



Socioeconomic Perspectives on Mining

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October 6, 2011

NYSE-AMEX, TSX: NG



One Side of the Coin

“Social responsibility of business is to increase its profits . . . the corporation is an instrument of the stockholders who own it.

If the corporation makes a contribution, it prevents the individual stockholder himself deciding how he should dispose of his funds.”

-- Milton Friedman in 1970



The Flip Side

“A healthy business, a healthy university,
a healthy hospital cannot exist in a sick society.
Management has a self interest in a healthy society,
even though the cause of society’s sickness is not of
management’s making.”

-- Peter Drucker in 1984



Blending the two ideas

- It's about listening far more than it is about speaking
- It's not a passive activity
- Meets both business objectives and recipient needs
- Offers a distinct competitive advantage
- Achieves a definable impact on targeted communities



The Two-Headed Coin

- By engaging with communities, NovaGold gains traditional knowledge of the region and its people and is better equipped to:
 - Evaluate best practices
 - Structure the project to lessen impact
 - Promote a sustainable environment
 - Employ the local people
 - Secure social license to operate

Local communities become partners in the projects



Who is NovaGold and how do we do this?



NovaGold

- Vancouver-based metals company
- Development-stage projects in Alaska and British Columbia.
- Three world-class projects in its portfolio and one of the largest reserve/resource bases in its peer group



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NovaGold Projects

Donlin Gold

- One of the greatest undeveloped gold deposits
- Owned equally by NovaGold and Barrick
- Strong relationship with Calista Corporation and The Kuskokwim Corporation, owners of the sub-surface and surface rights, respectively.

Galore Creek

- Opportunity to be one of the largest, lowest-cost copper mines in North America
- Teck is 50% partner
- Partnership Agreement with Tahltan Nation

Ambler

- Opportunity to develop 70-mile lead, zinc, copper, silver, gold district above Arctic circle
- 100% owned by NovaGold; partnership with NANA Regional Corp.





How we approach projects

- Our first on the ground meetings are with community leaders and Aboriginal leaders
- **We listen**
- We reach out first
- We identify their concerns, needs and expectations
- **We listen**
- We use their Traditional Knowledge to shape our programs
- We set up partnerships
- We work together
- We keep them informed, engaged and involved
- **We listen**



Galore Creek

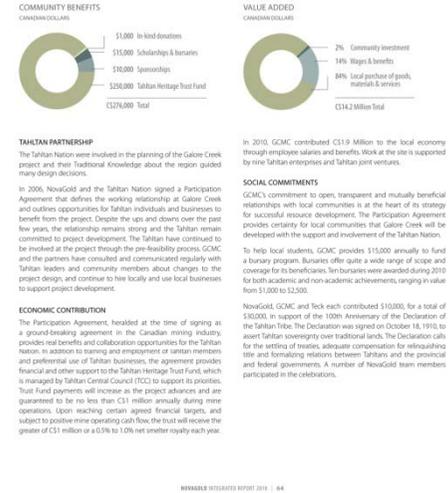
- Comprehensive Participation Agreement with the Tahltan Nation
 - Influences who we hire
 - Ensures community involvement
 - Increases local contractor participation
 - Protects natural ecosystem
 - Provides financial stability to employees, local business and tribal members





Galore Creek

- Tahltan Nation aligned with the project
 - Project is a part of the community
 - Involved in the planning of the Galore Creek project and their Traditional Knowledge about the region guided design decisions
 - Consulted and communicated regularly with Tahltan leaders and community members about changes to the project design, and continue to hire locally and use local businesses to support project development
 - Work at the site is supported by nine Tahltan enterprises and Tahltan joint ventures
 - Financial and other support to the Tahltan Heritage Trust Fund
 - Active role in the Environmental Assessment process

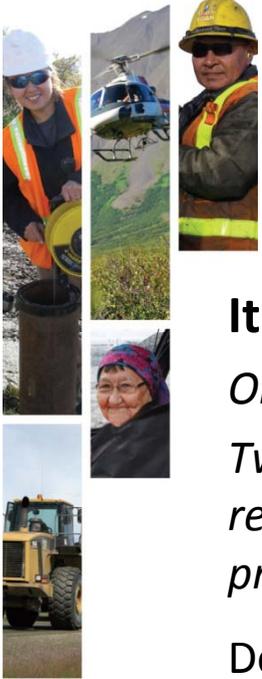




Donlin Gold

- Engagement with Alaska Native groups resulted in a better understanding of cultural sensitivities and issues, leading to:
 - Dramatic improvement in absentee rate
 - More harmonious workforce
 - Award-winning health and safety record
 - Employees becoming champions of the project
 - Employees advocating for better safety performance in communities





Donlin Gold

It takes a village...

Or in Donlin Gold's case, it takes 87 villages

Two-way dialogue with the surrounding federally recognized tribes to ensure culture and traditions are protected while bringing benefits to the local communities

Donlin Gold team travels frequently to many of the small isolated villages...

Donlin Gold has been relying on a cross-cultural learning strategy to unite economic development with centuries-old traditions

Life coaching programs yielded impressive results

Drug and alcohol free camps, health and safety training and on-site counselors continue to play a positive role in change management

8 out of 10 managers are Alaska Natives

Large percentage of employees and contractors from the region





Donlin Gold – Health Impact Assessment

- Broadens assessment of how projects change people's lives, new concept in the US
- Evaluates public health, culture and economic impacts of projects compared to pre-mining conditions
- Team approach led by State Department of Public Health
- Integrated with NEPA and permitting processes
- Reflects input of local communities on what is important to them



Ambler

- Project integral part of Kobuk community
- 60% of project staff hired from surrounding villages
- Focus on long-term workforce development
- Community engagement, project newsletters, village meetings and joint project oversight
- Work with State in public/private partnership for a much-needed transportation route to gain access to Ambler and the villages

<p>NOVAGOLD SNAPSHOT</p> <p>DONLIN CREEK PAGE 47</p> <p>One of the world's largest known undeveloped gold deposits, Donlin Creek is owned by Donlin Creek LLC (Donlin Creek), which is owned equally by Novagold and Barrick. The Donlin Creek deposit is located on private land and Donlin Creek has a strong relationship with Galista Corporation and The Kuskoquim Corporation, owners of the sub-surface and surface rights, respectively. The property holds a number of deposits and the current reserves and resources are contained within just 2 miles (3 kilometers) of the Sunde (Bakhowen) district with significant