open pit for the later raises during operations.

Other Dams

Water dams are required during the construction period and initial years of operation to protect the lined upstream faces of the upper north and south tailings starter dams from a significant flood event, to provide a reliable source of fresh water during operation of the process plant, and to minimize runoff to the TSF.

Current and Planned Infrastructure

Current site infrastructure comprises an all-season, soft-sided camp with facilities to house up to 150 people consisting of kitchen, living quarters, equipment shop, drill shack and other buildings required for support of year-round exploration activities.

There is sufficient area within the project area to host an open-pit mining operation, including the proposed open pit, waste rock facility, TSF and process facilities. Other planned site infrastructure comprises: access roads, airstrip, accommodation camp, plant site and fuel tank farm, primary and pebble crushers, coarse ore conveyor and coarse ore stockpile, concentrator, water treatment plants, dual-fired power plant, oxygen plant, boiler house, utility corridors and access walkways, waste and tailings storage facilities, truck shop, truck wash, workshops and vehicle repair facilities, assay laboratory, administration facilities and change rooms. Donlin Gold has secured the majority of the surface rights for the areas that may host these facilities.

In the nearby villages, Crooked Creek has approximately 140 residents and Aniak has a population of approximately 570. The workforce for the project would be sourced from the local area, from Alaskan regional centers and from other sources as required.

The project is a greenfield site. The on-site infrastructure for the project includes three main development sites in remote locations: the mine and plant site area (including the power plant), the permanent camp, and the airstrip. The plant site, power plant and fuel tank farm will be on a ridge above the proposed TSF. The layout of the plant site was designed to take maximum advantage of the natural topography. The layout also provides for efficient movement of equipment and material products around the site.

Planned Off-site Infrastructure

The off-site infrastructure for the project includes three main development sites in remote locations: the Jungjuk Port site and mine access road; the natural gas pipeline; and the Bethel port facilities. The Jungjuk Port site is situated on the Kuskokwim River near the mouth of Jungjuk Creek. A port-to-mine access road (Jungjuk Road) , approximately 44 kilometers long, will traverse varied terrain from the Jungjuk Port site to the mine site. A 4.8 kilometer long spur road will serve the project airstrip. The primary purpose of the road is to transport freight from the Jungjuk Port site to the mine mostly by conventional highway tractors and trailers. The natural gas pipeline is described under the Power heading below. The Bethel Port will be situated near the town of Bethel, a community of approximately 6,400 residents, that is the main port on the Kuskokwim River and is an administrative and transportation hub for the 56 villages in the Y-K Delta. The Port of Bethel is the northernmost medium-draft port in the United States and is served by ocean-going barges. The proposed port would serve as a trans-shipment point from ocean barges to river barges to supply the project during the summer.

Power

Natural gas will be delivered to site by an approximately 500-kilometer long 14-inch (356 millimeter) diameter pipeline to supply an on-site power generation facility. The Donlin Gold FS contemplates that the electric power for the site will be generated from a dual-fuelled, (natural gas and diesel) reciprocating engine power plant with a steam turbine utilizing waste heat recovery from the engines. The power plant consists of two equal halves, each consisting of six reciprocating engines, and a separate steam turbine. The total generation facility is nominally rated at 182 MW initially. This will increase to 215 MW after four years with the addition of two more gensets (one in each half) to allow for N+2 redundancy, thus permitting planned maintenance and predicted outages without cutting back production. Project optimization studies and detailed engineering may result in selection of a different power plant design based on capital and operating costs and operating efficiency considerations.

The natural gas pipeline is a lower-cost alternative to the previously considered barging of diesel fuel to site to generate electricity. The Donlin Gold FS operating costs are based on importing liquefied natural gas (LNG) by ship to Anchorage and total delivery costs to site which includes ship based regasification of the LNG and delivery from Anchorage to the Donlin Gold project via the pipeline.

The pipeline would commence at the west end of the Beluga Gas Field, approximately 48 kilometers northwest of Anchorage at a tie-in near Beluga located in the Matanuska-Susitna Borough and would run to the mine site. The pipeline would receive booster compression supplied by one compressor station located at approximately mile post 5. No additional compression along the pipeline route would be required. The pipeline would have capacity to transport approximately 2 million cubic meters per day of natural gas.

Water

Water requirements for the proposed project have been summarized in a draft Water Resources Management Plan, which is subject to review by State and Federal agencies. Water primarily will be sourced from the two drainages (American and Anaconda Creeks) within the mine footprint and pit dewatering. In some years, the water supply from these sources may not be able to meet the makeup water requirements for the plant. In these circumstances, additional water will be obtained primarily from a reservoir in Snow Gulch.

The source of water supply for the construction camp and, later, the plant site potable water systems is an array of eight deep wells south of Omega Gulch, near Crooked Creek. Water supply will be pumped to freshwater storage tanks, and will be treated prior to consumption.

Markets

The marketing plan is for the owners of Donlin Gold to take in kind their respective shares of the gold production, which they can then sell for their own benefit. Under the LLC Agreement, the manager shall give the members prompt notice in advance of the delivery date upon which their respective shares of gold production will be available.

Since there are a large number of available gold purchasers, the members should not be dependent upon the sale of gold to any one customer. Gold can be sold to various gold bullion dealers or smelters on a competitive basis at spot prices.

It is expected that selling contracts for our share of the gold production will be typical of, and consistent with, standard industry practice, and be similar to contracts for the supply of doré elsewhere in the world.

Taxation

Taxes that may be levied on the project can be summarized as follows:

- Federal Income Tax – the greater of the U.S. Regular Tax of 35% or Alternative Minimum Tax of 20%.
- Alaska State Income Tax – 9.4% of net income or Alternative Minimum Tax of 18% of Federal Alternative Minimum Tax.
- Alaska State Mining License Tax – 7% of taxable mining income, less depletion. There is a 3.5-year tax holiday on the mining license tax.

Income tax becomes payable after deductions for capital allowances.

Financial Analysis

The total capital cost estimate for the Donlin Gold project is $6.7 billion including costs related to the natural gas pipeline and a contingency of $984 million. The project’s estimated after-tax net present value (NPV5%) is $547 million using the base case gold price of $1,200 per ounce, $1.46 billion using a gold price of $1,300 per ounce, $3.15 billion using a gold price of $1,500 per ounce, $4.58 billion using a gold price of $1,700 per ounce and $6.72 billion using a gold price of $2,000 per ounce. The corresponding IRR after-tax were estimated at 6.0%, 7.5%, 10.2%, 12.3% and 15.1%, respectively. The break-even gold price is $902 per ounce. In the Donlin Gold FS, the overall economic viability of the project was evaluated by both discounted and undiscounted cash flow analyses, based on the engineering studies and cost estimates discussed in this study. Assumptions in the model comprised:

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For discounted cash flow (or NPV) purposes, the model is based from January 1, 2014. Estimates were prepared for all the individual elements of cash revenue and cash expenditures for ongoing operations.

- Estimated cash flows from revenue are based on a gold price of $1,200 per ounce as provided by Donlin Gold. The pit has been optimized at a gold price of $975 per ounce, which was the guidance in effect at the time the pit optimization work was completed.
- Gold recovery is estimated to average 89.8% over the LOM based on work and testing performed for feasibility study and feasibility study update purposes.
- Doré refining and shipping charges were estimated at $1.02 per ounce based on actual refining charges for Barrick's Goldstrike operations and a quotation for transportation and insurance costs from the Donlin Gold project site to a U.S.-based refinery. An additional 0.1% of gold produced from the mine is included in refining costs. This amount represents the refiner's estimate of the loss of gold that will occur during the refining process.
- The current hydrometallurgical process selection renders any contained silver into a greater refractory state, which provides less than 10% silver recovery through standard metal leaching. As a consequence, no silver credit was applied to the project.

- Assets will be sold over the course of the mine life, when they are no longer required for project-based work, as well as at the end of the mine life. Total recovered value from these sales is estimated at approximately $23.0 million.
- Reclamation and closure costs were estimated at $273.7 million to be funded over the construction and operating period to fund closure and post-closure activities.
- Inventory is included in the financial model as cash outflows in the year before start-up of operations.

Current Activities

During the year ended November 30, 2014, permitting activities continued at Donlin Gold and were mainly focused on supporting the Corps and AECOM's efforts to prepare the draft EIS. During the second quarter of 2014, the Corps, the lead agency for the Donlin Gold EIS, and cooperating agencies' completed the alternatives identification, establishing a reasonable range of alternatives to be evaluated in the EIS. Outstanding environmental baseline data and analyses required to complete the draft EIS were compiled and provided to the Corps through the third quarter. During the fourth quarter, the Corps distributed initial drafts of the Environmental Consequences sections of the draft EIS to the cooperating agencies, who provided input to the Corps prior to the end of December 2014. The Corps and AECOM presently are considering the agencies' comments and will incorporate them into the draft EIS, which is on schedule to be issued for public comment in 2015. The Corps and AECOM are working toward issuance of the final EIS in 2016. A schedule of the Corps' time table for the Donlin Gold EIS process can be found on their website at www.donlingoldeis.com.

Our share of funding for Donlin Gold in 2014 was $12.1 million for permitting, community engagement and development efforts. Our 50% share of the 2015 work program is expected to be $12.6 million. The 2015 work program and budget includes funds to assist the Corps in continuing to advance the permitting process through issuance of the draft EIS in 2015. In addition, Donlin Gold will continue to maintain its engagement with communities in the Y-K region.

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

Galore Creek Project, British Columbia

Galore Creek Partnership

The Galore Creek project is a large copper-gold-silver project located in northwestern British Columbia, held by a partnership in which our wholly-owned subsidiary, NOVAGOLD Canada Inc., and Teck Resources Inc. each own a 50% interest and is managed by Galore Creek Mining Corporation (GCMC). The Galore Creek property, as per the PFS, comprises 293,837 acres (118,912 hectares) and hosts a large, porphyry-related copper-gold-silver deposit. Funding is currently shared by both parties on a 50/50 basis.

On November 16, 2011, we announced that it we were evaluating opportunities to sell all or part of our 50% interest in the Galore Creek project. As of November 30, 2014, we had not received an offer for our 50% interest in the Galore Creek project.

Partnership History

On August 1, 2007, we entered into the Galore Creek Partnership Agreement with Teck (as amended on November 25, 2007 and on July 28, 2008, the "Partnership Agreement") which formed the Galore Creek Partnership giving each of us a 50% interest in the Galore Creek project. The activities of the Galore Creek Partnership are being conducted by GCMC, an independent entity controlled equally by us and Teck, pursuant to the terms of the Partnership Agreement.

Under the Partnership Agreement, we contributed our assets in the Galore Creek project to the Galore Creek Partnership and Teck agreed to fund an initial contribution after which both partners would be equally responsible to fund the project going forward. In addition, under the terms of the Partnership Agreement, we would receive up to $50 million of preferential distributions once Galore Creek was fully operational, if partnership revenues exceeded certain established targets in the first year of commercial production.

On November 26, 2007, we announced that NOVAGOLD and Teck had reached the decision to suspend construction activities at the Galore Creek project. In light of these developments, we agreed with Teck to amend the terms of Teck's earn-in obligations in connection with the Galore Creek project. Under the amended arrangements, Teck's total earn-in was approximately C$403 million and we were to receive up to $25 million of preferential distributions once Galore Creek became fully operational, if Partnership revenues exceeded certain established targets in the first year of commercial production. Teck's sole funding of project costs incurred after August 1, 2007 was to total C$264 million, and Teck agreed to invest an additional C$72 million in the Galore Creek Partnership to be used over the next five years, principally to reassess the project and evaluate alternative development strategies. NOVAGOLD and Teck were to fund the next C$100 million of project costs one-third and two-thirds respectively, and would fund costs proportionately thereafter.

On February 11, 2009, we agreed with Teck to further amend certain provisions of the Partnership Agreement relating to the Galore Creek project. The amendment confirmed that NOVAGOLD and Teck each continue to hold a 50% interest in the Galore Creek Partnership. Under the amended agreement, Teck agreed to fund 100% of Galore Creek project costs until the total amount contributed by Teck after November 1, 2008, together with approximately C$16 million previously contributed by Teck on optimization studies, equaled C$60 million. Teck would have a casting vote on the Galore Creek Partnership's Management Committee with respect to the timing and nature of expenses to be solely funded by it. Following Teck's C$60 million contribution, all further costs at the Galore Creek project would be funded by Teck and us in accordance with our respective Galore Creek Partnership interests and there would no longer be any casting vote for either party. The new funding arrangements replaced the funding arrangements agreed to by Teck and us in November 2007. Teck was the sole funding partner until June 22, 2011 when it completed its C$373 million earn-in obligation. Since that date, we have funded and will continue to fund Galore Creek project expenditures equally.

Except for the information under the headings "Galore Creek – Current Activities", "Galore Creek – Project History, Drilling and Exploration, 2012 Program and 2013 Program" and "Galore Creek – Mineral Tenure", or for information related to Copper Canyon or as otherwise stated or implied, the scientific and technical information regarding the Galore Creek project in this Annual Report on Form 10-K is based on the PFS.

Property Description and Location

The Galore Creek property is a large copper-gold-silver project located in northwestern British Columbia. The main Galore Creek property, which consists of the Southwest, Central, Junction and West Fork deposits, contains most of the project's known resources. Under an option agreement originally with subsidiaries of Rio Tinto plc and Anglo American plc, the then shareholders of Stikine Copper Limited, the owner of the core mineral claims at the Galore Creek project, we could acquire 100% of such company. On June 1, 2007, we completed the exercise of our option pursuant to the Galore Creek Option Agreement to purchase 100% of Stikine Copper Limited by paying the final C$12.5 million of a C$20.3 million purchase price. Our financial earn-in requirements under the Galore Creek Option Agreement were satisfied and all of Stikine Copper's assets were purchased by us and have been transferred to the Galore Creek Partnership.

The Partnership has a royalty agreement entitling the counterparty to a maximum annual net smelter royalty of 0.5% to 1.0%. The royalty is subject to positive future operating mine cash flow and is contingent upon reaching certain agreed financial targets.

Mineral Tenure

On May 23, 2007, we announced with Teck a 50/50 partnership to develop the Galore Creek project. On August 1, 2007, the Galore Creek Partnership was established to develop the Galore Creek project and GCMC, a jointly controlled operating company, was created. In October 2007, all Galore Creek claims held by our wholly-owned subsidiary, NOVAGOLD Canada Inc., were transferred to GCMC. GCMC currently holds 151,953 hectares (375,476 acres) of British Columbia provincial mineral claims in 344 tenures (the acquisition of additional acres since the issuance of the PFS has no material impact on reserves or resources stated in the PFS). Included in this total are the five Grace claims that were acquired by GCMC from Pioneer Metals Corporation on December 3, 2007. To date, BCLS legal surveys have been recorded on five Galore Creek mineral claims (516158, 516165, 516459, 516177, 516335) and on four Bob Quinn area claims (514548, 514551, 545723, 566898). The adjoining Copper Canyon property, owned 60% by the Galore Creek Partnership and 40% by a subsidiary of the Company, is comprised of 12 claims totaling 11,344 hectares (28,032 acres).

Accessibility and Climate

The Galore Creek project is located approximately 70 kilometers west of the Bob Quinn airstrip on Highway 37 and 150 kilometers northeast of the port of Stewart, and 370 kilometers northwest of the town of Smithers, British Columbia, Canada. The town of Smithers is the nearest major supply center and has an airport with regularly scheduled flights to and from Vancouver, British Columbia. The project is located in the Stikine area. The nearest point on the Stikine River to the project is the mouth of the Anuk River, about 16 kilometers west of the camp. Most personnel, supplies, and equipment are staged from the Bob Quinn airstrip, on the Stewart-Cassiar Highway (Highway 37) and transported via helicopter to the Galore Creek camp. The Bob Quinn airstrip is serviced by contract flights from Smithers and Terrace, each of which has daily flights from Vancouver. Flight time from Vancouver to Smithers/Terrace is about 90 minutes, then an additional 45 minutes to Bob Quinn. The helicopter flight from Bob Quinn to the Galore Creek camp is about 30 minutes.

The Galore Creek project is located in the humid continental climate zone of coastal British Columbia and is characterized by cold winters and short, cool, summers. Within the Galore Creek valley, mean monthly temperatures range from 8.2ºC during the winter to 12.4ºC during the summer, with January and July typically being the coolest and warmest months, respectively. In the Upper West More Valley area, monthly average temperatures range from -8.9ºC in the winter to 7.9ºC in the summer. Precipitation begins to fall as snow in early October and continues until the end of May. The average precipitation for the whole Galore Creek valley watershed was estimated to be in the order of 3,000 millimeters. June and July tend to receive the least amount of precipitation on an annual basis (typically 40 to 60 millimeters of rain per month).

The project lies within a regional structure known as the Stikine Arch. Medium to steep slopes characterize the local terrain in the central and northern parts of the Galore Creek property. The surrounding topography is mountainous. The elevation of the tree line is variable, but alpine vegetation predominates above 1,100 meters. The forests below that elevation consist of Balsam fir, Sitka spruce and cedar. Alpine tundra is present at higher elevations.

The Galore Creek project is currently isolated from power and other public infrastructure and is currently not accessible by road. Because of glaciers covering the surrounding mountain passes, a large cross-section tunnel is needed to provide long-term vehicular access into the Galore Creek valley and for mobilization of individual component pieces of large mining equipment needed for mining the ore body using open pit methods. The time and cost for driving a tunnel in new and unexplored underground terrain is subject to many unknowns which could change the outcome significantly. The same surface constraints that preclude building a road into the site (i.e. severe topography, snowpack, glaciers and weather) also limit the amount of borehole information, geologic mapping and other site specific data that can be obtained so that subsurface conditions can be better understood before tunneling begins. Construction of the tunnel will most likely fall on the critical path for development of the mine and thus represents a significant cost and schedule risk for development of the Galore Creek project.

Within the land controlled by GCMC, there is sufficient area to allow for the construction of all project infrastructures as contemplated in the PFS. Except for the access corridor which is covered by the special use permit, all other infrastructure, including the processing plant and tailings area in West More and the Filter Plant Area near Kilometer 8 are located within GCMC's mineral claims. GCMC intends to file for mining leases to secure the surface rights for these areas, which are held by the Crown. GCMC considers it a reasonable expectation that surface use rights will be granted to the project. Ample water supply is available from surface and subsurface sources.

Geological Setting

The main Galore Creek deposits lie in Stikinia, an accreted terrain composed of tectonically juxtaposed Mesozoic volcano-stratigraphic successions. The eastern boundary of the Coast Plutonic Complex lies about 7 kilometers west of the claim block. A suite of multiphase syenite intrusions cuts a section of flysch-basin sedimentary strata and alkaline volcanic rocks of the middle to upper Triassic Stuhini Group. The intrusive suite, centered in the West Fork area, forms a north-northeast-trending belt 5 kilometers long and 2 kilometers wide and contains stocks, dikes and extensive sills. The presence of numerous sub-volcanic syenite sills indicates that the intrusions formed at a structurally high level. The spatial and temporal association of the chemically similar intrusive and extrusive igneous rocks indicates that the Galore Creek area is probably an eroded volcanic center. The Galore Creek intrusions commonly follow two orientations, one northwest and the other northeast. Post-intrusion and post-ore faulting follows these same orientations. Regionally, the Stuhini section shows broad open folding. The mineralized section is less deformed, so it is unclear whether the deformation occurred prior to, during, or subsequent to mineralization.

Copper Canyon, a satellite copper-gold resource located 6 kilometers east of the Central Zone, shares a number of geological and geochemical similarities with the main deposits, including the occurrence of identical dike-rock types, a similar sulfide suite and occurrence within the same host volcano-stratigraphic succession. Regional stratigraphic relationships suggest that Copper Canyon represents a different volcanic edifice that is of the same age or date of origin as the Galore Creek deposits.

Mineralization

Mineralization at the Galore Creek project occurs primarily in altered Triassic alkalic lavas, volcano-sedimentary strata and, to a lesser degree, in alkalic intrusions. Twelve copper-gold-silver mineralized zones have been identified on the property. Alteration mineral assemblages at the Galore Creek project are somewhat unique due to the near total lack of quartz in the volcanic and intrusive host rocks. In general, the center of the district shows potassic alteration, including potassium-feldspar, biotite and magnetite, with local concentrations of garnet. Copper-sulfides are most closely associated with secondary biotite and magnetite. A propylitic assemblage, including epidote, chlorite and pyrite occurs outboard of the potassic assemblage.

Most of the mineralized zones contain evenly disseminated copper-sulfide with little apparent control by stockwork or larger scale veining. The sulfide assemblage generally includes chalcopyrite, bornite and pyrite. Uncertainty exists whether the pyrite is auriferous, but strong magnetite commonly occurs within gold-enriched zones. Higher gold values occur at the northern and southern ends of the Central deposit. These higher gold values generally occur along with elevated concentrations of bornite. Locally, as in the West Fork area, massive magnetite-bornite-chalcopyrite mineralization contains bonanza grades (>20% copper with significant precious metal values).

Mineralization at Copper Canyon occurs primarily in a sub-volcanic syenite intrusive complex. This host lithology defines the primary difference from the main Galore Creek deposits. Chalcopyrite forms the primary sulfide mineralogy; bornite is rare. As at the Galore Creek project, mineralization is evenly disseminated and shows no apparent association with veining. The periphery of known mineralization contains elevated gold/copper ratios along with relatively higher concentrations of pyrite. Copper mineralization appears to occur as an annular zone around a barren fluorine-rich diatreme breccia.

Metallurgy

The sulfide minerals at the Galore Creek project are predominately gold- and silver-bearing chalcopyrite, bornite and pyrite. A primary grind of 80% passing 200 microns provides sufficient rougher flotation liberation to separate the copper minerals from the pyrite and gangue. At this grind, the majority of the gold is either free or associated with the copper sulfides. The proposed treatment process uses conventional flotation to produce a precious-metal-bearing copper concentrate.

Project History, Drilling and Exploration

Drilling History

Since initial discovery of the Galore Creek property in 1960 through 2013, approximately 311,181 meters were drilled in 1,212 core holes on the property. Most of this work has focused on the Central zone, with lesser amounts of work on eleven other target areas. Some zones have received only reconnaissance drilling. During the 1970s, drilling was principally confined to the Central zone but nine holes were also drilled on the North Junction zone. Average core recovery in the Central zone was between 75 and 85% with the poorest recovery at depths between 60 and 90 meters where abundant open sheet fractures were encountered. At depths below 90 meters core recovery approached 100%. In the North Junction zone recovery averaged around 60% due to shattered and sheared sections encountered both near surface and at intervals throughout the holes. In 1989–1990, Mingold, an Anglo American subsidiary, drilled holes on the Southwest zone (eight holes, 1,026 meters), the North Rim showing (six holes, 546 meters), the Saddle zone (two holes, 226 meters) and two reconnaissance holes. The 1991 drill program was mainly directed at areas peripheral to the Central zone as well as exploration holes located in the Southwest, Butte, North Rim and Dry Creek zones. Only six holes were drilled within the Central zone itself.

The first drill program directed by us began in September 2003, and consisted of eight core holes targeting four broad areas of the deposit: the North Gold zone, South Gold zone, Central Replacement zone and Southwest zone. Drilling was focused on understanding the zonation and gold variability of the deposit. This program was responsible for the discovery of new mineralization, known as the Bountiful zone, found at depth below the South Gold Lens.

2006 Program

The 2006 drill program focused primarily on further definition of the deep Bountiful mineralization discovered in 2003, further resource definition along the western margin of the Central deposit and completion of condemnation drilling on the Grace claims in the planned tailings disposal site. The program drilled in excess of 36,200 meters in 67 drill holes and encountered significant new mineralization in Bountiful, in the high-wall of the Central deposit and down dip in the West Fork deposit. Additional geotechnical drilling in support of mine development was also completed.

Wide-spaced drilling in Bountiful defined a sub-horizontal zone occurring at roughly 300 meters depth and extending nearly 1,000 meters in the north-south direction and 700 meters in the east-west direction. Drilling indicates that typical widths in Bountiful are greater than 200 meters on average and up to 500 meters in a few exceptional intervals.

Drilling at depth in the high-wall of the Central zone extended mineralization from the North Gold lens approximately 250 meters to the west. Additional drilling in the Dendritic Creek area about 750 meters south of the North Gold lens shows limited mineralization to the west and likely the limited loss of some previously inferred mineralization. Drilling down dip along the north-dipping West Fork deposit continued to expand mineralization to depth and toward the Bountiful and Southwest deposits.

2007 Program

The 2007 drilling program at the Galore Creek project completed 15,000 meters of follow-up and exploration drilling. Targets concentrated on optimization of the mine schedule by targeting shallow moderate-grade resources that could displace low-grade stockpile material in years seven to nine of operations. Additional exploration focused on scoping potentially high-grade underground scenarios that could increase the value of the project.

Drilling was carried out at three primary locations: Copper Canyon, the Grace Claims and the Lower Butte zone. Drilling at the Lower Butte zone suggests potential for resource additions. At the Copper Canyon deposit, drilling focused on testing up-slope historical soil anomalies, testing higher-grade targets discovered in 2006 and expanding on depth and lateral extensions of the current resource. As a result of the drilling at Copper Canyon, NOVAGOLD earned a 60% interest in the neighbouring project. Significant additional drilling was completed to test the geotechnical characteristics of planned pit slopes, waste and tailings storage and water diversion facilities.

2008 Program

The 2008 diamond drilling program at the Galore Creek project was carried out between June 25, 2008 and September 17, 2008. The program consisted of nine diamond drill holes totaling 2,050 meters. The main objectives of the program were to obtain important acid base accounting (ABA) data in the Central, Southwest, North Junction and Junction pits, to confirm legacy grades in the Junction pit, and to collect metallurgical data in the Central pit for engineering design. Seven drill holes totaling 1,297 meters targeted gaps in the ABA model, specifically along the pit boundaries of the Central (South Gold Lens), Southwest and North Junction pits and within the core of the Junction pit. Two drill holes totaling 752 meters were drilled for the purpose of collecting metallurgical data in the chalcopyrite-rich Central Replacement zone and the chalcopyrite-bornite-rich North Gold Lens.

2009 Program

There was no exploration program during 2009.

2010 Program

There were 9 drill holes, totaling 2,803 meters drilled into the Central zone during 2010 for resource infill and metallurgical testing purposes.

2011 Program

The 2011 drilling program included 10,000 meters of resource infill drilling to confirm previous results as well as to test the potential for upgrading and possible extensions of mineralization within the South Gold Lens and Bountiful areas of the Central pit.

2012 Program

The 2012 drilling program totaled 27,900 meters of resource infill and exploration drilling. The objective of the infill drilling was to increase resources and upgrade material in all categories. The exploration drilling resulted in the discovery of the Legacy zone adjacent to the Central reserve pit.

2013 Program

The 2013 drilling program totalled 11,649 meters of resource in-fill and exploration drilling, 9,157-meters of which targeted the Legacy zone. An additional 2,492 meters of exploration drilling was conducted to better understand geological features that could influence the mineralization in Legacy, identify mineralization trends, and explore possible extensions of known mineralized zones adjacent to Legacy. Sufficient drilling was carried out in 2012 and 2013 to support preparation of a new resource estimate. The 2013 program also demonstrated that the copper mineralization may extend beyond the initial Legacy discovery in the direction of the Bountiful mineralization. The mineralization remains open to the south, west, and at depth.

2014 Program

There was no exploration program during 2014.

The Galore Creek project is host to seven under-explored copper-gold-silver prospects, five defined mineral resource areas, and numerous showings and conceptual target areas.

Sampling and Assaying

Historically from 1963 to 1991, drill core in mineralized zones was generally sampled in 3-meter intervals. The samples were tagged then split in half using a mechanical splitter. One half of the core was returned to the core box and the other half shipped to an outside laboratory for analysis. The core returned to the boxes remains on site as a record of the hole. Much of the core from the Central Zone was re-assayed as part of the 1991 exploration program. No site-specific standards, blanks or field duplicate samples were used in any of the previous exploration programs.

Sampling and assaying procedures used by us have been overseen by qualified professional geologists. All drill core from the 2003 through 2010 programs, except intervals of overburden and till material, were sampled. Drill core sampling occurred within a minimum of 1-meter and a maximum of 3-meter intervals. The core was cut in half using a diamond saw. Half of the core was taken as a sample and submitted to ALS Chemex Labs in Vancouver, British Columbia. The core that was returned to the box remains on site as a record of the hole. In addition to the core, control samples were inserted into the shipments at the approximate rate of one standard, one blank and one duplicate per 20 core samples. The placement of all control samples was essentially random within the 20-sample batch.

Assay analysis for the 2003 through 2007 programs was carried out by ALS Chemex Labs of Vancouver, British Columbia. Samples were logged into a tracking system on arrival at ALS Chemex, and weighed. Samples were then crushed, dried, and a 250 g split pulverized to greater than 85% passing 75 microns. Gold assays were determined using fire analysis followed by an AAS finish. The lower detection limit was 0.005 ppm Au; the upper limit was 1,000 ppm Au. An additional 34-element suite was assayed by ICP_AES methodology, following nitric acid aqua regia digestion. The copper analyses were completed by atomic absorption, following a triple acid digest. Sampling and assaying during the drilling from 2007 through 2013 used the same protocols as described above.

Construction

On June 5, 2007, we announced that we had received the necessary federal and provincial authorizations and permits to allow our Directors to approve the start of construction at the Galore Creek project. The Directors' approval for construction activities was contingent on receiving full provincial and federal authorization for the project. Federal authorization was posted to the Canadian Environmental Assessment Registry on June 4, 2007.

On July 31, 2007, the provincial government announced the issuance of a Mines Act permit for the Galore Creek project for construction of the access tunnel. An interim permit issued on July 4, 2007 authorized limited blasting to prepare and stabilize the rock face of the tunnel, as well as preparatory work for the sediment ponds. Receipt of the new permit authorized completion of the access road and tunnel and authorized the start of earthworks in the Galore Creek valley.

Construction Suspension

On November 26, 2007, we announced that NOVAGOLD and Teck had reached the decision to suspend construction activities at the Galore Creek project. A review and completion of the first season of construction indicated substantially higher capital costs and a longer construction schedule for the project. This, combined with reduced operating margins as a result of the stronger Canadian dollar, would make the project, as conceived and permitted, uneconomic at what was considered then to be industry consensus long-term metal prices. NOVAGOLD and Teck continue to view the Galore Creek project as a substantial resource and are working to identify an alternative development strategy that may allow for the resumption of construction.

Prior to the suspension of construction, substantial work was completed at the Galore Creek project, including clearing 80% of the 135-kilometer road right-of-way, completing 66 kilometers of pioneer road, installing a number of key bridges and initiating work on the road access tunnel into the Galore Creek valley. During the construction suspension and optimization period, the partners have maintained and intend to continue to maintain the existing infrastructure.

While permits granted for the original project design remain in place, any alternative project design will require new or additional permits before construction can resume.

Pre-Feasibility Study

During 2010, GCMC had reviewed a number of optimization scenarios for the Galore Creek project with the objective of expanding throughput, relocating the project facilities to allow for easier construction and future expansion, and reducing the risks associated with construction and operations. Based on these studies, GCMC identified a preferred project design and commenced work on the PFS.

Primary changes to the project included:

- Relocation of the tailings facility allowing for construction of a conventional tailings dam;
- Relocation of the processing facilities allowing for future expansion;
- Realignment of the tunnel and access road; and
- Increase of daily throughput to approximately 90,000 tonnes per day.

Project plans envision the ore being crushed in the Galore Creek valley and then conveyed through the tunnel and along the access road to the processing plant. From there, concentrate would be piped along the remainder of the access road to Hwy 37. A trade off study will identify the best alternative for transport of concentrate to market. The project would primarily use electric power, with a power line built along the access road to tie into the 287-kV transmission line at the Bob Quinn substation. Some components of the revised Galore Creek mine plan, such as the mill and tailings location, would require new permits or amendments to existing permits. The majority of permits required for road construction remain in good standing. GCMC could continue with road and bridge work as the project moves through the feasibility stage, with the objective of shortening the construction timeline and reducing the need for helicopter support.

On July 27, 2011, we announced the results of the PFS for the Galore Creek project. The PFS estimates the Galore Creek project has proven and probable mineral reserves of 528 million tonnes grading 0.59% copper, 0.32 grams per tonne gold and 6.02 grams per tonne silver for estimated contained metal of 6.8 billion pounds of copper, 5.45 million ounces of gold and 102.1 million ounces of silver. In addition, the Galore Creek project has estimated measured and indicated mineral resources (exclusive of mineral reserves) of 286.7 million tonnes grading 0.33% copper, 0.27 grams per tonne gold and 3.64 grams/tonne silver for estimated contained metal of 2.07 billion pounds of copper, 2.53 million ounces of gold and 33.54 million ounces of silver, and estimated inferred mineral resources of 346.6 million tonnes grading 0.42% copper, 0.24 grams per tonne gold and 4.28 grams per tonne silver for estimated contained metal of 3.23 billion pounds of copper, 2.70 million ounces of gold and 47.73 million ounces of silver. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The PFS total capital cost estimate for the Galore Creek project was C$5.2 billion dollars. Capital costs are estimated with an accuracy range of +25% / -20% (including contingency). The project's estimated net present value (NPV7%), using the PFS base case metal price assumptions set forth below, was assessed at C$837 million and C$137 million on a pre-tax and post-tax basis, respectively. The corresponding post-tax IRR of the project was estimated at 7.4%. Base case metal prices used in the PFS were $2.65 per pound copper, $1,100 per ounce gold and $18.50 per ounce silver with a foreign exchange rate of $0.91 = C$1.00.

Mining of the Galore Creek deposit is planned as a conventional truck-shovel open-pit mining operation with a nominal 95,000 tonne-per-day throughput. Life of mine throughput average is approximately 84,000 tonnes per day due to the milling circuit constraining throughput as harder rock is encountered deeper in the open pits. The current 528 million tonne mineral reserve estimate is expected to support a mine life of approximately 18 years. Using a conventional grinding and flotation circuit, the project would produce a high-quality copper concentrate with significant gold and silver credits.

Reserve and Resource Estimate

The proven and probable mineral reserve estimate for the Galore Creek project totals 528.0 million tonnes grading 0.59% copper, 0.32 grams per tonne gold and 6.02 grams per tonne silver for a total estimated metal content of 6.8 billion pounds of copper, 5.45 million ounces of gold and 102.1 million ounces of silver at an NSR cut-off grade of $10.08 per tonne.

Proven and Probable Mineral Reserve Estimate

	Tonnes (million tonnes)	Diluted Grade Cu (%)	Au (g/t)	Ag (g/t)	Contained Cu (billion pounds)	Contained Au (million ounces)	Contained Ag (million ounces)
Proven	69.0	0.61	0.52	4.94	0.9	1.15	11.0
Probable	459.1	0.58	0.29	6.18	5.9	4.30	91.2
Proven and probable	528.0	0.59	0.32	6.02	6.8	5.45	102.1

Effective Date July 11, 2011, Jay Melnyk, P.Eng.

Notes:

(1) Mineral reserves are contained within measured and indicated pit designs, and supported by a mine plan, featuring variable throughput rates, stockpiling and cut-off optimization. The pit designs and mine plan were optimized on diluted grades using the following economic and technical parameters: Metal prices for copper, gold and silver of

$2.50 per pound, $1,050 per ounce, and $16.85 per ounce, respectively. Mining and ore based costs (process, G&A and mine general) of C$1.60 per tonne mined and C$10.08 per tonne milled respectively; an exchange rate of $0.91 to C$1.00; variable recovery versus head grade relationships for both oxidized and non-oxidized material; appropriate smelting, refining and transportation costs; and inter ramp pit slope angles varying from 42º to 55º. The mineral reserves are reported in accordance with NI 43-101, which differs from SEC Industry Guide 7. The project is without known reserves as defined under SEC Industry Guide 7. See Cautionary Note to U.S. Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves, above.

(2) Mineral reserves are reported using a 'cash flow grade' ($NSR/SAG mill hour) cut-off which was varied from year to year in the scheduling process to optimize NPV. The cash flow grade is a function of the NSR ($ per tonne) and SAG mill throughput (tonnes per hour). The net smelter return (NSR) was calculated as follows: NSR = Recoverable Revenue – TCRC (on a per tonne basis), where: NSR = Net Smelter Return; TCRC = Transportation and Refining Costs; Recoverable Revenue = Revenue in Canadian dollars for recoverable copper, recoverable gold, and recoverable silver using the economic and technical parameters mentioned above. SAG throughputs were modeled by correlation with alteration types.

(3) The life of mine strip ratio is 2.16.

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

(5) Tonnage and grade measurements are in metric units. Contained gold and silver ounces are reported as troy ounces, contained copper pounds as imperial pounds. See Cautionary Note to U.S. Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves, above.

Resource Estimate

The measured and indicated mineral resource for the Galore Creek project (exclusive of mineral reserves) is estimated to total 286.7 million tonnes grading 0.33% copper, 0.27 grams per tonne gold and 3.64 grams per tonne silver for a total estimated metal content of 2,070 million pounds of copper, 2.53 million ounces of gold and 33.54 million ounces of silver at an NSR cut-off grade of C$10.08 per tonne.

The updated inferred mineral resource, excluding our 40% interest in the Copper Canyon project, is estimated to total 346.6 million tonnes grading 0.42% copper, 0.24 grams per tonne gold and 4.28 grams per tonne silver for a total estimated metal content of 3,230 million pounds of copper, 2.7 million ounces of gold and 47.7 million ounces of silver at an NSR cut-off grade of C$10.08 per tonne.

Measured and Indicated Resources Estimate (exclusive of reserves)

	Tonnes (million tonnes)	Cu Grade (%)	Au Grade (g/t)	Ag Grade (g/t)	Contained Cu (billion pounds)	Contained Au (million ounces)	Contained Ag (million ounces)
Measured	39.5	0.25	0.39	2.58	0.22	0.50	3.27
Indicated	247.2	0.34	0.26	3.81	1.85	2.04	30.26
Measured and indicated	286.7	0.33	0.27	3.64	2.07	2.53	33.54

Effective Date July 11, 2011, G. Kulla, P.Geo.

Notes:

(1) Mineral resources are exclusive of Mineral reserves. Mineral resources that are not Mineral reserves do not have demonstrated economic viability. See Cautionary Note to U.S. Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves, above.

(2) Mineral resources are contained within a conceptual measured, indicated and inferred optimized pit shell using the same economic and technical parameters as used for Mineral reserves. Tonnages are assigned based on proportion of the block below topography. The overburden/bedrock boundary has been assigned on a whole block basis. Commodity prices used to constrain the Mineral Resources are $2.50 per pound copper, $1,050 per ounce gold, and $16.85 per ounce silver.

(3) Mineral resources have been estimated using a constant NSR cut-off of $10.08 per tonne milled. The Net Smelter Return (NSR) was calculated as follows: NSR = Recoverable Revenue – TCRC (on a per tonne basis), where: NSR = Diluted Net Smelter Return; TCRC = Transportation and Refining Costs; Recoverable Revenue =

Revenue in Canadian dollars for recoverable copper, recoverable gold, and recoverable silver using silver using the economic and technical parameters used for mineral reserves.

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

(5) Tonnage and grade measurements are in metric units. Contained gold and silver ounces are reported as troy ounces, contained copper pounds as imperial pounds.

Inferred Mineral Resource Estimate

	Tonnes (million tonnes)	Cu Grade (%)	Au Grade (g/t)	Ag Grade (g/t)	Contained Cu (billion pounds)	Contained Au (million ounces)	Contained Ag (million ounces)
Inferred	346.6	0.42	0.24	4.28	3.23	2.70	47.73

Notes:

(1) Inferred resources are in addition to measured and indicated resources. Inferred resources have a great amount of uncertainty as to their existence and whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred resources will ever be upgraded to a higher category. See Cautionary Note to U.S. Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves, above.

(2) Tonnage and grade measurements are in metric units. Contained gold and silver ounces are reported as troy ounces, contained copper pounds as imperial pounds.

A rigorous quality control and quality assurance protocol has been used on the project, including blank and reference samples with each batch of assays. All our drill samples were analyzed by fire assay and ICP at ALS Chemex Labs in Vancouver, British Columbia, Canada.

Environmental Assessment and Permitting

The Galore Creek environmental assessment process was initiated in February 2004. As part of the environmental assessment process, a series of public meetings was held in various communities in the Galore Creek region, with the public and regulator comment periods running from July 10, 2006 to September 8, 2006 and September 22, 2006, respectively. The Tahltan Central Council, which was actively engaged in the entire assessment process, submitted their comments to the British Columbia Environmental Assessment Office (BCEAO) on October 18, 2006, including a letter of support from the Chair of the Tahltan Central Council. The permitting process for the Galore Creek project progressed as expected resulting in the receipt of the Provincial Environmental Assessment Certificate in February 2007. Federal authorizations were received during the second quarter of 2007.

Although construction at the Galore Creek project was suspended in late 2007, the Canadian Federal and Provincial authorizations to proceed remain in good standing as do a majority of the key permits required to continue construction. Specifically, since the Province has determined substantial construction of the project was initiated, the previous environmental assessment certificate remains valid without a time limit.

The PFS project design and configuration is different from the design that was permitted under the original environmental assessment certificate and that received Federal approval. Some of the most significant changes are:

- Better understanding of geochemistry, resulting in a different approach to waste rock and tailings management;
- Simplified waste and water management strategy in the Galore Creek valley plant site and tailings relocated outside of the Galore Creek valley, in a new previously unaffected watershed (West More);
- Deletion of a 30 kilometer section of access road down the Sphaler Valley to Porcupine and the Scott Simpson Valley, significantly reducing potential environmental impacts and geohazards;
- Deletion of the airstrip that was to be constructed in the Porcupine Valley; and
- Addition of new load-out facilities at the Port of Stewart.

While the PFS configuration is considered an improvement, with reduced overall environmental impacts, it is anticipated that a new environmental assessment process will be requested by the regulators to approve the changes. This will involve parallel and harmonized reviews by both the BCEAO and the Canadian Environmental Assessment Agency (CEAA). A comprehensive study report will be required through CEAA. It is anticipated that the entire environmental assessment review process would require approximately two years from submission of a project description to issuance of a new Environmental Assessment Certificate (by the provincial government) and a decision by the federal Minister of Environment.

The existing Special Use Permit (SUP) for construction of the access road remains valid as long as there are no proposed changes to the SUP, thereby permitting GCMC to resume construction of the access road without further permitting. Changes to the current SUP will ultimately be required around the tailings storage facility, plus a branch to the south portal of the tunnel to the Galore Creek valley. An amendment to make these changes will be applied for once the environmental assessment process has been completed.

Existing permits associated with the existing construction camps, including water use and waste discharge, will continue to be maintained. All other project permits will have to be applied for following completion of the environmental assessment process, although the time-critical permits, such as those needed for starting the tunneling can be prepared concurrent with the environmental assessment such that there should be little lag time following new environmental assessment certification before tunneling could begin.

Current Activities

The 2014 work plan included workshops and engineering analyses aimed at evaluating and optimizing scenarios for integrated mining, waste disposal and water management plans. The technical studies are incorporating data gathered from drilling programs in 2011, 2012 and 2013.

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

Copper Canyon Acquisition

On May 20, 2011, we completed the acquisition of Copper Canyon Resources Ltd. ("Copper Canyon") a junior exploration company whose principal asset was its 40% joint venture interest in the Copper Canyon copper-gold-silver property that is adjacent to the Galore Creek project. A wholly-owned subsidiary of NOVAGOLD held the remaining 60% joint venture interest in the Copper Canyon property which it agreed to transfer to the Galore Creek Partnership. Under the acquisition arrangement, we acquired all of the issued and outstanding common shares of Copper Canyon which we did not already hold. As a result, Copper Canyon became our wholly-owned subsidiary. We issued a total of 4,171,303 common shares under the arrangement, representing approximately 1.7% of the number of our common shares then outstanding and paid cash of C$2.6 million.

The Copper Canyon property is subject to a 2% NSR royalty which may be reduced to 0.5% by the payment of C$2.0 million to the royalty holder.

Item 3. Legal Proceedings

Periodically, we are a party to or otherwise involved in legal proceedings arising in the normal course of business. Management does not believe that there is any pending or threatened proceeding against the Company which, if determined adversely, would have a material adverse effect on our financial position, liquidity or results of operations. There are no material proceedings pursuant to which any of our directors, officers or affiliates or any owner of record or beneficial owner of more than 5% of our securities or any associate of any such director, officer or security holder is a party adverse to us or has a material interest adverse to us.

Item 4. Mine Safety Disclosures

Pursuant to Section 1503(a) of the Dodd-Frank Act, issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose specified information about mine health and safety in their periodic reports. These reporting requirements are based on the safety and health requirements applicable to mines under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”) which is administered by the U.S. Department of Labor’s Mine Safety and Health Administration (MSHA). During the fiscal year ended November 30, 2014, the Company and its subsidiaries were not subject to regulation by MSHA under the Mine Act and thus no disclosure is required under Section 1503(a) of the Dodd-Frank Act. Donlin Gold is the operator of the Donlin Gold project and GCMC is the operator of the Galore Creek project. Neither Donlin Gold nor GCMC is a “subsidiary” of the Company for purposes of Section 1503(a) of the Dodd-Frank Act because the Company does not control either of Donlin Gold or GCMC.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common shares trade on the NYSE-MKT and on the Toronto Stock Exchange (TSX) under the symbol "NG." On January 22, 2015, there were 667 holders of record of our shares, which does not include shareholders for which shares are held in nominee or street name. We believe that more than half of our common shares are beneficially owned by investors in the United States. The following table sets out the intraday high and low sales prices per share of our common shares on the NYSE-MKT and TSX for the periods indicated.

		NYSE-MKT		TSX	
Year	Quarter	High	Low	High	Low
2014	Fourth	$3.98	$2.33	C$4.32	C$2.65
	Third	$4.40	$2.96	C$4.72	C$3.23
	Second	$4.62	$2.91	C$5.11	C$3.16
	First	$3.80	$2.18	C$4.20	C$2.33
2013	Fourth	$2.85	$2.04	C$3.00	C$2.12
	Third	$3.46	$1.90	C$3.63	C$1.99
	Second	$4.14	$2.12	C$4.24	C$2.18
	First	$5.03	$3.92	C$4.95	C$4.02

Dividends

We have never declared or paid dividends on our common shares and our current business plan requires that, for the foreseeable future, any future earnings be reinvested to finance growth and development of our business. We will pay dividends on our common shares only if and when declared by our board of directors. In determining whether to declare dividends, the board will consider our financial condition, results of operations, working capital requirements, future prospects, and other factors it considers relevant.

Certain Canadian Federal Income Tax Considerations for U.S. Residents

The following summarizes certain Canadian federal income tax consequences generally applicable under the Income Tax Act (Canada) and the regulations enacted thereunder (collectively, the "Canadian Tax Act") and the Canada-United States Income Tax Convention (1980) (the "Convention") to the holding and disposition of common shares.

This comment is restricted to holders of common shares each of whom, at all material times for the purposes of the Canadian Tax Act and the Convention, (i) is resident solely in the United States, (ii) is entitled to the benefits of the Convention, (iii) holds all common shares as capital property, (iii) holds no common shares that are "taxable Canadian property" (as defined in the Canadian Tax Act) of the holder, (iv) deals at arm's length with and is not affiliated with NOVAGOLD, (v) does not and is not deemed to use or hold any common shares in a business carried on in Canada, and (vi) is not an insurer that carries on business in Canada and elsewhere (each such holder, a "U.S. Resident Holder").

Certain U.S.-resident entities that are fiscally transparent for United States federal income tax purposes (including limited liability companies) may not in all circumstances be regarded by the Canada Revenue Agency (CRA) as entitled to the benefits of the Convention. Members of or holders of an interest in such an entity that holds common shares should consult their own tax advisers regarding the extent, if any, to which the CRA will extend the benefits of the Convention to the entity in respect of its common shares.

Generally, a U.S. Resident Holder's common shares will be considered to be capital property of a U.S. Resident Holder provided that the U.S. Resident Holder acquired the common shares as a long-term investment; is not a trader or dealer in securities; did not acquire, hold or dispose of the common shares in one or more transactions considered to be an adventure or concern in the nature of trade (i.e. speculation); and does not hold the common shares as inventory in the course of carrying on a business.

This summary is based on the current provisions of the Canadian Tax Act and the Convention in effect on the date hereof, all specific proposals to amend the Canadian Tax Act and Convention publicly announced by or on behalf of the Minister of Finance (Canada) on or before the date hereof, and the current published administrative and assessing policies of the CRA. It is assumed that all such amendments will be enacted as currently proposed, and that there will be no other material change to any applicable law or administrative or assessing practice, whether by judicial, legislative, governmental or administrative decision or action, although no assurance can be given in these respects. Except as otherwise expressly provided, this summary does not take into account any provincial, territorial or foreign tax considerations, which may differ materially from those set out herein.

Disposition of common shares

A U.S. Resident Holder will not be subject to tax under the Canadian Tax Act in respect of any capital gain realized by such U.S. Resident Holder on a disposition of common shares unless the common shares constitute “taxable Canadian property” (as defined in the Canadian Tax Act) of the U.S. Resident Holder at the time of disposition and the U.S. Resident Holder is not entitled to relief under the Convention.

Generally, a U.S. Resident Holder’s common shares will not constitute “taxable Canadian property” of the U.S. Resident Holder at a particular time at which the common shares are listed on a “designated stock exchange” (which currently includes the TSX and NYSE-MKT) unless at any time during the 60-month period immediately preceding a disposition both of the following conditions are true:

(i) the U.S. Resident Holder, any one or more persons with whom the U.S. Resident Holder does not deal at arm’s length, or partnership in which the holder or persons with whom the taxpayer did not deal at arm’s length holds a membership interest directly or indirectly through one or more partnerships, alone or in any combination, owned 25% or more of the issued shares of any class or series of the capital stock of NOVAGOLD; and

(ii) more than 50% of the fair market value of the common shares was derived directly or indirectly from, or from any combination of, real or immovable property situated in Canada, “Canadian resource properties” (as defined in the Canadian Tax Act), “timber resource properties” (as defined in the Canadian Tax Act), or options in respect of, interests in or civil law rights in, such properties whether or not it exists.

In certain circumstances, a common share may also be deemed to be “taxable Canadian property” for purposes of the Canadian Tax Act.

Even if the common shares constitute “taxable Canadian property” to a U.S. Resident Holder, under the Convention, such a U.S. Resident Holder will not be subject to tax under the Canadian Tax Act on any capital gain realized by such holder on a disposition of such common shares, provided the value of such common shares is not derived principally from real property situated in Canada (within the meaning of the Convention).

A U.S. Resident Holder whose shares are taxable Canadian property should consult their own tax advisors.

Dividends on common shares

Under the Canadian Tax Act, dividends on shares paid or credited to a non-resident of Canada will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividends. Under the Convention, a U.S. resident will generally be subject to Canadian withholding tax at the rate of 15% of the gross amount of such dividends unless the beneficial owner is a company which owns at least 10% of the voting shares of NOVAGOLD at that time, in which case the rate of Canadian withholding tax is generally reduced to 5%.

Certain United States Federal Income Tax Considerations for U.S. Residents

There may be material tax consequences to U.S. Residents in relation to an acquisition or disposition of common shares or other securities of the Company. U.S. Residents should consult their own legal, accounting and tax advisors regarding such tax consequences under United States, state, local or foreign tax law regarding the acquisition or disposition of our common shares or other securities, in particular, the tax consequences of the Company being a “passive foreign investment company” (commonly known as a “PFIC”) within the meaning of Section 1297 of the United States Internal Revenue Code. For further information, see section Item 1A, Risk Factors - Acquiring, holding or disposing of NOVAGOLD’s securities may have tax consequences under the laws of Canada and the United States that are not disclosed in this Annual Report on Form 10-K and, in particular, potential investors should be aware that NOVAGOLD does not believe it is a “passive foreign investment company” under the U.S. Internal Revenue Code for the year ended November 30, 2014, but if it is or becomes a passive foreign investment company, there may be tax consequences for investors in the United States.

Unregistered Sales of Equity Securities

None.

Repurchase of Securities

None.

Item 6. Selected Financial Data

The selected financial data set forth in the table below should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our audited Consolidated Financial Statements and the Notes thereto.

	Years ended November 30,				
(dollars in thousands, except per share)	2014	2013	2012	2011	2010
Loss from operations	$(38,008)	$(55,776)	$(79,942)	$(115,996)	$(22,773)
Net income (loss) from continuing operations	$(40,484)	$(62,760)	$(7,586)	$78,235	$(500,875)
Net income (loss) from discontinued operations	$—	$—	$(4,243)	$(33,094)	$(133,521)
Net income (loss) attributable to shareholders	$(40,484)	$(62,760)	$(11,829)	$64,767	$(634,396)
Income (loss) per common share:					
Basic:					
Continuing operations	$(0.13)	$(0.20)	$(0.03)	$0.33	$(2.34)
Discontinued operations	—	—	(0.02)	(0.14)	(0.66)
	$(0.13)	$(0.20)	$(0.05)	$0.19	$(3.01)
Diluted:					
Continuing operations	$(0.13)	$(0.20)	$(0.03)	$0.21	$(2.34)
Discontinued operations	—	—	(0.02)	(0.14)	(0.66)
	$(0.13)	$(0.20)	$(0.05)	$0.07	$(3.01)

	As of November 30,				
	2014	2013	2012	2011	2010
Total assets	$524,546	$578,686	$685,242	$518,208	$751,657
Long-term liabilities	$100,204	$108,684	$94,907	$265,059	$880,010
Shareholders' equity	$405,116	$465,649	$476,811	$212,594	$(157,290)

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations constitutes management's review of the factors that affected our financial and operating performance for the years ended November 30, 2014, 2013 and 2012. This discussion should be read in conjunction with the consolidated financial statements and notes thereto contained elsewhere in this report.

Overview

Our operations primarily relate to the delivery of project milestones, including the achievement of various technical, environmental, sustainable development, economic and legal objectives, obtaining necessary permits, completion of feasibility studies, preparation of engineering designs and the financing to fund these objectives.

In 2014, we successfully delivered on the key goals established at the beginning of the year. Highlights of our accomplishments include:

Advancement of the Donlin Gold project

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

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

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

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

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

During the second quarter, the U.S. Army Corps of Engineers (the "Corps"), the lead agency for the Donlin Gold EIS, and cooperating agencies' completed the alternatives identification, establishing a reasonable range of alternatives to be evaluated in the EIS. Outstanding environmental baseline data and analysis required to complete the draft EIS were compiled and provided to the Corps through the third quarter. During the fourth quarter, the Corps distributed the initial drafts of the Environmental Consequences sections of the draft EIS to the cooperating agencies and Donlin Gold, who provided input to the Corps prior to the end of December 2014. The Corps and AECOM, its EIS contractor, presently are considering the agencies' and Donlin Golds' comments and will incorporate the relevant changes into the draft EIS, which is on schedule to be issued for public comment in 2015. The Corps and AECOM also continued their public outreach efforts, holding meetings in local communities and participating in local radio programs during the second half of 2014.

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

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

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

- Provides direct compensation to TKC through payments for project milestones, annual surface use and mine operation.
- Includes a coordinated and consultative approach between Donlin Gold and TKC regarding annual project planning, reclamation as well as preparation of a subsistence harvest plan for affected surface lands.
- Gives preference to TKC for contracts, hiring and training TKC shareholders, as well as funding scholarships and working with federal, state and local entities to help create and fund a training facility in the region.
- Commits to an exclusive contract with TKC for the construction and operations of an upriver port site.

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

Our share of funding for Donlin Gold was $13.9 million in 2014. For 2015, we expect to spend approximately $12.6 million to fund our share of Donlin Gold activities, primarily for continued permitting and community development.

We record our interest in the Donlin Gold project as an equity investment, which results in our 50% share of Donlin Gold's expenses being recorded in the income statement as an operating loss. The investment amount recorded on the balance sheet primarily represents unused funds advanced to Donlin Gold.

Galore Creek project

In the first quarter of 2014, we announced drill results of Galore Creek's 2013 campaign which identified extensions to the copper-gold mineralization into, as well as adjacent to, the 2012 Legacy zone discovery. The focus in 2014 was to incorporate the drilling results from the 2012 and 2013 programs into a model to advance mine planning and project design. As a follow-up to the workshops conducted in the second quarter, activities in the third and fourth quarters focused on narrowing down possible scenarios for optimizing the integrated mining, waste disposal and water management plans in the Galore Valley.

We expect this effort to further improve the value and marketability of the Galore Creek project. Our strategy includes the monetization of the Galore Creek project, in whole or in part, to strengthen our balance sheet and focus primarily on the permitting of Donlin Gold. GCMC remains active in the community, sponsoring local fundraising events, supporting Tahltan literacy camps, as well as providing assistance and funding for research on the Tahltan language dictionary.

Our share of funding for the Galore Creek partnership was $2.1 million in 2014, primarily for technical studies, community commitments, environmental monitoring, severance as well as site care and maintenance. For 2015, we expect to spend approximately $1.6 million to fund our share of Galore Creek's activities to continue to advance technical studies in project mine planning and design, waste rock and water management, environmental monitoring, community commitments and site care and maintenance.

We record our interest in the Galore Creek partnership as an equity investment, which results in our 50% share of expenses being recorded in the income statement as an operating loss. The investment amount recorded on the balance sheet primarily represents the fair value of the Company's investment in the Galore Creek partnership in 2011, recorded upon Teck's completion of their earn-in, and unused funds advanced to the partnership.

Subsequent to November 30, 2014, there has been a significant decline in the price of copper. A sustained decline in the long-term copper price is deemed to be an indicator of possible impairment. Therefore, if the decline in price is sustained over a longer period, the Company may be required to test its investment in the Galore Creek partnership for impairment.

Maintained our strong financial position

- Expenditures to fund our operations and our 50% share of each of the Donlin Gold and Galore Creek projects totaled \$25.8 million, \$4.2 million less than planned and \$12.5 million lower than 2013 spending.

- Cash and term deposits totaled $165.3 million at November 30, 2014, sufficient to repay the remaining $15.8 million of the outstanding convertible notes due in May 2015 and to advance the Donlin Gold project through the remaining expected permitting process.

Outlook

Our goals for 2015 include:

- Advance the Donlin Gold project toward a construction/production decision.
- Advance Galore Creek mine planning and project design.
- Evaluate opportunities to monetize the value of Galore Creek.
- Maintain a healthy balance sheet.
- Maintain an effective corporate social responsibility program.

We do not currently generate operating cash flows. At November 30, 2014, we had cash and cash equivalents of $70.3 million and term deposits of $95.0 million. At present, we believe that these balances are sufficient to repay the remaining convertible notes and cover the anticipated funding at the Donlin Gold and Galore Creek projects in addition to general and administrative costs through completion of permitting at the Donlin Gold project. Additional capital will be necessary if permits are received at the Donlin Gold project and a decision to commence construction is reached. Future financings to fund construction are anticipated through debt financing, equity financing, project specific debt, or other means. Our continued operations are dependent on our ability to obtain additional financing or to generate future cash flows. However, there can be no assurance that we will be successful in our efforts to raise additional capital. For further information, see section Item 1A, Risk Factors - Our ability to continue the exploration, permitting, development, and construction of the Donlin Gold and Galore Creek projects, and to continue as a going concern, will depend in part on our ability to obtain suitable financing, above.

In 2015, we expect to spend approximately $44.8 million, including $15.8 million to repay the principal on the remaining convertible notes, $14.2 million to fund our share of expenditures at the Donlin Gold and Galore Creek projects; $1.5 million for joint Donlin Gold studies with Barrick and $13.3 million for general and administrative costs, interest, working capital and other corporate purposes.

Summary of Consolidated Financial Performance

	Years ended November 30,		
($ thousands, except per share)	2014	2013	2012
Loss from operations	$(38,008)	$ (55,776)	$ (79,942)
Net loss	$(40,484)	$ (62,760)	$ (11,829)
Net loss per common share			
Basic and diluted	$(0.13)	$ (0.20)	$ (0.05)

Results of Operations

2014 compared to 2013

Loss from operations decreased $17.8 million from $55.8 million in 2013 to $38.0 million in 2014. The decrease resulted from lower general and administrative expense and lower losses from equity investments in the Donlin Gold and Galore Creek projects. General and administrative expense decreased $4.9 million due to lower share-based compensation, office rent and professional fees. Our share of losses at the Donlin Gold project decreased by $0.6 million, as 2014 activities continued to focus primarily on permitting. At the Galore Creek project, our share of losses decreased by $11.4 million due to not conducting exploration and reduced camp activity in 2014 and mobile equipment being fully depreciated in 2013.

Net loss decreased from $62.8 million ($0.20 per share – basic and diluted) in 2013 to $40.5 million ($0.13 per share – basic and diluted) in 2014. The decrease resulted primarily from the $17.8 million reduction in the loss from operations in 2014 compared to 2013. Interest expense decreased by $5.8 million due to the $79.2 million repurchase of Notes in 2013. We recorded a write-down of marketable securities and other investments totaling $3.2 million in 2013 and had a lower tax expense of $0.3 million in 2014 compared to $3.9 million in 2013.

2013 compared to 2012

Loss from operations decreased 30% from $79.9 million in 2012 to $55.8 million in 2013. The decrease resulted from lower general and administrative expenses and a lower share of losses from equity investments in the Donlin Gold and Galore Creek projects. General and administrative expenses decreased 30% due to corporate reorganization costs that were incurred in 2012 for severance and recruiting. Our share of losses at the Donlin Gold project decreased by $2.3 million, as 2013 activities were focused primarily on permitting. At the Galore Creek project, our share of losses decreased by $10.0 million due to a smaller drilling program that focused on the 2012 Legacy zone discovery.

Net loss increased from $11.8 million ($0.05 per share – basic and diluted) in 2012 to $62.7 million ($0.20 per share – basic and diluted) in 2013. In 2012, the fair value of U.S. dollar denominated warrants and the Notes decreased and we recorded a gain on derivative liabilities of $76.2 million compared to a gain of $1.4 million in 2013, partially offset by the $24.1 million reduction in the loss from operations in 2013 compared to 2012. We also had a $3.9 million tax expense in 2013 compared to a $7.7 million income tax recovery and a $4.2 million net loss from discontinued operations in 2012.

Liquidity, Capital Resources and Capital Requirements

	Years ended November 30,		
($ thousands)	2014	2013	2012
Cash used in continuing operations	$(9,808)	$ (19,491)	$ (28,570)
Cash used in investing activities of continuing operations	$(967)	$ (128,846)	$ (34,842)
Cash provided from (used in) financing activities of continuing operations	$—	$ (24,812)	$ 323,585

	As of November 30,	
($ thousands)	2014	2013
Cash and cash equivalents	$ 70,325	$ 81,262
Term deposits	$ 95,000	$ 110,000

Cash and cash equivalents decreased by $10.9 million and term deposits decreased by $15.0 million during 2014. The cash used in operating activities was primarily related to $9.8 million for administrative costs and interest, offset by reductions in working capital and $15.9 million to fund our share of the Donlin Gold and Galore Creek projects, partially offset by proceeds of $15.0 million from term deposits. The U.S. dollar denominated term deposits are held at two Canadian chartered banks. We have sufficient working capital available to repay the remaining $15.8 million of outstanding Notes due in May 2015 and to advance the Donlin Gold project through the expected remaining permitting process.

2014 compared to 2013

Cash used in continuing operations decreased from $19.5 million in 2013, to $9.8 million in 2014. The decrease resulted from a reduction in corporate overhead and administrative costs, a reduction in working capital and lower interest payments due to the $79.2 million repurchase of Notes in 2013.

Cash used in investing activities to fund our share of the Donlin Gold and Galore Creek projects decreased by $2.8 million in 2014 due to continued permitting activities at the Donlin Gold project and no exploration program in 2014 at the Galore Creek project. Term deposits decreased by $15.0 million in 2014 compared to an increase of $110.0 million in 2013.

There was no cash used in financing activities in 2014.

2013 compared to 2012

Cash used in continuing operations decreased from $28.6 million in 2012, to $19.5 million in 2013. The decrease resulted from the successful reorganization of the Company in 2012 encompassing the spin-out of NovaCopper Inc., the sale of AGC, which included Rock Creek, as well as a reduction in corporate overhead and administrative costs. Interest payments were lower due to the $79.2 million repurchase of Notes in 2013. Cash used in discontinued operations in 2012 included $25.5 million in 2012 to fund the operations of NovaCopper Inc. and the Rock Creek project.

Cash used in investing activities of continuing operations in 2013 included an investment of $110.0 million in term deposits. Funding of investments in affiliates decreased by $14.1 million due to lower project activity during permitting at the Donlin Gold project and a reduced exploration program at the Galore Creek project.

Cash used in financing activities of continuing operations in 2013 included the repurchase of $79.2 million of our Notes, partially offset by the receipt of $54.4 million in net proceeds from the exercise of all outstanding warrants. In 2012, we received net proceeds of $318.0 million from the completion of an equity financing of 35 million common shares at $9.50 per share and $5.6 million from the exercise of warrants. Cash used in financing activities of discontinued operations in 2012 included $40.0 million to fund the spin-out of NovaCopper Inc.

Contractual Obligations

Our contractual obligations as of November 30, 2014 were as follows:

($ thousands)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Reclamation and remediation	$625	$625	$—	$—	$—
Office and equipment leases	1,175	427	713	—	—
Convertible notes - principal	15,829	—	15,829	—	—
Convertible notes - interest	435	435	—	—	—
Promissory note	76,153	—	—	—	76,153

Off-Balance Sheet Arrangements

The Company does not have any material off-balance sheet arrangements required to be disclosed in this Annual Report on Form 10-K.

Outstanding share data

As of January 22, 2015, we had 317,794,647 common shares issued and outstanding. As of January 22, 2015, we had 18,530,933 stock options with a weighted-average exercise price of C$4.86, 3,181,750 performance share units and 198,530 deferred share units outstanding. Following the Company’s purchases of the Notes in 2013, $15.8 million of the principal amount of the Notes remain outstanding and due on May 1, 2015 and 1,639,370 common shares remain issuable upon conversion.

Related party transactions

The Company provided exploration and management services to Donlin Gold for $235,000 in 2014, $258,000 in 2013 and $236,000 in 2012; office rental and services to Galore Creek for $437,000 in 2014, $423,000 in 2013 and $796,000 in 2012; and management and office administration services to NovaCopper Inc. for $nil in 2014, $168,000 in 2013 and $83,000 in 2012.

As of November 30, 2014, the Company has accounts receivable from Donlin Gold of $nil (2013: $1,750,000) and from Galore Creek of $335,000 (2013: $394,000) included in other current assets and a receivable of $3,836,000

(2013: $4,132,000) from Galore Creek included in other long-term assets.

Fourth quarter results

During the fourth quarter of 2014, we incurred a net loss of $7.1 million compared to a net loss of $19.2 million for the comparable period in 2013. The decrease in net loss in 2014 compared to 2013 was primarily due to lower equity loss from Galore Creek as well as lower general and administrative and interest expense in 2014 and deferred income tax expense in 2013.

Accounting Developments

For a discussion of Recently Issued Accounting Pronouncements, see Note 2 to the Consolidated Financial Statements.

Critical Accounting Policies

We believe the following accounting policies are critical to our financial statements due to the degree of uncertainty regarding the estimates or assumptions involved and the magnitude of the asset, liability, revenue or expense being reported.

Investment in affiliates

Our investments in the Donlin Gold project and the Galore Creek project are accounted for using the equity method. The equity method is a basis of accounting for investments whereby the investment is initially recorded at cost and the carrying value is adjusted thereafter to include the investor’s pro rata share of post-acquisition earnings or losses of the investee, as computed by the consolidation method. Cash funding increases the carrying value of the investment. Profit distributions received or receivable from an investee reduce the carrying value of the investment.

These investments are non-publicly traded equity investees in advanced exploration projects. Therefore, we assess whether there has been a potential impairment triggering event for other-than-temporary impairment by testing the underlying assets of the equity investee for recoverability and assessing whether there has been a change in the development plan or strategy for the project. If we determine underlying assets are recoverable and no other potential impairment conditions are identified, then our investment in the equity investee is carried at cost. If the other underlying assets are not recoverable, we record an impairment charge equal to the difference between the carrying amount of the investee and its fair value. We determined fair value based on the present value of future cash flows expected to be generated by the project. If reliable cash flow information is not available, we determine fair value using a market comparable approach.

Subsequent to November 30, 2014, there has been a significant decline in the price of copper. A sustained decline in the long-term copper price is deemed to be an indicator of possible impairment. Therefore, if the decline in price is sustained over a longer period, the Company may be required to test its investment in the Galore Creek partnership for impairment.

Mineral properties and exploration and evaluation expenditures

Mineral property acquisition costs, including directly related costs, are capitalized when incurred, and mineral property exploration and evaluation costs are expensed as incurred. Mine development costs include engineering and metallurgical studies, drilling and other related costs to delineate an ore body and the removal of overburden to initially expose an ore body at open pit surface mines. Capitalization of mine development project costs, that meet the definition of an asset, begins once mineralization is classified as proven and probable reserves as defined by SEC Industry Guide 7. Capitalized costs will be amortized using the units-of-production method over the estimated life of the proven and probable reserves. If mineral properties are subsequently abandoned or impaired, any unamortized costs will be charged to loss in that period.

The recoverability of the carrying values of our mineral properties is dependent upon economic reserves being discovered or developed on the properties, permitting, financing, start-up, and commercial production from, or the sale/lease of, or other strategic transactions related to these properties.

Subsequent to November 30, 2014, there has been a significant decline in the price of copper. A sustained decline in the long-term copper price is deemed to be an indicator of possible impairment. Therefore, if the decline in price is sustained over a longer period, the Company may be required to test its Copper Canyon mineral property for impairment.

Income taxes

We account for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under the asset and liability method, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recognized if it is more likely than not that some portion or the entire deferred tax asset will not be recognized.

Share-based compensation

We operate a stock option plan and a performance share unit (PSU) plan, under which the entity receives services from employees as consideration for equity instruments (options or shares) of the Company. The fair value for the options and share units are recognized in earnings over the related service period. The total amount to be expensed related to options is determined by reference to the fair value of the options granted including any market performance conditions and the impact of any non-vesting conditions; and excluding the impact of any service and non-market performance vesting conditions.

The fair value of stock options is estimated at the time of grant using the Black Scholes option pricing model, and the fair value of the PSUs is measured at the grant date using a Monte Carlo simulation, which takes into account, as of the grant date, the fair market value of the shares, expected volatility, expected dividend yield and the risk free interest rate over the life of the PSU, to generate potential outcomes for stock prices which are used to estimate the probability of the PSUs vesting at the end of the performance measurement period.

We grant our board members deferred share units (DSUs), whereby each DSU entitles the directors to receive one common share of the Company when they retire from service with the Company. The fair value of the DSUs is measured at the date of the grant in amounts ranging from 50% to 100% of directors' annual retainers at the election of the directors. The fair value is recognized in consolidated statement of income (loss) over the related service period.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Our financial instruments are exposed to certain financial risks, including currency, credit and interest rate risks.

Currency risk

We are exposed to financial risk related to the fluctuation of foreign exchange rates. We operate in Canada and the United States and a portion of our expenses are incurred in Canadian dollars. A significant change in the currency exchange rate between the Canadian dollar relative to the U.S. dollar could have an effect on our results of operations, financial position or cash flows.

We have not hedged our exposure to currency fluctuations. At November 30, 2014, we are exposed to currency risk through our investment in the Galore Creek project, mineral properties, deferred income taxes and cash balances held in Canadian dollars.

Based on the above net exposures as at November 30, 2014, and assuming that all other variables remain constant, a $0.01 appreciation or depreciation of the Canadian dollar against the U.S. dollar would result in an increase/decrease of approximately $3.0 million in our consolidated comprehensive income (loss).

Credit risk

Concentration of credit risk exists with respect to our cash and cash equivalents and term deposit investments. All deposits are held through two Canadian chartered banks with high investment-grade ratings and have maturities of less than one year.

Interest rate risk

The Notes are not subject to interest rate risk because they are at fixed rates. The interest rate on the promissory note owed to Barrick is variable with the U.S. prime rate. Based on the amount owing on the promissory note as at November 30, 2014, and assuming that all other variables remain constant, a 1% change in the U.S. prime rate would result in an increase/decrease of $0.8 million in the interest accrued by us per annum.

Item 8. Financial Statements and Supplementary Data

Supplementary Data

For the required supplementary data, please see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Summary of Quarterly Results" above.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements; providing reasonable assurance that receipts and expenditures of our assets are made in accordance with management's authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

Management conducted its evaluation of the effectiveness of our internal controls over financial reporting based on the framework in Internal Control — Integrated Framework (2013) by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of November 30, 2014.

The effectiveness of our assessment of internal control over financial reporting as of November 30, 2014 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

/s/ Gregory A. Lang	/s/ David A. Ottewell
Gregory A. Lang	David A. Ottewell
President and Chief Executive Officer	Vice President and Chief Financial Officer

January 28, 2015

Report of Independent Registered Public Accounting Firm

To the Shareholders of NOVAGOLD RESOURCES INC.

We have audited the accompanying consolidated balance sheets of NOVAGOLD RESOURCES INC. (NOVAGOLD or the Company) as of November 30, 2014 and November 30, 2013 and the related consolidated statements of loss, comprehensive loss, cash flows and equity for each of the years in the three-year period ended November 30, 2014. We also have audited NOVAGOLD's internal control over financial reporting as of November 30, 2014, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our integrated audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall consolidated financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NOVAGOLD as of November 30, 2014 and 2013 and the results of its operations and its cash flows for each of the years in the three-year period ended November 30, 2014 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, NOVAGOLD maintained, in all material respects, effective internal control over financial reporting as of November 30, 2014, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

(signed) PricewaterhouseCoopers LLP
Chartered Accountants
Vancouver, BC
Canada

January 28, 2015

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CONSOLIDATED BALANCE SHEETS
(in thousands)

	At November 30,	
	2014	2013
ASSETS		
Cash and cash equivalents	$ 70,325	$ 81,262
Investments (note 4)	95,000	110,000
Other assets	3,735	5,549
Current assets	169,060	196,811
Investments (note 4)	901	1,280
Investment in affiliates (note 5)	284,865	307,455
Mineral property (note 6)	50,897	54,813
Deferred income taxes (note 10)	11,445	9,728
Other assets	7,378	8,599
Total assets	$ 524,546	$ 578,686
LIABILITIES		
Accounts payable and accrued liabilities	$ 3,489	$ 3,492
Debt (note 7)	15,112	—
Other liabilities	625	861
Current liabilities	19,226	4,353
Debt (note 7)	76,153	85,298
Derivative liabilities (note 8)	—	83
Deferred income taxes (note 10)	24,051	23,303
Total liabilities	119,430	113,037
Commitments and contingencies (note 20)		
EQUITY		
Common shares		
Authorized - 1,000,000 shares, no par value		
Issued and outstanding – 317,288 and 316,661 shares		
issued less nil and 9 treasury shares, respectively	1,936,336	1,933,953
Contributed surplus	74,038	66,811
Accumulated deficit	(1,640,103)	(1,599,619)
Accumulated other comprehensive income	34,845	64,504
Total equity	405,116	465,649
Total liabilities and equity	$ 524,546	$ 578,686

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors

/s/ Gregory A. Lang   /s/ Anthony P. Walsh

CONSOLIDATED STATEMENTS OF LOSS
(in thousands, except per share amounts)

	Years ended November 30, 2014	2013	2012
Operating expenses:			
Equity loss of affiliates (note 5)	$ 15,926	$ 27,972	$ 40,330
General and administrative (note 11)	22,046	26,991	39,145
Exploration and evaluation	—	—	363
Depreciation	36	37	104
Write-down of assets (note 12)	—	776	—
	38,008	55,776	79,942
Loss from operations	(38,008)	(55,776)	(79,942)
Other income (expense):			
Interest income	854	942	572
Interest expense	(6,838)	(12,607)	(15,305)
Foreign exchange gain	3,688	10,448	2,987
Gain on derivative liabilities (note 8)	83	1,356	76,246
Write-down of investments (note 4)	—	(3,227)	—
Other	—	—	108
	(2,213)	(3,088)	64,608
Loss before income taxes	(40,221)	(58,864)	(15,334)
Income tax (expense) recovery (note 10)	(263)	(3,896)	7,748
Net loss from continuing operations	(40,484)	(62,760)	(7,586)
Net loss from discontinued operations (note 14)	—	—	(4,243)
Net loss	$ (40,484)	$ (62,760)	$ (11,829)
Loss per common share			
Basic and diluted:			
Continuing operations	$ (0.13)	$ (0.20)	$ (0.03)
Discontinued operations	—	—	(0.02)
	$ (0.13)	$ (0.20)	$ (0.05)
Weighted average shares outstanding			
Basic and diluted	317,203	313,372	272,243

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)

	Years ended November 30, 2014	2013	2012
Net loss	$ (40,484)	$ (62,760)	$ (11,829)
Unrealized gains (losses) on marketable securities			
Unrealized holding gains (losses) during period (note 18)	(288)	(855)	(1,474)
Reclassification adjustment for losses included in net income	—	2,738	—
Net unrealized gain (loss), net of $(14), $(32) and $(59) tax expense (recovery)	(288)	1,883	(1,474)
Foreign currency translation adjustments	(29,371)	(34,687)	7,235
Other comprehensive income (loss)	(29,659)	(32,804)	5,761
Comprehensive loss	$ (70,143)	$ (95,564)	$ (6,068)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years ended November 30,		
	2014	2013	2012
Operating activities:			
Net loss	$ (40,484)	$ (62,760)	$ (11,829)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	36	37	104
Deferred income taxes	74	3,606	(7,748)
Foreign exchange gain	(3,688)	(10,448)	(2,987)
Loss from discontinued operations	—	—	4,243
Share-based compensation	10,197	12,304	19,862
Equity losses of affiliates	15,926	27,972	40,330
Gain on derivative liabilities	(83)	(1,356)	(76,246)
Write-down of assets	—	776	—
Write-down of investments	—	3,227	—
Other	5,677	9,358	9,062
Withholding tax on share-based compensation	(636)	(619)	(2,960)
Net change in operating assets and liabilities (note 13)	3,173	(1,588)	(401)
Net cash used in continuing operations	(9,808)	(19,491)	(28,570)
Net cash used in discontinued operations (note 14)	—	—	(25,488)
Investing activities:			
Additions to property and equipment	(21)	(78)	(100)
Proceeds from term deposits	215,000	—	—
Purchases of term deposits	(200,000)	(110,000)	—
Funding of affiliates	(15,946)	(18,793)	(34,742)
Proceeds from sale of assets	—	25	—
Net cash used in investing activities of continuing operations	(967)	(128,846)	(34,842)
Net cash provided from investing activities of discontinued operations (note 14)	—	—	483
Financing activities:			
Proceeds from share issuance, net	—	54,359	323,585
Repayment of debt	—	(79,171)	—
Net cash provided from (used in) financing activities of continuing operations	—	(24,812)	323,585
Net cash used in financing activities of discontinued operations (note 14)	—	—	(40,000)
Effect of exchange rate changes on cash	(162)	(256)	132
Increase (decrease) in cash and cash equivalents	(10,937)	(173,405)	195,300
Cash and cash equivalents at beginning of period	81,262	254,667	59,367
Cash and cash equivalents at end of period	$ 70,325	$ 81,262	$ 254,667

See note 21 for supplemental cash flow information.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF EQUITY
(in thousands)

	Common shares		Contributed	Accumulated	Accumulated other comprehensive	Total
	Shares	Amount	surplus	deficit	income (loss)	equity
November 30, 2011	239,985	$ $1,158,771	$ $ 487,306	$ $(1,525,030)	$ $ 91,547	$ $212,594
Net loss	—	—	—	(11,829)	—	(11,829)
Other comprehensive income	—	—	—	—	5,761	5,761
Common share issuance	35,000	317,841	—	—	—	317,841
Warrants exercised	3,891	54,282	(48,539)	—	—	5,743
Share-based compensation and related share issuances	1,051	4,095	16,186	—	—	20,281
Return of capital - NovaCopper	—	(72,887)	(693)	—	—	(73,580)
November 30, 2012	279,927	$ $1,462,102	$ $ 454,260	$ $(1,536,859)	$ $ 97,308	$ $476,811
Net loss	—	—	—	(62,760)	—	(62,760)
Other comprehensive loss	—	—	—	—	(32,804)	(32,804)
Warrants exercised	36,529	469,150	(397,052)	—	—	72,098
Share-based compensation and related share issuances	205	2,701	9,603	—	—	12,304
November 30, 2013	316,661	$ $1,933,953	$ $ 66,811	$ $(1,599,619)	$ $ 64,504	$ $465,649
Net loss	—	—	—	(40,484)	—	(40,484)
Other comprehensive loss	—	—	—	—	(29,659)	(29,659)
Share-based compensation and related share issuances	627	2,383	7,227	—	—	9,610
November 30, 2014	317,288	$ $1,936,336	$ $ 74,038	$ $(1,640,103)	$ $ 34,845	$ $405,116

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 – THE COMPANY

NOVAGOLD RESOURCES INC. and its affiliates and subsidiaries (collectively, "NOVAGOLD" or the "Company") operates in the mining industry, focused on the exploration for and development of gold and copper mineral properties. The Company has no operations or realized revenues from its planned principal business purpose. The Company's principal assets include a 50% interest in the Donlin Gold project in Alaska, U.S.A. and a 50% interest in the Galore Creek project in British Columbia, Canada.

The Company's primary focus is on the Donlin Gold project, which advanced to the permitting phase in 2012. The Donlin Gold project is owned and operated by Donlin Gold LLC, a limited liability company that is owned equally by wholly owned subsidiaries of NOVAGOLD and Barrick Gold Corporation ("Barrick").

The Company is currently exploring opportunities to sell, in whole or in part its interest in the Galore Creek Partnership. The Galore Creek project is owned by the Galore Creek Partnership a partnership in which NOVAGOLD Canada Inc, a wholly owned subsidiary of NOVAGOLD, and Teck Resources Limited ("Teck") each own a 50% interest. Galore Creek Mining Corporation (GCMC) is owned by the Partnership and manages Galore Creek operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presentation

These consolidated financial statements are presented in United States dollars and have been prepared in accordance with accounting principles generally accepted in the United States (US GAAP).

References in these Consolidated Financial Statements and Notes to $ refer to United States currency and C$ to Canadian currency. Dollar amounts are in thousands, except for per share amounts.

Use of estimates

The preparation of the Company's Consolidated Financial Statements in accordance with US GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the related disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. The more significant areas requiring the use of management estimates and assumptions related to: estimates of gold and copper production that are the basis for future cash flow estimates utilized in impairment calculations; environmental, reclamation and closure obligations; estimates of fair value for asset impairments (including impairments of mineral properties and investments); valuation allowances for deferred tax assets; reserves for contingencies and litigation; and the fair value and accounting treatment of financial instruments including marketable securities and derivative instruments. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results will differ from these amounts estimated in these financial statements.

Principles of consolidation

The Company's Consolidated Financial Statements include NOVAGOLD RESOURCES INC. and its wholly owned subsidiaries. The Company's wholly-owned subsidiaries include NOVAGOLD Canada Inc., Copper Canyon Resources Inc., NOVAGOLD U.S. Holdings Inc., NOVAGOLD Resources Alaska Inc., NOVAGOLD USA Inc., and AGC Resources Inc. All inter-company transactions and balances are eliminated on consolidation.

The functional currency for the Company's Canadian operations is the Canadian dollar and the functional currency for the Company's U.S. operations is the U.S. dollar. Therefore, gains and losses on U.S. dollar denominated transactions and balances of Canadian operations are recorded on the Consolidated Statements of Loss.

Cash and cash equivalents

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Restricted cash is excluded from cash and cash equivalents and is included in other long-term assets.

Term deposits

The Company's term deposits are recorded at cost. The term deposits are owed to the Company by Canadian chartered banks and are not traded in an active market.

Investment in affiliates

Investments in unconsolidated ventures that over which the Company has the ability to exercise significant influence, but does not control, are accounted for under the equity method and include the Company's investments in the Donlin Gold project and the Galore Creek project. The Company identified Donlin Gold LLC and the Galore Creek Partnership as Variable Interest Entities (VIEs) as these entities are dependent on funding from their owners. All funding, ownership, voting rights and power to exercise control is shared equally on a 50/50 basis between the owners of each VIE. Therefore, the Company has determined that it is not the primary beneficiary of either VIE. The Company's maximum exposure to loss is its investment in Donlin Gold LLC and Galore Creek Partnership.

The equity method is a basis of accounting for investments whereby the investment is initially recorded at cost and the carrying value is adjusted thereafter to include the investor's pro rata share of post-acquisition earnings or losses of the investee, as computed by the consolidation method. Cash funding increases the carrying value of the investment. Profit distributions received or receivable from an investee reduce the carrying value of the investment.

Donlin Gold LLC and the Galore Creek Partnership are non-publicly traded equity investees in exploration and development projects. Therefore, the Company assesses whether there has been a potential impairment triggering event for other-than-temporary impairment by testing the underlying assets of the equity investee for recoverability and assessing whether there has been a change in the development plan or strategy for the project. If the Company determines that the underlying assets are recoverable and no other potential impairment conditions are identified, then the investment in the equity investee is carried at cost. If the underlying assets are not recoverable, the Company will record an impairment charge equal to the difference between the carrying amount of the investee and its fair value. Fair value is determined based on the present value of future cash flows expected to be generated by the project. If reliable cash flow information is not available, fair value is determined using a market comparable approach.

Mineral properties

Mineral property expenditures are expensed as incurred except for expenditures associated with the acquisition of mineral property assets through a business combination or asset acquisition.

Income taxes

The Company accounts for income taxes using the liability method, recognizing certain temporary differences between the financial reporting basis of the Company's liabilities and assets and the related income tax basis for such liabilities and assets. This method generates either a net deferred income tax liability or asset for the Company, as measured by the statutory tax rates in effect. The Company derives its deferred income tax charge or benefit by recording the change in either the net deferred income tax liability or asset balance for the year.

The Company's deferred income tax assets include certain future tax benefits. The Company records a valuation allowance against any portion of those deferred income tax assets when it believes, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred income tax asset will not be realized.

Share-based payments

The Company operates a stock option plan and a performance share unit (PSU) plan, under which the Company receives services from employees as consideration for equity instruments (options or shares) of the Company. The fair value for the options and share units are recognized in earnings over the related service period. The total amount to be expensed related to options is determined by reference to the fair value of the options granted including any market performance conditions and the impact of any non-vesting conditions; and excluding the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in profit and loss, with a corresponding adjustment to equity. The fair value of stock options is estimated at the time of grant using the Black Scholes option pricing model, and the fair value of the PSUs is measured at the grant date using a Monte Carlo simulation, which takes into account, as of the grant date, the fair market value of the common shares, expected volatility, expected dividend yield and the risk free interest rate over the life of the PSU, to generate potential outcomes for share prices which are used to estimate the probability of the PSUs vesting at the end of the performance measurement period.

The cash subscribed for the common shares issued when the options are exercised is credited to share capital, net of any directly attributable transaction costs.

The Company grants its directors deferred share units (DSUs), whereby each DSU entitles the directors to receive one common share of the Company when they retire from the Company. The fair value of the DSUs is measured at the date of the grant in amounts ranging from 50% to 100% of directors' annual retainers at the election of the directors. The fair value is recognized in consolidated statement of income (loss) over the related service period.

Net income (loss) per common share

Basic and diluted income (loss) per share are presented for Net income (loss) and for Income (loss) from continuing operations. Basic income (loss) per share is computed by dividing Net income (loss) or Income (loss) from continuing operations by the weighted-average number of outstanding common shares for the period. Diluted income per share reflects the potential dilution that could occur if securities or other contracts that may require the issuance of common shares in the future were converted. Diluted income per share is computed by increasing the weighted-average number of outstanding common shares to include the additional common shares that would be outstanding after conversion and adjusting net income for changes that would result from the conversion. Only those securities or other contracts that result in a reduction in earnings per share are included in the calculation.

Recently adopted accounting pronouncements

Development Stage Entities

In June 2014, Accounting Standards Codification (ASC) guidance was issued eliminating the concept of a development stage entity from US GAAP and clarified that the disclosures under risks and uncertainties guidance are also applicable to these entities. Entities that are in their development stage are no longer required to present and disclose incremental information, such as inception-to-date information. The Company elected early adoption of the new standard applied retrospectively. Adoption of the new guidance had no impact on the Company's consolidated financial position, results of operations or cash flows. The cumulative since inception financial information that was included previously under this standard are no longer being disclosed.

Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income

In February 2013, the FASB issued guidance related to items reclassified from accumulated other comprehensive income. The new standard requires either in a single note or parenthetically on the face of the financial statements: (i) the effect of significant amounts reclassified from each component of accumulated other comprehensive income based on its sources; and (ii) the income statement line items affected by the reclassification. The adoption of this guidance had no impact on the Company's consolidated financial position, results of operations or cash flows.

Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists

In July 2013, the FASB issued guidance related to the financial statement presentation of an unrecognized tax benefit, a similar tax loss, or a tax credit carryforward. The new standard requires that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward unless certain circumstances exist. Adoption of the new guidance had no impact on the Company's consolidated financial position, results of operations or cash flows.

Recently issued accounting pronouncements

Presentation of Financial Statements – Going Concern

In August 2014, FASB ASC guidance was issued that explicitly requires management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosures in certain circumstances. This standard is effective for the Company's fiscal year beginning December 1, 2017. Early application is permitted. The Company does not expect the updated guidance to have a material impact on the consolidated financial position, results of operations or cash flows.

Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period

In June 2014, ASC guidance was issued to update the guidance on performance stock awards. The guidance requires that a performance target that affects vesting and that could be achieved after the requisite service period is treated as a performance condition. This standard is effective for the Company's fiscal year beginning December 1, 2016. Early application is permitted. The Company does not expect the updated guidance to have a material impact on the consolidated financial position, results of operations or cash flows.

Discontinued Operations

In April 2014, ASC guidance was issued related to Discontinued Operations which changed the criteria for determining which disposals can be presented as discontinued operations and modified related disclosure requirements. The updated guidance requires an entity to only classify dispositions as discontinued operations due to a major strategic shift or a major effect on an entity's operations in the financial statements. The updated guidance will also require additional disclosures relating to discontinued operations. The update is effective prospectively for the Company's fiscal year beginning December 1, 2015. Early application is permitted. The Company does not expect the updated guidance to have an impact on the consolidated financial position, results of operations or cash flows.

Foreign Currency Matters

In March 2013, ASC guidance was issued related to Foreign Currency Matters to clarify the treatment of cumulative translation adjustments when a parent sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a business within a foreign entity. The updated guidance also resolves the diversity in practice for the treatment of business combinations achieved in stages in a foreign entity. The update is effective prospectively for the Company's fiscal year beginning December 1, 2015. The Company does not expect the updated guidance to have an impact on the consolidated financial position, results of operations or cash flows.

Disclosures about Offsetting Assets and Liabilities

In November 2011, ASC guidance was issued related to disclosures about offsetting assets and liabilities. The new standard requires disclosures to allow investors to better compare financial statements prepared under US GAAP with financial statements prepared under IFRS. In January 2013, an update was issued to further clarify that the disclosure requirements are limited to derivatives, repurchase agreements, and securities lending transactions to the extent that they are (i) offset in the financial statements or (ii) subject to an enforceable master netting arrangement or similar agreement. The update is effective prospectively for the Company's fiscal year beginning December 1, 2015. The Company does not expect the updated guidance to have an impact on the consolidated financial position, results of operations or cash flows.

NOTE 3 – SEGMENTED INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions. The Company has one operating segment in exploration and development of mineral properties. The Chief Executive Officer considers the business from a geographic perspective considering the performance of our investments in affiliates. Segment information is provided on each of the material projects individually in Note 5.

NOTE 4 – INVESTMENTS

	At November 30, 2014			
	Cost	Unrealized		Fair Value
	Basis	Gain	Loss	Basis
Current:				
Term deposits	$ 95,000	$ —	$ —	$ 95,000
Long-term:				
Marketable equity securities	$ 990	$ 139	$ (228)	$ 901

	At November 30, 2013			
	Cost	Unrealized		Fair Value
	Basis	Gain	Loss	Basis
Current:				
Term deposits	$ 110,000	$ —	$ —	$ 110,000
Long-term:				
Marketable equity securities	$ 1,067	$ 213	$ —	$ 1,280

Term deposits are held at two Canadian chartered banks with original maturities of less than 12 months. Marketable equity securities include available-for-sale investments in mineral exploration companies. During 2013, the Company recognized impairments for other-than-temporary declines in value of $2,738 for marketable equity securities and to write-off $489 of other investments, at cost. At November 30, 2014 all unrealized losses were in a continuous loss position for less than 12 months.

NOTE 5 – INVESTMENT IN AFFILIATES

	At November 30,	
	2014	2013
Donlin Gold LLC, Alaska, USA	$ 1,618	$ 1,720
Galore Creek Partnership, British Columbia, Canada	283,247	305,735
	$ 284,865	$ 307,455

Donlin Gold LLC

On December 1, 2007, together with a subsidiary of Barrick, the Company formed a limited liability company ("Donlin Gold LLC") to advance the Donlin Gold project in Alaska. Donlin Gold LLC has a board of four directors, with two directors selected by Barrick and two directors selected by the Company. All significant decisions related to Donlin Gold LLC require the approval of Barrick and the Company. The Company has a 50% interest in Donlin Gold LLC.

Changes in the Company's investment in Donlin Gold LLC are summarized as follows:

Years ended November 30,

	2014	2013	2012
Balance – beginning of period	$ 1,720	$ 4,185	$ 2,675
Funding	13,883	12,155	18,439
Share of losses	(13,985)	(14,620)	(16,929)
Balance – end of period	$ 1,618	$ 1,720	$ 4,185

The following amounts represent the Company's 50% share of the assets and liabilities of Donlin Gold LLC. Donlin Gold LLC has capitalized as Mineral property the initial contribution of the Donlin Gold property with a carrying value of $64,000 resulting in a higher carrying value of the Mineral property than the Company.

	At November 30,	
	2014	2013
Current assets: Cash, prepaid expenses and other receivables	$ 2,294	$ 3,390
Non-current assets: Property and equipment	403	541
Non-current assets: Mineral property	32,692	32,692
Current liabilities: Accounts payable and accrued liabilities	(1,079)	(2,211)
Non-current liabilities: Reclamation obligation	(692)	(692)
Net assets	$ 33,618	$ 33,720

Galore Creek Partnership

The Galore Creek project is owned by the Galore Creek Partnership ("Partnership"), a partnership in which a wholly owned subsidiary of NOVAGOLD and Teck Resources Limited ("Teck") each own a 50% interest. The Partnership was formed in May 2007. Teck earned its 50% interest in the Partnership upon completion of its funding commitment of C$373,300 in June 2011. Commencing June 2011, the partners funded the project costs on a 50/50 basis. The Partnership prepares its financial statements under International Financial Reporting Standards, as issued by the IASB and are presented in Canadian dollars. In accounting for its investment in the Partnership, the Company converts and presents reported amounts in accordance with US GAAP and in U.S. dollars.

Changes in the Company's investment in the Partnership are summarized as follows:

	Years ended November 30,		
	2014	2013	2012
Balance – beginning of period	$ 305,735	$ 335,086	$ 333,380
Funding	2,063	6,638	16,303
Share of losses	(1,941)	(13,352)	(23,401)
Exploration tax credit	(693)	(1,352)	—
Foreign currency translation	(21,917)	(21,285)	8,804
Balance – end of period	$ 283,247	$ 305,735	$ 335,086

The following amounts represent the Company's 50% share of the assets and liabilities of the Partnership. As a result of recording the Company's investment in the Partnership at fair value in June 2011, the carrying value of the Company's 50% interest in the Partnership is higher than 50% of the book value of the Partnership. Therefore, the Company's investment in the Partnership does not equal 50% of the net assets recorded by the Partnership:

	At November 30,	
	2014	2013
Current assets: Cash, prepaid expenses and other receivables	$ 386	$ 377
Non-current assets: Property and equipment	254,991	263,797
Current liabilities: Accounts payable and accrued liabilities	(360)	(483)
Non-current liabilities: Payables and decommissioning liabilities	(8,268)	(8,533)
Net assets	$ 246,749	$ 255,158

Equity loss of affiliates:

	Years ended November 30,		
	2014	2013	2012
Donlin Gold LLC:			

Mineral property expenditures	$ 13,811	$ 14,412	$ 16,753
Depreciation	174	208	176
	13,985	14,620	16,929
Galore Creek Partnership:			
Mineral property expenditures	442	4,580	11,984
Care and maintenance expense	1,499	2,444	4,952
Depreciation	—	6,328	6,465
	1,941	13,352	23,401
	$ 15,926	$ 27,972	$ 40,330

NOTE 6 – MINERAL PROPERTY

In 2011, the Company acquired 40% of the Copper Canyon property in British Columbia, Canada adjacent to the Galore Creek project. The remaining 60% of the Copper Canyon property is owned by the Partnership.

NOTE 7 – DEBT

	At November 30,	
	2014	2013
Convertible notes	$ 15,112	$ 13,570
Promissory note	76,153	71,728
	91,265	85,298
Less: current portion	(15,112)	—
	$ 76,153	$ 85,298

Scheduled minimum debt repayments are $15,829 in 2015, $nil in 2016 through 2019, and $76,153 thereafter. The carrying value of the debt approximates fair value.

Convertible notes

On March 26, 2008, the Company issued $95,000 in 5.5% unsecured senior convertible notes (“Notes”) maturing on May 1, 2015, and incurred a 3.0% underwriter’s fee and other expenses aggregating $2,800, for net proceeds of $92,200. Interest is payable semi-annually in arrears on May 1 and November 1 of each year, beginning November 1, 2008. The conversion rate and accordingly the number of shares issuable were adjusted as a result of the NovaCopper Inc. (“NovaCopper”) spin-out which reduced the conversion rate from $10.61 to $9.656 per common share. On conversion, at the Company’s election, holders of the Notes will receive cash, if applicable, or a combination of cash and shares.

On May 2, 2013, the Company purchased $72,821 of the principal amount of its Notes, pursuant to the terms and indenture governing the Notes which provided Holders the opportunity to require the Company to purchase for cash all or a portion of their Notes (the “Put Option”) on May 1, 2013. On September 16, 2013, the Company accepted Holders’ offers to purchase another $6,350 of the principal amount of the Notes. Following the Company’s purchases of the Notes, $15,829 of the principal amount of the Notes remain outstanding and due on May 1, 2015 and 1,639,370 common shares remain issuable upon conversion. Additional common shares may become issuable following the occurrence of certain corporate acts or events. The terms and other provisions of the indenture governing the Notes remain unchanged.

As the conversion price of the Notes is denominated in U.S. dollars, a currency different from the functional currency of the Company, an embedded derivative is recognized as a liability. The embedded derivative is recorded at fair value and re-measured each period with the movement being recorded as a gain or loss in net income (loss). The Notes are classified as a liability, less the portion relating to the embedded derivative feature. As a result, the recorded liability to repay the Notes is lower than its face value. Using the effective interest rate method and the 17.3% rate implicit in the calculation, the remaining difference of $3,700, characterized as the Note discount, is being charged to interest expense and accreted to the liability over the term of the Notes.

The Notes included two embedded derivatives which were recorded on the balance sheets at fair value. Prior to May 1, 2013, the embedded derivative was measured with regard to both the Put Option and the conversion feature. Subsequent to this date, the measurement of the embedded derivative is based solely on the conversion feature.

Changes in the carrying values of the Notes are summarized as follows:

	Years ended November 30,		
	2014	2013	2012
Balance – beginning of period	$ 13,570	$ 73,606	$ 66,966
Repurchases of Notes	—	(65,137)	—
Accretion expense	1,542	5,101	6,640
Balance – end of period	$ 15,112	$ 13,570	$ 73,606

The following table provides the net amounts recognized in the Consolidated Balance Sheets related to the Notes:

	At November 30,	
	2014	2013
Principal amount	$ 15,829	$ 15,829
Unamortized debt discount	(717)	(2,259)
	15,112	13,570
Embedded derivative	—	83
Net carrying amount	$ 15,112	$ 13,653

Promissory note

As part of the agreement that led to the formation of Donlin Gold LLC, the Company agreed to reimburse Barrick for a portion of their expenditures incurred from April 1, 2006 to November 30, 2007 out of the Company's share of future mine production cash flow. The Company has a promissory note payable to Barrick for $51,600, plus interest at a rate of U.S. prime plus 2%, amounting to $24,553 in accrued interest since the inception of the promissory note.

NOTE 8 – DERIVATIVE LIABILITIES

Convertible notes – Embedded derivative

The conversion price of the Notes is denominated in U.S. dollars, a currency different from the functional currency of the parent Company. Therefore, an embedded derivative liability is recorded at fair value and re-measured each period with the movement being recorded as a gain or loss in Net income (loss). Pursuant to the terms and indenture governing the Notes, holders had the opportunity to require the Company to purchase for cash all or a portion of their Notes (the "Put Option") on May 1, 2013. The fair value of the embedded derivative prior to the expiry of the Put Option was composed of the conversion feature of the Note and the Put Option. The conversion feature on the remaining Notes is valued using the Black-Scholes pricing model and is considered a Level 3 financial instrument in the fair value hierarchy as the valuation model has significant unobservable inputs. The fair value of the embedded derivative at November 30, 2014 was nominal.

	Years ended November 30,		
	2014	2013	2012
Balance – beginning of period	$ 83	$ 17,934	$ 57,493
Repurchases of Notes	—	(14,034)	—
Gain on embedded derivative liability	(83)	(3,817)	(39,559)
Balance – end of period	$ —	$ 83	$ 17,934

Warrants – Derivative

Warrants were issued with an exercise price denominated in U.S. dollars, a currency different from the functional currency of the parent Company. Therefore, the warrants were classified as a derivative liability based on the evaluation of the warrants' settlement provisions, and carried at their fair value. Any changes in the fair value from period to period have been recorded as a gain or loss in net income (loss).

In the first quarter of 2013, the remaining warrants were exercised and the Company realized a loss on derivative liability of $2,461 for the year ended November 30, 2013.

Years ended November 30,

	2014	2013	2012
Balance – beginning of period	$ —	$ 15,276	$ 51,963
Loss (gain) on derivative liability	—	2,461	(36,687)
Conversion of warrants to equity	—	(17,737)	—
Balance – end of period	$ —	$ —	$ 15,276

NOTE 9 – FAIR VALUE ACCOUNTING

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the significance of the inputs used in making the measurement. The three levels of the fair value hierarchy are as follows:

Level 1 — Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
Level 2 — Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
Level 3 — Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

	Fair value at November 30, 2014			
	Total	Level 1	Level 2	Level 3
Assets:				
Marketable equity securities	$ 901	$ 901	$ —	$ —
Liabilities:				
Embedded derivative liabilities	—	—	—	—

	Fair value at November 30, 2013			
	Total	Level 1	Level 2	Level 3
Assets:				
Marketable equity securities	$ 1,280	$ 1,280	—	$ —
Liabilities:				
Embedded derivative liabilities	83	—	—	83

The Company's marketable equity securities are valued using quoted market prices in active markets and as such are classified within Level 1 of the fair value hierarchy. The fair value of the marketable equity securities is calculated as the quoted market price of the marketable equity security multiplied by the quantity of shares held by the Company.

The embedded derivative is valued using a Black-Scholes pricing model and is considered a Level 3 financial instrument in the fair value hierarchy because the value models have significant unobservable inputs.

NOTE 10 – INCOME TAXES

The Company's Income tax expense (recovery) consisted of:

	Years ended November 30,		
	2014	2013	2012
Current:			
Canada	$ —	$ —	$ —
Foreign	189	290	—
	189	290	—
Deferred:			
Canada	74	3,606	(7,748)
Foreign	—	—	—
	74	3,606	(7,748)

Income tax expense (recovery)	$ 263	$ 3,896	$ (7,748)

The Company's Loss before income tax consisted of:

	Years ended November 30,		
	2014	2013	2012
Canada	$ (20,372)	$ (42,077)	$ 6,528
Foreign	(19,849)	(16,787)	(21,862)
	$ (40,221)	$ (58,864)	$ (15,334)

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Effective January 1, 2012 the Canadian federal corporate tax rate decreased from 16.5% to 15%. Effective April 1, 2013 the British Columbia provincial corporate tax rate increased from 10% to 11%.

The Company's Income tax expense (recovery) differed from the amounts computed by applying the Canadian statutory corporate income tax rates for the following reasons:

	Years ended November 30,		
	2014	2013	2012
Loss before income taxes	$ (40,221)	$ (58,864)	$ (15,334)
Combined federal and provincial statutory tax rate	26.00 %	25.67 %	25.13 %
Income tax recovery based on statutory income tax rates	(10,457)	(15,110)	(3,853)
Increase (decrease) attributable to:			
(Non-deductible) taxable expenditures	3,339	2,913	(3,717)
Non-taxable unrealized gain (loss) on derivative financial instruments	—	615	(9,253)
Effect of different statutory tax rates on earnings of subsidiaries	(3,027)	(2,773)	(3,471)
Effect of statutory rate change	—	(1,916)	54
Effect of tax losses expired	1.424	—	—
Change in valuation allowance	9,357	20,248	13,271
Other	(373)	(81)	(779)
Income tax expense (recovery)	$ 263	$ 3,896	$ (7,748)

Components of the Company's deferred income tax assets (liabilities) are as follows:

	At November 30,	
	2014	2013
Deferred tax income assets:		
Asset retirement obligation	$ 257	$ 354
Net operating loss carry forwards	214,594	215,346
Capital loss carry forwards	37,002	40,180
Mineral properties	19,524	20,278
Property and equipment	354	381
Investment in affiliates	42,343	40,200
Share issuance costs	1,327	2,168
Unpaid interest expense	4,458	5,947
Investment tax credit	3,429	3,553
Other	2,550	2,322
	325,838	330,729
Valuation allowances	(281,071)	(276,630)
	44,767	54,099
Deferred income tax liabilities:		
Convertible debt	—	(197)
Investment in affiliates	(42,176)	(51,601)
Mineral properties	(13,208)	(14,224)
Capitalized assets & other	(1,102)	(719)
Unrealized gain on investments	(5)	(19)

Investment tax credit	(882)	(914)
	(57,373)	(67,674)
Net deferred income tax liabilities	$ (12,606)	$ (13,575)
Net deferred income tax asset, as presented in the balance sheet	$ 11,445	$ 9,728
Net deferred income tax liability, as presented in the balance sheet	$ (24,051)	$ (23,303)

Net operating losses available to offset future taxable income are as follows:

Year of Expiry	U.S.	Canada
2015	$ —	$ 16,435
2024	1,032	—
2025	1,246	—
2026	13,382	28,594
2027	18,493	4,593
2028	85	606
2029	11,223	14,284
2030	10,916	20,551
2031	16,580	19,281
2032	306,333	33,780
2033	14,671	24,638
2034	16,203	17,359
	$ 410,164	$ 180,121

Future use of U.S. loss carry-forwards is subject to certain limitations under provisions of the Internal Revenue Code including limitations subject to Section 382, which relates to a 50% change in control over a three-year period, and are further dependent upon the Company attaining profitable operations. Ownership changes occurred on January 22, 2009 and on December 31, 2012 and the U.S. tax losses related to NOVAGOLD Resources Alaska Inc. and its investment in Donlin Creek LLC for the prior three year periods prior to the change in control may be subject to limitation under Section 382. Accordingly, the Company's ability to use these losses may be limited or may expire un-utilized. Losses incurred to date may be further limited if a subsequent change in control occurs.

Uncertain Tax Position

There were no unrecognized tax benefits at November 30, 2014, 2013 and 2012. The Company recognizes any interest and penalties related to uncertain tax positions, if any, as interest expense. At November 30, 2014, 2013 and 2012, there were no interest and penalties related to uncertain tax positions. The Company is subject to income taxes in Canada and the United States. The Company is currently under audit by the Canada Revenue Agency regarding transactions undertaken by one of the Company's Canadian entities. The Company is currently not under audit by any other taxing jurisdiction. With few exceptions, the tax years that remain subject to examination as of November 30, 2014 are 2008 to 2014 in Canada and 1998 to 2014 in the United States.

The Company has recognized $11,445 (2013: $9,728, 2012: $15,679) of deferred tax assets that are dependent on the reversal of existing taxable temporary differences. In addition, the Company has suffered a loss in the current and prior period in the tax jurisdictions to which the deferred tax assets relate. The Company has undertaken a tax planning strategy in the current and prior period to merge their Canadian entities when required to access the deferred tax assets to offset future increases in taxable income of their Canadian entities.

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax asset. Significant pieces of objective negative evidence evaluated included the cumulative loss incurred as at November 30, 2014 and the decline in metal prices. Such objective evidence limits the ability to consider other subjective evidence such as managements' projections for future growth. On the basis of this evaluation, as of November 30, 2014, a valuation allowance of $281,071 (2013: $276,630, 2012: $260,492) inclusive of valuation allowance for investment tax credits has been recorded in order to measure only the portion of the deferred tax asset that more likely than not will be realized. The amount of the deferred tax asset considered realizable; however, could be adjusted if estimates of future taxable income during the carry forward period are reduced or if objective negative evidence in the form of cumulative losses is no longer present and additional weight may be given to subjective evidence such as management’s projections for growth.

NOTE 11 – GENERAL AND ADMINISTRATIVE EXPENSES

	Years ended November 30,		
	2014	2013	2012
Salaries	$ 6,022	$ 6,067	$ 9,658
Share-based compensation (note 15)	10,197	12,304	19,862
Office expense	2,626	4,462	4,891
Professional fees	1,806	2,889	3,871
Corporate development	1,395	1,269	863
	$ 22,046	$ 26,991	$ 39,145

NOTE 12 – WRITE-DOWN OF ASSETS

In 2013, the Company recorded write-downs at its San Roque Project in Argentina including $514 related to mineral property and $262 for other assets.

NOTE 13 – CHANGE IN OPERATING ASSETS AND LIABILITIES

	Years ended November 30,		
	2014	2013	2012
Decrease (increase) in receivables and other assets	$ 3,319	$ (89)	$ (12,339)
Increase (decrease) in accounts payable and accrued liabilities	56	(1,231)	11,938
Decrease in reclamation and remediation liabilities	(202)	(268)	—
	$ 3,173	$ (1,588)	$ (401)

NOTE 14 – DISCONTINUED OPERATIONS

On April 30, 2012, the Company completed a plan of arrangement under the Nova Scotia Companies Act pursuant to which it spun-out NovaCopper, a wholly-owned subsidiary of the Company which held the Ambler assets in Alaska, to the Company's shareholders (the "Arrangement"). Under the Arrangement, each shareholder of the Company received one share of NovaCopper for every six common shares held of the Company. The Company did not realize any gain or loss on the transfer of the Ambler assets including $40,200 of working capital and the Upper Kobuk Mineral Project.

On November 1, 2012, the Company completed the sale of its wholly owned subsidiary, Alaska Gold Company (AGC), which owned the Rock Creek Project and other assets in and around Nome, Alaska to Bering Straits Native Corporation (BSNC) for $5,965. The Company received $1,000 cash and a $4,965 (face value) note receivable bearing 3% interest payable over five years. The Company also transferred the remaining Rock Creek closure reclamation deposit of $13,400 to BSNC, which assumed full responsibility and liability for the remainder of the Rock Creek reclamation activities as requested by the State of Alaska.

The Company has accounted for the financial results associated with the spin-out of NovaCopper and the Ambler assets and the former operations of AGC and the Rock Creek Project as discontinued operations in these consolidated financial statements and has reclassified the related amounts for prior years.

The following tables illustrate the results related to discontinued operations for the year ended November 30, 2012.

Revenues	$ 1,914
Operating expenses:	
Cost of sales	194
Depreciation	228
Exploration and evaluation	1,425
General and administrative	3,647
Care and maintenance	5,498
Reclamation and remediation	1,456
	12,448
Loss from operations	(10,534)
Gain on sale of assets	5,351
Other income	940
Loss from discontinued operations	$ (4,243)
Net cash used in discontinued operations:	
Loss from discontinued operations	$ (4,243)
Items not affecting cash:	
Depreciation	228
Reclamation and remediation	1,456
Gain on sale of assets	(5,351)
Net change in operating assets and liabilities	(10,742)
Increase in reclamation bond	(6,836)
	$ (25,488)
Net cash provided from (used in) investing activities of discontinued operations:	
Proceeds from sale of assets	$ 1,045
Additions to property, plant and equipment	(561)
	$ 484
Net cash used in financing activities of discontinued operations:	
Funding of NovaCopper spin-out	$ (40,000)

NOTE 15 – SHARE-BASED COMPENSATION

Share incentive awards include a stock option plan for directors, executives and eligible employees, a Performance Share Unit (PSU) plan for executives and eligible employees and a Deferred Stock Unit (DSU) plan for directors of the Company. Options granted to purchase common shares have exercise prices not less than fair market value of the underlying share at the date of grant. At November 30, 2014, 17.7 million common shares were available for future share incentive plan awards.

The Company recognized share-based compensation as follows:

	Years ended November 30,		
	2014	2013	2012
Stock options	$ 6,062	$ 8,135	$ 14,240
Performance share unit plan	3,944	3,935	2,660

Deferred share unit plan	191	234	193
Incentive shares	—	—	2,769
	$ 10,197	$ 12,304	$ 19,862

At November 30, 2014, the non-vested stock option and PSU expense not recognized was $3,877 (2013: $2,854) to be recognized over the next two years.

Stock Options

Stock options granted under the Company's share-based incentive plans vest over periods of two years are exercisable over a period of time not to exceed five years from the grant date. The value of each option award is estimated at the grant date using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option award and share price volatility. The expected term of options granted is derived from historical data on employee exercise and post-vesting employment termination experience. Expected volatility is based on the historical volatility of the Company's shares at the grant date. These estimates involve inherent uncertainties and the application of management's judgment. In addition, we are required to estimate the expected forfeiture rate and only recognize expense for those options expected to vest. As a result, if other assumptions had been used, our recorded share-based compensation expense would have been different from that reported. The Black-Scholes option pricing model used the following weighted-average assumptions:

	Years ended November 30,		
	2014	2013	2012
Weighted average share price	C$2.90	C$4.40	C$8.68
Average risk-free interest rate	1.18%	1.07%	0.99% - 1.53%
Exercise price	C$2.90	C$4.40	C$8.68
Expected life (years)	3	3	2.5 – 3.5
Expected volatility	60%	56%	55% - 66%
Expected dividends	Nil	Nil	Nil

The following table summarizes annual activity for all stock options for each of the three years ended November 30:

	2014		2013		2012	
	Number of shares (thousands)	Weighted average exercise price	Number of shares (thousands)	Weighted average exercise price	Number of shares (thousands)	Weighted average exercise price
Outstanding at beginning of year	15,223	C$6.54	13,903	C$7.08	10,849	C$7.06
Granted	6,109	C$2.90	3,218	C$4.40	4,613	C$8.68
Exercised	(1,285)	C$2.24	(121)	C$2.23	(1,027)	C$3.13
Forfeited and expired	(4,828)	C$6.45	(1,777)	C$7.22	(532)	C$10.86
Outstanding at end of year	15,219	C$5.47	15,223	C$6.54	13,903	C$7.08

The weighted-average fair value per share of options granted during the year was C$1.18 in 2014, C$4.40 in 2013 and C$8.68 in 2012.

At November 30, 2014, there were 3,575,000 (2013: 2,507,000) non-vested options outstanding with a weighted average exercise price of C$3.15 (2013: C$5.92). During the year ended November 30, 2014, 4,636,000 (2013: 3,385,000) options vested.

The following table summarizes information about stock options outstanding and exercisable at November 30, 2014:

	Stock options - issued and outstanding	Stock options - exercisable
Range of price		

	Number of outstanding options (thousands)	Weighted average years to expiry	Weighted average exercise price	Number of exercisable options (thousands)	Weighted average exercise price
C$2.23 to C$3.99	6,072	4.10	C$2.90	3,084	C$2.90
C$4.00 to C$5.99	4,935	2.58	C$4.75	4,348	C$4.79
C$6.00 to C$7.99	900	2.24	C$6.34	900	C$6.34
C$8.00 to C$9.99	410	0.13	C$8.07	410	C$8.07
C$10.00 to C$11.99	1,735	1.96	C$10.24	1,735	C$10.24
C$12.00 to C$13.99	1,067	1.10	C$13.09	1,067	C$13.09
C$14.00 to C$15.04	100	2.50	C$14.82	100	C$14.82
	15,219	2.93	C$5.47	11,644	C$6.18

Performance share units

The Company has a PSU plan that provides for the issuance of PSUs in amounts as approved by the Company's Compensation Committee. Each PSU entitles the participant to receive a common share of the Company at the end of a specified period. The Compensation Committee may adjust the number of common shares for the achievement of certain performance and vesting criteria. The actual performance against each of these criteria generates a multiplier that varies from 0% to 150%. Thus, the common shares that may be issued vary between 0% and 150% of the number of PSUs granted, as reduced by the amounts for participants no longer with the Company on vesting date.

The following table summarizes annual information about the number of PSUs outstanding:

	Years ended November 30,		
	2014	2013	2012
Outstanding at beginning of year	1,268,450	805,300	347,350
Granted	1,819,700	706,150	584,800
Vested	(546,380)	(167,735)	(154,746)
Performance adjustment	(96,420)	(72,765)	38,396
Forfeited	(23,200)	(2,500)	(10,500)
Outstanding at end of year	2,422,150	1,268,450	805,300

The PSUs outstanding at November 30, 2014 are scheduled to vest over the next two years.

For the year ended November 30, 2014, the Company recognized a share-based compensation charge against income of $3,949 (2013: $3,935; 2012: $2,660) for PSUs. Under the PSU plan, the Company issued 329,645 common shares in 2014 (2013: 96,467; 2012: 86,949). The difference between the PSUs vested and the common shares issued were settled in cash to cover employee withholding taxes. The Company also issued 81,310 common shares to the Company's former COO in December 2012 plan for severance.

Deferred share units

The Company has a DSU plan that provides for the issuance of DSUs in amounts where the Directors receive half of their annual retainer in DSUs and have the option to elect to receive all or a portion of the other half of their annual retainer in DSUs. Each DSU entitles the Directors to receive one common share when they retire from the Company.

For the year ended November 30, 2014, the Company recognized a share-based payment charge against income of $191 (2013: $234; 2012: $193) for the DSUs granted to Directors during the year. Under the DSU plan, the Company issued 0 common shares in 2014, 7,750 common shares in 2013 and 4,261 common shares in 2012. The common shares were issued at the date of the DSU vesting and the valuation was deemed to be the opening TSX common share price of the vesting date.

Incentive shares

The Company recognized share-based payment charge against income of $2,769 in 2012 for incentive shares issued to new employees. In 2012, the Company issued 224,740 common shares and paid $1,152 for employee withholding taxes. The common shares were issued at the date of the new executive officers' employment agreements and the valuation was deemed to be the opening TSX common share price on the date of issuance.

NOTE 16 – SHARE CAPITAL

Common shares

The Company is authorized to issue 1,000,000,000 common shares without par value, of which 317,288,000 were issued and outstanding as of November 30, 2014 and 316,661,000 were issued and outstanding as of November 30, 2013.

Preferred shares

Pursuant to the Company's Notice of Articles filed pursuant to the Business Corporations Act (British Columbia), the Company is authorized to issue 10,000,000 preferred shares without par value. The authorized but unissued preferred shares may be issued in designated series from time to time by one or more resolutions adopted by the Directors. The Directors have the authority to determine the preferences, limitations and relative rights of each series of preferred shares. At November 30, 2014 and 2013, no preferred shares were issued or outstanding.

NOTE 17 – WARRANTS

	Years ended November 30, 2014		2013		2012	
	Number of warrants (thousands)	Weighted average exercise price	Number of warrants (thousands)	Weighted average exercise price	Number of warrants (thousands)	Weighted average exercise price
Balance – beginning of year	—	n/a	36,529	$1.48	40,420	$1.49
Exercised	—	n/a	(36,529)	$1.48	(3,891)	$1.48
Balance – end of year	—		—	—	36,529	$1.48

Share purchase warrants were exercised for total proceeds of $54,359 in 2013 and $5,743 in 2012. At November 30, 2014 and 2013 there were no share purchase warrants outstanding.

NOTE 18 – RECLASSIFICATIONS OUT OF ACCUMULATED OTHER COMPREHENSIVE INCOME

	Unrealized gain (loss) on marketable securities, net	Foreign currency translation adjustments	Total
November 30, 2013	$184	$64,320	$64,504
Change in other comprehensive income (loss) before reclassifications	(288)	(29,371)	(29,659)
Reclassifications from accumulated other comprehensive income (loss)	—	—	—
Net current-period other comprehensive income (loss)	(288)	(29,371)	(29,659)
November 30, 2014	$(104)	$34,949	$34,845

Details about accumulated other comprehensive income (loss) components:	Amount reclassified from accumulated other comprehensive income (loss) 2014	2013	2012
Marketable securities adjustments			
Impairment of marketable securities (1)	$—	$2,738	$—
Tax benefit (expense)	—	—	—
Net of tax	$—	$2,738	$—

(1) This accumulated other comprehensive income (loss) component is included in Write-down of investments in the Consolidated Statements of Loss.

NOTE 19 – RELATED PARTY TRANSACTIONS

The Company provided exploration and management services to Donlin Gold LLC for $235 in 2014, $258 in 2013 and $236 in 2012; office rental and services to Galore Creek Partnership for $437 in 2014, $423 in 2013 and $796 in 2012; and management and office administration services to NovaCopper for $nil in 2014, $168 in 2013 and $83 in

2012.

As of November 30, 2014, the Company has accounts receivable from Donlin Gold LLC of $nil (2013: $1,750) and from Galore Creek Partnership of $335 (2013: $394) included in other current assets and a receivable of $3,836 (2013: $4,132) from Galore Creek Partnership included in other long-term assets.

NOTE 20 – COMMITMENTS AND CONTINGENCIES

General

The Company follows ASC guidance in determining its accruals and disclosures with respect to loss contingencies. Accordingly, estimated losses from loss contingencies are accrued by a charge to income when information available prior to issuance of the financial statements indicates that it is probable that a liability could be incurred and the amount of the loss can be reasonably estimated. Legal expenses associated with the contingency are expensed as incurred. If a loss contingency is not probable or reasonably estimable, disclosure of the loss contingency is made in the financial statements when it is at least reasonably possible that a material loss could be incurred.

Obligations under operating leases

The Company leases certain assets, such as office equipment and office facilities, under operating leases expiring at various dates through 2017. Future minimum annual lease payments are $427 in 2015, $387 in 2016, $326 in 2017, totaling $1,175.

NOTE 21 – SUPPLEMENTAL CASH FLOW INFORMATION

	Years ended November 30,		
	2014	2013	2012
Interest received	$ 643	$ 630	$ 588
Interest paid	$ 870	$ 3,164	$ 5,180
Income taxes paid	$ 432	$ —	$ —
Non-cash investing activities			
Note receivable from BSNC from sale of AGC (note14)	$ —	$ —	$ 4,965

NOTE 22 – UNAUDITED SUPPLEMENTARY DATA

Quarterly data

The following is a summary of selected quarterly financial information (unaudited):

	2014			
	Q1	Q2	Q3	Q4
Operating loss	$(11,333)	$ (8,264)	$ (10,755)	$ (7,656)
Net loss	$(10,741)	$ (10,637)	$ (12,008)	$ (7,098)
Loss per common share, basic and diluted	$(0.03)	$ (0.03)	$ (0.04)	$ (0.02)

	2013			
	Q1	Q2	Q3	Q4
Operating loss	$(14,509)	$ (12,225)	$ (15,871)	$ (13,171)
Net loss	$(13,776)	$ (9,833)	$ (19,962)	$ (19,189)
Loss per common share, basic and diluted	$(0.05)	$ (0.03)	$ (0.06)	$ (0.06)

Significant after-tax items were as follows:

Fourth quarter 2014:	n/a
Third quarter 2014:	n/a
Second quarter 2014:	n/a
First quarter 2014:	(i) Foreign exchange gain $2,449 ($0.01 per share, basic and diluted).

Fourth quarter 2013:	(i) Income tax expense $3,896 ($0.01 per share, basic and diluted)
Third quarter 2013:	(i) Write-down of marketable securities $2,645 ($0.01 per share, basic and diluted).
Second quarter 2013:	(i) Gain on derivative liabilities $3,667 ($0.01 per share, basic and diluted).
First quarter 2013:	(i) Loss on derivative liabilities $3,276 ($0.01 per share, basic and diluted); (ii) gain from discontinued operations $4,917 ($0.02 per share, basic and diluted).

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

An evaluation was performed under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this Annual Report on Form 10-K. Based on the foregoing, our management concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

There was no change in our internal control over financial reporting that occurred during the quarter ended November 30, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements; providing reasonable assurance that receipts and expenditures of our assets are made in accordance with management’s authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

Management conducted its evaluation of the effectiveness of our internal controls over financial reporting based on the framework in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of November 30, 2014.

The effectiveness of our assessment of internal control over financial reporting as of November 30, 2014 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information concerning this item is contained in our definitive Proxy Statement, filed pursuant to Regulation 14A promulgated under the Securities Exchange Act of 1934 for the 2014 Annual Meeting of Shareholders and is incorporated herein by reference.

We have adopted a Code of Ethics that applies to our Chief Executive Officer, Chief Financial Officer and Corporate Controller or persons performing similar functions. This Code of Ethics is posted on our website (www.novagold.com). We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of the Code of Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on the our website, at the address specified above.

Our Code of Business Conduct and Ethics, and charters for each Committee of our Board are also available on our website. The Code of Ethics, Code of Business Conduct and Ethics and charters are also available in print to any stockholder who submits a request to: Corporate Secretary, NOVAGOLD RESOURCES INC., 789 West Pender Street, Suite 720, Vancouver, British Columbia, Canada V6C 1H2.

Information on our website is not deemed to be incorporated by reference into this Annual Report on Form 10-K.

Item 11. Executive Compensation

Information concerning this item is contained in our definitive Proxy Statement, filed pursuant to Regulation 14A promulgated under the Securities Exchange Act of 1934 for the 2015 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information concerning this item is contained in our definitive Proxy Statement, filed pursuant to Regulation 14A promulgated under the Securities Exchange Act of 1934 for the 2015 Annual Meeting of Stockholders and is incorporated herein by reference.

The following table provides information as of November 30, 2014, regarding compensation plans under which equity securities of the Company are authorized for issuance.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	17,822,218	C$5.47	26,598,168

Equity compensation plans not approved by security holders	—	—	—
Total	17,822,218	C$5.47	26,598,168

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information concerning this item is contained in our definitive Proxy Statement, filed pursuant to Regulation 14A promulgated under the Securities Exchange Act of 1934 for the 2015 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information concerning this item is contained in our definitive Proxy Statement, filed pursuant to Regulation 14A promulgated under the Securities Exchange Act of 1934 for the 2015 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)(1) Financial Statements

(a)(2) Financial Statement Schedules

Schedule A – The Financial Statements of Donlin Gold LLC as at November 30, 2014 and 2013 and for the years ended November 30, 2014, 2013 and 2012.

Schedule B – The Financial Statements of the Galore Creek Partnership as at December 31, 2014 and 2013 and for the years ended December 31, 2014, 2013 and 2012.

No other financial statement schedules are filed as part of this report because such schedules are not applicable or the required information is shown in the Consolidated Financial Statements or notes thereto. See "Item 8. Financial Statements and Supplementary Data".

(a)(3) Executive Compensation Plans and Arrangements

Employment Agreement between the Registrant and Gregory A. Lang, dated January 9, 2012, identified in exhibit list below.

Employment Agreement between NOVAGOLD Resources Alaska, Inc. (a wholly-owned subsidiary of the Registrant) and Gregory A. Lang dated January 9, 2012, identified in exhibit list below.

Employment Agreement between the Registrant and David Deisley, dated September 4, 2012, identified in exhibit list below.

Employment Agreement between NOVAGOLD USA, Inc. (a wholly-owned subsidiary of the Registrant) and David Deisley, dated September 4, 2012, identified in exhibit list below.

Employment Agreement between the Registrant and David Ottewell, dated September 10, 2012, identified in exhibit list below.

2004 Stock Award Plan of NOVAGOLD Resources Inc. (as amended) identified in exhibit list below.

NOVAGOLD Resources Inc. Employee Share Purchase Plan identified in exhibit list below.

NOVAGOLD Resources Inc. 2009 Performance Share Unit Plan identified in exhibit list below.

NOVAGOLD Resources Inc. 2009 Non-Employee Directors Deferred Share Unit Plan identified in exhibit list below.

(b) Exhibits

Exhibit No.	Description
3.1	Certificate of Continuance (British Columbia) dated June 10, 2013 (incorporated by reference to Exhibit 99.1 to the Form 6-K dated June 19, 2013)
3.2	Certificate of Discontinuance (Nova Scotia) dated June 10, 2013(incorporated by reference to Exhibit 99.2 to the Form 6-K dated June 19, 2013)
3.3	Notice of Articles (British Columbia) dated June 10, 2013 (incorporated by reference to Exhibit 99.3 to the Form 6-K dated June 19, 2013)
3.4	Articles of NOVAGOLD RESOURCES INC. dated June 20, 2013 (incorporated by reference to Exhibit 99.4 to the Form 6-K dated June 19, 2013)
10.1	Underwriting Agreement dated February 2, 2012 between RBC Dominion Securities Inc. and J.P. Morgan Securities LLC (incorporated by reference to Exhibit 99.1 to the Form 6-K dated February 2, 2012)
10.2	Amendment dated January 13, 2010 to Limited Liability Company Agreement dated December 1, 2007 between Donlin Gold LLC, Barrick Gold U.S. Inc. and NOVAGOLD Resources Alaska, Inc. (incorporated by reference to Exhibit 10.2 to Registrant’s Annual Report on Form 10-K for the year ended November 31, 2013, filed with the Securities and Exchange Commission on February 12, 2014)
10.3	Amendment dated February 11, 2009 to Galore Creek Partnership General Partnership Agreement dated August 1, 2007 (incorporated by reference to Exhibit 99.2 to the Form 6-K dated February 17, 2009)
10.4	Unit Purchase Agreement dated December 31, 2008 between Electrum and NOVAGOLD (incorporated by reference to Exhibit 99.1 to the Form 6-K dated February 13, 2009)
10.5	Amendment dated July 28, 2008 to Galore Creek Partnership General Partnership Agreement dated August 1, 2007 between NOVAGOLD Canada Inc., Teck Cominco Metals Ltd., Galore Creek Mining Corporation, NOVAGOLD Resources Inc. and Teck Cominco Limited (incorporated by reference to Exhibit 10.2 to Registrant’s Annual Report on Form 10-K for the year ended November 31, 2013, filed with the Securities and Exchange Commission on February 12, 2014)
10.6	Indenture dated as of March 26, 2008 between NOVAGOLD and The Bank of New York (incorporated by reference to Exhibit 99.1 to the Registrant’s Report of Foreign Private Issuer on Form 6-K filed on March 26, 2008)
10.7	Supplemental Indenture No. 1 dated as of March 26, 2008 to the Indenture between NOVAGOLD and The Bank of New York providing for the issuance of the Notes (incorporated by reference to Exhibit 99.1 to the Form 6-K dated March 26, 2008)
10.8	

	Limited Liability Company Agreement dated December 1, 2007 between Donlin Gold LLC, Barrick Gold U.S. Inc. and NOVAGOLD Resources Alaska, Inc. (incorporated by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the year ended November 31, 2013, filed with the Securities and Exchange Commission on February 12, 2014)
10.9	Amendment dated November 25, 2007 to Galore Creek Partnership General Partnership Agreement dated August 1, 2007 between NOVAGOLD Canada Inc., Teck Cominco Metals Ltd., Galore Creek Mining Corporation, NOVAGOLD Resources Inc. and Teck Cominco Limited (incorporated by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the year ended November 31, 2013, filed with the Securities and Exchange Commission on February 12, 2014)
10.10	Galore Creek Partnership General Partnership Agreement dated August 1, 2007 between NOVAGOLD Canada Inc., Teck Cominco Metals Ltd., Galore Creek Mining Corporation, NOVAGOLD Resources Inc. and Teck Cominco Limited (incorporated by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the year ended November 31, 2013, filed with the Securities and Exchange Commission on February 12, 2014)
10.11	2004 Stock Award Plan of NOVAGOLD Resources Inc. (as amended) (incorporated by reference to Appendix A of the Registrant's definitive proxy statement as filed on April 11, 2014)
10.12	NOVAGOLD Resources Inc. Employee Share Purchase Plan (incorporated by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the year ended November 30, 2013, filed with the Securities and Exchange Commission on February 12, 2014)

10.13	NOVAGOLD Resources Inc. 2009 Performance Share Unit Plan (as amended) (incorporated by reference to Appendix C of the Registrant's definitive proxy statement as filed on April 11, 2014)
10.14	NOVAGOLD Resources Inc. 2009 Non-Employee Directors Deferred Share Unit Plan (as amended) (incorporated by reference to Appendix E to Registrant's definitive proxy statement, filed with the Securities and Exchange Commission on April 11, 2014)
10.15	Employment Agreement between the Registrant and Gregory A. Lang, dated January 9, 2012. (incorporated by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the year ended November 31, 2013, filed with the Securities and Exchange Commission on February 12, 2014)
10.16	Employment Agreement between the Registrant and David Deisley, dated September 4, 2012. (incorporated by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the year ended November 31, 2013, filed with the Securities and Exchange Commission on February 12, 2014)
10.17	Employment Agreement between the Registrant's wholly-owned subsidiary, NovaGold USA, Inc., and David Ottewell, dated September 10, 2012. (incorporated by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the year ended November 31, 2013, filed with the Securities and Exchange Commission on February 12, 2014)
10.18	Amendment dated July 15, 2010 to Limited Liability Company Agreement dated December 1, 2007 between Donlin Gold LLC, Barrick Gold U.S. Inc. and NOVAGOLD Resources Alaska, Inc. (incorporated by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the year ended November 31, 2013, filed with the Securities and Exchange Commission on February 12, 2014)
10.19	Amendment dated June 1, 2011 to Limited Liability Company Agreement dated December 1, 2007 between Donlin Gold LLC, Barrick Gold U.S. Inc. and NOVAGOLD Resources Alaska, Inc. (incorporated by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the year ended November 31, 2013, filed with the Securities and Exchange Commission on February 12, 2014)
10.20	Employment Agreement between the Registrant's wholly-owned subsidiary, NOVAGOLD Resources Alaska, Inc., and Gregory A. Lang, dated January 9, 2012. (incorporated by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the year ended November 31, 2013, filed with the Securities and Exchange Commission on February 12, 2014)
10.21	Employment Agreement between the Registrant's wholly-owned subsidiary, NovaGold USA, Inc., and David Deisley, dated September 4, 2012. (incorporated by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the year ended November 31, 2013, filed with the Securities and Exchange Commission on February 12, 2014)
21.1	Subsidiaries of the registrant
23.1	Consent of PricewaterhouseCoopers LLP
23.2	Consent of Kirk Hanson

23.3	Consent of Greg Kulla
23.4	Consent of Jay Melnyk
23.5	Consent of Gordon Seibel
23.6	Consent of AMEC
23.7	Consent of Heather White
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NOVAGOLD RESOURCES INC.

By:/s/ Gregory A. Lang
Name: Gregory A. Lang
Title: President and Chief Executive Officer

Date: January 28, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Gregory A. Lang	President, Chief Executive Officer and Director (Principal Executive Officer)	January 28, 2015
/s/ David A. Ottewell	Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	January 28, 2015
/s/ Thomas S. Kaplan	Chairman	January 28, 2015
/s/ Sharon Dowdall	Director	January 28, 2015

/s/ Marc Faber	Director	January 28, 2015
/s/ Gillyeard J. Leathley	Director	January 28, 2015
/s/ Igor Levental	Director	January 28, 2015
/s/ Kalidas V. Madhavpeddi	Director	January 28, 2015

Signature	Title	Date
/s/ Gerald J. McConnell	Director	January 28, 2015
/s/ Clynton R. Nauman	Director	January 28, 2015
/s/ Rick Van Nieuwenhuyse	Director	January 28, 2015
/s/ Anthony P. Walsh	Director	January 28, 2015

January 26, 2015

Report of Independent Registered Public Accounting Firm

To the Shareholders of Donlin Gold LLC

We have audited the accompanying balance sheets of Donlin Gold LLC (the "Company") as of November 30, 2014 and November 30, 2013 and the related statements of loss and comprehensive loss, equity, and cash flows for each of the years ended 2014, 2013 and 2012. Management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Donlin Gold LLC as of November 30, 2014 and 2013 and its statements of loss and comprehensive loss and cash flows for each of the years in the three-year period ended November 30, 2014 in conformity with accounting principles generally accepted in the United States of America.

signed "PricewaterhouseCoopers LLP"
Chartered Accountants

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7
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DONLIN GOLD LLC

BALANCE SHEETS
(U.S. dollars in thousands)

	At November 30, 2014	At November 30, 2013
ASSETS		
Cash	$4,376	$6,663
Prepaid expenses	212	118
Current assets	4,588	6,781
Property and equipment (note 3)	809	1,083
Mineral property (note 4)	65,384	65,384
Total assets	$70,781	$73,248
LIABILITIES		
Accounts payable and accrued liabilities	$1,966	$2,427
Due to related parties (note 5)	194	1,995
Current liabilities	2,160	4,422
Reclamation and remediation (note 6)	1,384	1,384
Total liabilities	3,544	5,806
Commitments and contingencies (note 7)		
EQUITY		
Partners' contributions	313,874	286,108
Accumulated deficit	(246,637)	(218,666)
Total equity	67,237	67,442
Total liabilities and equity	$70,781	$73,248

The accompanying notes are an integral part of these financial statements.

Approved by the Members, through its Board of Representatives, of Donlin Gold, LLC.

DONLIN GOLD LLC

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(U.S. dollars in thousands)

	Years ended November 30,		
	2014	2013	2012
Operating expenses:			
General and administrative	$6,904	$7,438	$8,510
Camp operations and maintenance	1,461	2,121	4,924
Community relations	1,851	2,128	2,555
Permitting	9,284	7,816	5,479
Environmental compliance	1,216	3,873	7,908
Feasibility and engineering	2,002	3,982	906
Land lease payments	4,905	1,421	2,708
Exploration and evaluation	—	—	521
Depreciation	348	417	351
	27,971	29,196	33,862
Loss from operations	(27,971)	(29,196)	(33,862)
Other income (expense):			
Foreign exchange gain (loss)	—	(41)	5
	—	(41)	5
Net loss and comprehensive loss	$(27,971)	$(29,237)	$(33,857)

The accompanying notes are an integral part of these financial statements.

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DONLIN GOLD LLC

STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands)

	Years ended November 30, 2014	2013	2012
Operating activities:			
Net loss	$(27,971)	$(29,237)	$(33,857)
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation	348	417	351
Foreign exchange (gain) loss	—	41	(5)
Net change in operating assets and liabilities			
Accounts receivable and prepaid expenses	(94)	172	(189)
Accounts payable and accrued liabilities	(2,262)	1,656	(216)
Net cash used in operations	(29,979)	(26,951)	(33,916)
Investing activities:			
Additions to property and equipment	(74)	(36)	(430)
Net cash used in investing activities	(74)	(36)	(430)
Financing activities:			
Partners' contributions	27,766	24,310	36,876
Net cash provided from financing activities	27,766	24,310	36,876
Effect of exchange rate changes on cash	—	(41)	5
Increase (decrease) in cash during the period	(2,287)	(2,718)	2,535
Cash at beginning of period	6,663	9,381	6,846
Cash at end of period	$4,376	$6,663	$9,381

The accompanying notes are an integral part of these financial statements.

DONLIN GOLD LLC

STATEMENTS OF EQUITY
(U.S. dollars in thousands)

	Barrick contributions	NOVAGOLD contributions	Accumulated deficit	Total equity
		(in thousands)		
Balance at November 30, 2011	$112,461	$ 112,461	$ (155,572)	$69,350
Partners’ cash contribution	18,438	18,438	—	36,876
Net loss	—	—	(33,857)	(33,857)
Balance at November 30, 2012	$130,899	$ 130,899	$ (189,429)	$72,369
Partners’ cash contribution	12,155	12,155	—	24,310
Net loss	—	—	(29,237)	(29,237)
Balance at November 30, 2013	$143,054	$ 143,054	$ (218,666)	$67,442
Partners’ cash contribution	13,883	13,883	—	27,766
Net loss	—	—	(27,971)	(27,971)
Balance at November 30, 2014	$156,937	$ 156,937	$ (246,637)	$67,237

The accompanying notes are an integral part of these financial statements.

DONLIN GOLD LLC

NOTES TO FINANCIAL STATEMENTS
(U.S. dollars in thousands)

NOTE 1 – NATURE OF OPERATIONS AND ECONOMIC DEPENDANCE

On December 1, 2007, Barrick Gold U.S. Inc. ("Barrick") and NOVAGOLD Resources Alaska, Inc. ("NOVAGOLD"), formed Donlin Gold LLC, a Delaware limited liability corporation, (the "Company") to advance the Donlin Gold Project in Alaska. Each of Barrick and NOVAGOLD own a 50% interest in the Company. Donlin Gold LLC has a board of four directors, with two nominees selected by each company. All significant decisions related to Donlin Gold LLC require the approval of both companies. The Company currently depends on Barrick and NOVAGOLD for all of its funding and has received commitments from its shareholders that they will fund the Company for the next twelve months.

During the year ended November 30, 2014, Donlin Gold LLC continued to advance permitting of the Donlin Gold Project. The Donlin Gold LLC Board of Directors approved of the Project's Updated Feasibility Study in July 2012 and Donlin Gold LLC subsequently submitted a Plan of Operations and the Wetlands Permit Application under Section 404 of the U.S. Clean Water Act to the U.S. Army Corps of Engineers (the "Corps"), formally initiating the permitting process. This permit application triggered the start of the process of preparing an Environmental Impact Statement (EIS) under the National Environmental Policy Act (NEPA). The Corps, which is the lead agency for the NEPA process, selected AECOM (formerly URS Alaska Inc.), an independent contractor to prepare the EIS.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presentation

These financial statements are presented in United States dollars ($) and have been prepared in accordance with accounting principles generally accepted in the United States (GAAP).

Use of estimates

The preparation of the Company's Financial Statements requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the related disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. The more significant areas requiring the use of management estimates and assumptions relate to future cash flow estimates utilized in impairment calculations, when required, and environmental, reclamation and closure obligations. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results will differ from amounts estimated in these financial statements.

Property and equipment

On initial recognition, property and equipment are valued at cost. Property and equipment are subsequently measured at cost less accumulated depreciation. Depreciation is recorded over the estimated useful life of the assets at the following annual rates:

Computer equipment – 5 years straight line;

Computer software – 5 years straight line;
Furniture and equipment – 5 years straight line; and
Leasehold improvements – straight-line over the lease term.

Additions during the year are depreciated at one-half the annual rates. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Mineral properties

All direct costs related to the acquisition of mineral property interests are capitalized. Mineral property exploration expenditures are expensed when incurred. When it has been established that a mineral deposit is commercially mineable, an economic analysis has been completed in accordance with SEC Industry Guide 7 and permits are obtained, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized. Capitalized costs will be amortized following commencement of commercial production using the unit of production method over the estimated life of proven and probable reserves.

DONLIN GOLD LLC

NOTES TO FINANCIAL STATEMENTS
(U.S. dollars in thousands)

Asset retirement obligations

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or contractually required to undertake. The liability is estimated using expected cash flows based on engineering and environmental reports and accreted to full value over time through periodic charges to income. Adjustments to the reclamation obligation arising from changes in estimates are recorded as a component of the mineral property.

Income taxes

The LLC is not a taxable entity for income tax purposes. Accordingly, no recognition is given to income taxes for financial reporting purposes. Tax on the net income (loss) of Donlin is borne by the owners through the allocation of taxable income (loss). Net income for financial statement purposes may differ significantly from taxable income for the owners as a result of differences between the tax basis and financial reporting basis of assets and liabilities and the taxable income allocation requirements under the shareholders agreement.

Impairment of long-lived assets

Management assesses the possibility of impairment in the carrying value of its long-lived assets whenever events or circumstances indicate that the carrying amounts of the asset or asset group may not be recoverable. Management calculates the estimated undiscounted future net cash flows relating to the asset or asset. When the carrying value of an asset exceeds the related undiscounted cash flows, the asset is written down to its estimated fair value, which is usually determined using discounted future cash flows. Management's estimates of mineral prices, mineral reserves, foreign exchange, production levels and operating capital and reclamation costs are subject to risk and uncertainties that may affect the determination of the recoverability of the long-lived asset. It is possible that material changes could occur that may adversely affect management's estimates.

Cash and cash equivalents

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents. The fair value of the Company's financial assets, such as cash, approximates their carrying values at November 30, 2014 due to their short-term nature.

Trade payables

The fair value of the Company's financial liabilities, such as accounts payable and accrued liabilities approximates their carrying values at November 30, 2014 due to their short-term nature.

Due to related parties

The amounts due to Barrick and NOVAGOLD are non-interest bearing, unsecured and without specified terms of repayment.

Recently adopted accounting pronouncement

Development Stage Entities

In June 2014, Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) guidance was issued eliminating the concept of a development stage entity from GAAP and clarified that the disclosures under risks and uncertainties guidance are also applicable to these entities. Entities that are in their development stage are no longer required to present and disclose incremental information, such as inception-to-date information. The Company elected early application of the new standard applied retrospectively. Application of the new guidance had no impact on the consolidated financial position, results of operations or cash flows. The cumulative since inception financial information that was included previously under this standard are no longer being disclosed.

DONLIN GOLD LLC

NOTES TO FINANCIAL STATEMENTS
(U.S. dollars in thousands)

Recently issued accounting pronouncement

Presentation of Financial Statements – Going Concern

In August 2014, ASC guidance was issued that explicitly requires management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosures in certain circumstances. This standard is effective for the Company's fiscal year beginning December 1, 2017. Early application is permitted. The Company does not expect the updated guidance to have a material impact on the consolidated financial position, results of operations or cash flows.

NOTE 3 – PROPERTY AND EQUIPMENT

	At November 30, 2014	2013
Plant and equipment	$2,372	$2,298
Accumulated depreciation	(1,563)	(1,215)
	$809	$1,083

NOTE 4 – MINERAL PROPERTY

	At November 30, 2014	2013
Acquisition cost	$64,000	$64,000
Asset retirement cost	1,384	1,384
	$65,384	$65,384

The Donlin Gold Project is located in the Kuskokwim region of southwestern Alaska on private, Alaska Native-owned mineral and surface land and Alaska state mining claims. The property is under lease for subsurface mineral rights from Calista Corporation and surface land rights from The Kuskokwim Corporation, two Alaska Native corporations. The mineral property was jointly owned by Barrick and NOVAGOLD through an unincorporated joint venture prior to the formation of Donlin Gold LLC. Upon formation of the LLC, the mineral property contributed was recorded based on the predecessor accounting values of Barrick and NOVAGOLD. As such, mineral property includes the historic acquisition cost as the partners' initial contribution to Donlin Gold LLC.

NOTE 5 – RELATED PARTY TRANSACTIONS

Barrick and NOVAGOLD provided management and support services to Donlin Gold LLC as follows:

	Year ended November 30, 2014	2013	2012
Barrick	$2,618	$3,044	$3,263
NOVAGOLD	235	258	236
	$2,853	$3,302	$3,499

Amounts payable to related parties were as follows:

	At November 30,	
	2014	2013
Barrick	$194	$226
NOVAGOLD	—	1,769
	$194	$1,995

DONLIN GOLD LLC

NOTES TO FINANCIAL STATEMENTS
(U.S. dollars in thousands)

NOTE 6 – RECLAMATION AND REMEDIATION

Although the ultimate amount of the reclamation costs to be incurred cannot be predicted with certainty, the total undiscounted amount of estimated cash flows required to settle the Company's estimated obligations is $1,384. The amount has not been discounted due to the uncertainty of the timing of the reclamation activities due to the project's current permitting activities. Significant reclamation and closure activities include rehabilitation and decommissioning of the camp and drill sites.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

General

The Company follows ASC guidance in determining its accruals and disclosures with respect to loss contingencies. Accordingly, estimated losses from loss contingencies are accrued by a charge to income when information available prior to issuance of the financial statements indicates that it is probable that a liability could be incurred and the amount of the loss can be reasonably estimated. Legal expenses associated with the contingency are expensed as incurred. If a loss contingency is not probable or reasonably estimable, disclosure of the loss contingency is made in the financial statements when it is at least reasonably possible that a material loss could be incurred. Management has identified no loss contingencies that meet the recognition criteria.

Obligations under operating leases

The Company leases certain assets, such as mineral property, land, office facilities and equipment, under operating leases. Mineral property and land leases coincide with the projected Donlin Gold mine life, with provisions for a further extension, should production continue beyond that. Office facilities and equipment expire at various dates through 2016. Future minimum annual lease payments are $1,898 in 2015, $1,494 in 2016, $1,494 in 2017, $1,564 in 2018 and $1,567 in 2019 totaling $8,017.

NOTE 8 – SUBSEQUENT EVENTS

There were no events after the balance sheet date which would require adjustment to or disclosure in these financial statements. (2013: none).

January 27, 2015

Independent Auditor's Report

To the Partners of the Galore Creek Partnership

We have audited the accompanying Financial Statements of the Galore Creek Partnership, which comprise the balance sheets as at December 31, 2014 and December 31, 2013 and the statements of loss and comprehensive loss, changes in Partners' equity and cash flows for each of the three years in the period ended December 31, 2014, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards, as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement. Canadian generally accepted auditing standards also require that we comply with ethical requirements.

An audit involves performing procedures to obtain audit evidence, on a test basis, about the amounts and disclosures in the Financial Statements.The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. We were not engaged to perform an audit of the company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles and policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Opinion

In our opinion, the Financial Statements present fairly, in all material respects, the financial position of Galore Creek Partnership as at December 31, 2014 and December 31, 2013 and its financial performance and its cash flows for each of the years in the three-year period ended December 31, 2014 in accordance with International Financial Reporting

Standards, as issued by the IASB.

signed “PricewaterhouseCoopers LLP”
Chartered Accountants

PricewaterhouseCoopers LLP
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Galore Creek Partnership
A Partnership between NovaGold Canada Inc. and Teck Resources Ltd.

Financial Statements
December 31, 2014
(Expressed in thousands of Canadian dollars)

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Galore Creek Partnership
Balance Sheets
December 31, 2014

	2014 $	2013 $
Assets		
Current assets		
Cash and cash equivalents	709	1,131
Deposits and prepaid expenses	23	16
Due from Partner (Note 10b)	89	-
GST recoverable	-	15
	821	1,162
Mineral property, plant and equipment (Note 6)	705,257	704,510
Reclamation bonds (Note 7)	4,541	4,541
	710,619	710,213
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	380	904
Due to Partners (Note 10b)	73	630
	453	1,534
Due to NovaGold Canada Inc. (Note 7)	4,453	4,453
Decommissioning and restoration provision (Note 7)	14,675	14,466
	19,581	20,453
Equity		
Partners’ contributions	846,618	842,618
Partners’ deficit	(155,580)	(152,858)
	691,038	689,760
	710,619	710,213

Commitments and contingencies (Note 9)
Approved on Behalf of the Management Committee

____
Chairman of the Management Committee

(See accompanying notes to financial statements)

Galore Creek Partnership
Statements of Loss and Comprehensive Loss
For the Year Ended December 31, 2014

		(in thousands of Canadian dollars)	
	2014 $	2013 $	2012 $
Other Income			
Interest income	4	7	20
Expenses and other items			
Professional fees	38	74	66
Care and maintenance costs (Note 9)	2,688	5,076	9,593
	2,726	5,150	9,659
Loss and Comprehensive Loss for the year	(2,722)	(5,143)	(9,639)

(See accompanying notes to financial statements)

Galore Creek Partnership
Statements of Changes in Partners' Equity
For the Year Ended December 31, 2014

	NovaGold Contributions $	Teck Contributions $	Deficit $	Total $
Balance as at December 31, 2011	408,359	387,679	(138,076)	657,962
Net loss for the year	-	-	(9,639)	(9,639)
Contributions	16,091	16,091	-	32,182
Balance as at December 31, 2012	424,450	403,770	(147,715)	680,505
Net loss for the year	-	-	(5,143)	(5,143)
Contributions	7,199	7,199	-	14,398
Balance as at December 31, 2013	431,649	410,969	(152,858)	689,760
Net loss for the year	-	-	(2,722)	(2,722)
Contributions	2,000	2,000	-	4,000
Balance as at December 31, 2014	433,649	412,969	(155,580)	691,038

(See accompanying notes to financial statements)

Galore Creek Partnership
Statements of Cash Flows
For the Year Ended December 31, 2014

(in thousands of Canadian dollars)

	2014 $	2013 $	2012 $
Cash flows provided by operating activities			
Loss for the year	(2,722)	(5,143)	(9,639)
Items not affecting cash			
Net change in non-cash working capital			
Decrease in GST recoverable	15	140	120
(Increase) decrease in deposits and prepaid amounts	(7)	32	37
Increase(decrease) in accounts payable and accrued liabilities, and due to Partners	(1,190)	(1,008)	(4,424)
	(3,904)	(5,979)	(13,906)
Cash flows provided by financing activities			
Contributions from Teck Resources Ltd.	2,000	7,199	16,091
Contributions from NovaGold Canada Inc.	2,000	7,199	16,091
Due to NovaGold Canada Inc. – Long Term	-	65	268
Finance lease payments	-	-	(309)
	4,000	14,463	32,141
Cash flows provided by investing activities			
Additions to mineral property, plant and equipment	(518)	(8,775)	(21,978)
Reclamation bonds	-	(65)	(268)
	(518)	(8,840)	(22,246)
Net cash increase (decrease) for the year	(422)	(356)	(4,011)
Cash and cash equivalents at beginning of year	1,131	1,487	5,498
Cash and cash equivalents at end of year	709	1,131	1,487

(See accompanying notes to financial statements)

Galore Creek Partnership
Notes to Financial Statements
For the Year Ended December 31, 2014

(in Canadian dollars)

1 Nature of Operations and Economic Dependence

The Galore Creek Partnership ("Partnership") is a general partnership formed under the laws of the Province of British Columbia on August 1, 2007 for the purposes of development and construction of the Galore Creek mine. The Partnership is 50% owned by NovaGold Canada Inc. ("NovaGold"), a wholly owned subsidiary of NOVAGOLD RESOURCES INC. and 50% owned by Teck Resources Limited ("Teck"). The Partnership owns 100% of Galore Creek Mining Corporation, which is the operator of the project.

The Partnership's registered office is at 595 Burrard Street, Vancouver, British Columbia, Canada.

Upon formation of the Partnership, NovaGold contributed the Galore Creek project and Teck committed to contribute cash. Teck completed its earn-in obligation in 2011. Both NovaGold and Teck ("Partners") are currently equally responsible to fund future Partnership costs.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Partnership will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

Presently, the Partnership is economically dependent upon its Partners, NovaGold and Teck, for financial support and the Partnership has commitments from its Partners that it will receive support for the next 12 months. The future recoverability of the Partnership's mineral property, plant and equipment is dependent upon: the ability of the Partnership to obtain continued support from its Partners or to obtain financing necessary to complete the development of its property, the existence of economically recoverable reserves, the securing and maintaining title and beneficial interest in the properties, and the future profitable production or proceeds from disposition of the mineral properties.

2 Basis of Preparation

These annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were prepared by management and approved by the Partnership Management Committee on January 27, 2015.

These annual financial statements include the results of the Partnership and its wholly owned subsidiary, Galore Creek Mining Corporation.

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3 New IFRS Pronouncements

New IFRS pronouncements that have been issued but are not yet effective are listed below. The Partnership plans to apply the new standard in the annual period for which it is first required.

Financial Instruments

IFRS 9, Financial Instruments (IFRS 9), addresses the classification, measurement and recognition of financial assets and financial liabilities. The IASB has previously issued versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication of IFRS 9 is the completed version of the Standard, replacing earlier versions of IFRS 9 and superseding the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (IAS 39).

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

The completed version of IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. We are currently assessing the effect of this standard and its related amendments on the financial statements.

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4 Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements are as follows:

Mineral property, plant and equipment

Plant and equipment is recorded at cost, being the purchase price and the directly attributable costs to bring the assets to the location and condition necessary for it to be capable of operating in the manner intended by management. Mobile road building equipment is depreciated over its estimated useful life of 3 years on a straight line basis.

Exploration and evaluation costs

Exploration and evaluation costs are considered to be tangible assets, as they relate to the Galore Creek property for which resources exist and it is expected that the expenditures can be recovered by future exploitation or sale. These assets are not depreciated, as they are not currently available for use. When development is approved, capitalized exploration and evaluation costs will be reclassified to development costs or capital work-in-progress within property, plant and equipment.

Exploration and evaluation expenditures include property acquisition costs, engineering studies, drilling, survey work, capitalized construction costs relating to the advancement of the Galore Creek Project, mobile equipment depreciation and other costs related to the evaluation of the mineral resource. These costs will be transferred to work in progress once development is approved.

Mine development costs will be amortized on a unit-of production basis once the asset is in the location and condition necessary for it to be capable of operating in the manner intended by the Partnership. Mobile construction equipment is being amortized to exploration and evaluation costs over the estimated remaining useful life of the equipment. The amortization of the equipment was capitalized, as the equipment is required for continued development of the project.

Repairs and maintenance

Repairs and maintenance costs are charged to expense as incurred, except when these repairs significantly extend the life of an asset or result in an operating improvement. In these instances the portion of these repairs relating to the betterment is capitalized as part of plant and equipment.

Impairment of tangible assets

The carrying amounts of non-current assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash generating unit ("CGU") to which the asset belongs is determined. The recoverable amount of an asset or CGU is determined as the higher of its fair value less cost to sell and its value in use. An impairment loss exists if the asset’s or CGU’s carrying amount exceeds the recoverable amount.

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4 Summary of Significant Accounting Policies (cont'd)

Impairment of tangible assets (cont'd)

Value in use is determined as the present value of the future cash flows expected to be derived from an asset or CGU. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU for which estimates of future cash flows have not been adjusted. Fair value less cost to sell is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. For mining assets, fair value less cost to sell is often estimated using a discounted cash flow approach as a fair value from an active market or binding sale agreement is not readily available. Estimated future cash flows are calculated using estimated future prices, mineral reserves and resources, operating and capital costs. All assumptions used are those that an independent market participant would consider appropriate.

Provisions

Decommissioning and restoration provisions

Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a provision based on estimated future cash flows discounted at a credit adjusted risk free rate. The decommissioning and restoration provision ("DRP") is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate.

The DRP will be accreted to full value over time through periodic charges to earnings. This unwinding of the discount will be charged to financing expense in the statement of loss and comprehensive loss.

The amount of the DRP initially recognized is capitalized as part of the related asset's carrying value and amortized to earnings once production commences. The method of amortization follows that of the underlying asset. The costs related to a DRP are only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit. A revision in estimates or a new disturbance will result in an adjustment to the provision with an offsetting adjustment to the capitalized retirement cost.

Other provisions

Provisions are recognized when a present legal or constructive obligation exists, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate current market-based pre-tax discount rate.

Financial Instruments

The Partnership recognizes financial assets and liabilities on the balance sheet when the Partnership becomes a party to the contractual provisions of the instrument.

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(in Canadian dollars)

4 Summary of Significant Accounting Policies (cont'd)

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with banks and highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition.

Due from / (to) Partners

The amounts due from / (to) Partners are non-interest bearing, unsecured and without specified terms of repayment.

Trade receivables and payables

Loans and receivables are initially recorded at fair value with subsequent measurement at amortized cost.

The fair value of the Partnership's financial liabilities, including accounts payable approximates their carrying values at December 31, 2014 due to their short-term nature.

Reclamation bonds

The Partnership's held-to-maturity reclamation deposits are carried at cost and bear fixed interest rates. The fair value of these deposits approximates their carrying values.

Due to NovaGold Canada Inc.

The amount due to NovaGold Canada Inc. is a non-interest bearing payable and is recorded at cost.

Income Taxes

The Partnership is not a taxable entity for federal and provincial income tax purposes. Accordingly, no recognition is given to income taxes for financial reporting purposes. Tax on the Partnership's net income (loss) is borne by the Partners through the allocation of taxable income (loss). Net income for financial statement purposes may differ significantly from taxable income for the Partners as a result of differences between the tax basis and financial reporting basis of assets and liabilities and the taxable income allocation requirements under the Galore Creek Partnership Agreement.

5 Critical Accounting Estimates and Judgments

In preparing these financial statements, the Partnership makes estimates and judgements that affect the amounts recorded. Actual results could differ from those estimates. The estimates and judgements are based on historical experience and other factors the Partnership considers to be reasonable, including expectations of future events. The estimates and assumptions that could result in a material impact to the carrying amounts of assets and liabilities are outlined below.

Exploration and Evaluation expenditure

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgement in the following areas:

(i) Determination of whether any impairment indicators exist at each reporting date giving consideration to factors such as budgeted expenditures on the Galore Creek Property, assessment of the right to explore in the specific area and evaluation of any project specific and market data which would indicate that the carrying amount of exploration and evaluation assets is not recoverable; and

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Critical Accounting Estimates and Judgments (cont'd)

Exploration and Evaluation expenditure (cont'd)

(ii) Assessing when the commercial viability and technical feasibility of the project has been determined, at which point the asset is reclassified to property and equipment.

Decommissioning and restoration provisions

The DRP is based on cost estimates using information available at the balance sheet date. The DRP requires other significant estimates and assumptions such as: requirements of the relevant legal and regulatory framework, and the timing, extent and costs of required decommissioning and restoration activities. To the extent the actual costs differ from these estimates, adjustments will be recorded.

6 Mineral property, plant and equipment

(in thousands of Canadian dollars)

Cost	Exploration and Evaluation $	Mobile Construction Equipment $	Total $
At December 31, 2012	682,557	38,982	721,539
Additions	21,953	-	21,953
At December 31, 2013	704,510	38,982	743,492
Additions	747	-	747
At December 31, 2014	705,257	38,982	744,239
Accumulated Depreciation			
At December 31, 2012	-	(27,103)	(27,103)
Depreciation	-	(11,879)	(11,879)
At December 31, 2013	-	(38,982)	(38,982)
At December 31, 2013	-	(38,982)	(38,982)
Net Book Value			
At December 31, 2012	682,557	11,879	694,436
At December 31, 2013	704,510	-	704,510
At December 31, 2014	705,257	-	705,257

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7 Decommissioning and Restoration Provision

a) Reclamation provision

Although the ultimate amount of the reclamation costs to be incurred cannot be predicted with certainty, the total undiscounted amount of estimated cash flows required to settle the Partnership's estimated obligations is $14.7 million. The amount has not been discounted due to the uncertainty of the timing of the reclamation activities following the suspension of construction of the project. Significant reclamation and closure activities include land rehabilitation, decommissioning of roads, bridges, buildings and facilities at the project site.

The reclamation liabilities may be subject to change based on changes in management's estimates, changes in remediation technology or changes to the applicable laws and regulations.

(in thousands of Canadian dollars)

	2014 $	2013 $
Opening balance	14,466	13,670
Change in estimate	209	796
Accretion	-	-
Closing Reclamation Obligation	14,675	14,466

a) Reclamation bonds

Each of the Partners has provided collateral for their 50% share of reclamation bonds and letters of credit covering the required permits aggregating to $14.7 million.

At December 31, 2014 NovaGold funded $4.5 million of its share in respect of the BC Ministry of Forests and Range Special Use Permit ("Forestry Act Permit"), through the Partnership. The $4.5 million loan related to these reclamation bonds will be repaid to NovaGold once the Partnership's reclamation bond in respect of the Forestry Act Permit is released.

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8 Expenses by Nature

(in thousands of Canadian dollars)

	2014 $	2013 $	2012 $
Community and stakeholder engagement	333	321	327
Environmental consulting and field work	755	785	915
Fuel and energy	(18)	21	494
Insurance and property tax	108	134	168
Maintenance and repair supplies	119	37	3,256
Office rent and support	297	522	876
Other camp costs	16	9	496
Salaries and employee benefits	1,064	2,974	2,442
Transportation	14	273	619
Total care and maintenance costs	2,688	5,076	9,583

9 Commitments and contingencies

a) Operating lease commitments

The Partnership is party to certain operating leases. These operating leases include the Partnership's leased office location and certain office equipment with commitments ranging from one to six years. The future minimum lease payments as at December 31, 2014 are as follows:

(in thousands of Canadian dollars)

	$
2015	60
2016	59
Thereafter	39

b) The Partnership has a royalty agreement entitling the counterparty to a maximum annual net smelter royalty of between 0.5% to 1.0%. The royalty is subject to positive future operating mine cash flow and is contingent upon reaching certain agreed financial targets.

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10 Related party transactions

a) Management services

During the period ended December 31, 2014, NovaGold and Teck provided the Partnership with management services totaling $416,293 (2013 - $469,732; 2012 - $798,149) and $568,920 (2013 - $748,506; 2012 - $1,132,296), respectively.

b) Due to Partners

As at December 31, 2014, the Partnership owed $36,617 (2013 - $36,323) to NovaGold and $36,379 (2013 - $594,232) to Teck for management services. In addition, the Partnership was owed $88,951 (2013 - $Nil) by Teck subsidiaries for management services provided to Teck Projects by staff of the Partnership. The Partnership also owed $4.5 million (2013 - $4.5 million) to NovaGold in respect of reclamation bonds that NovaGold has funded in the Partnership's name.

11 Financial instruments

Financial assets are comprised of cash and cash equivalents, short-term deposits and reclamation bonds. Cash and cash equivalents are held with large Canadian banks.

Financial liabilities are comprised of accounts payable and accrued liabilities, due to partners and due to NovaGold Canada Inc. All financial liabilities are due within 30 days, except the payable to NovaGold.

The Partnership is not subject to material market risk on any of its financial instruments.

The carrying amount of all financial instruments approximates fair value.

12 Subsequent events

There were no events after the balance sheet date which would require adjustment to these financial statements (2013: none).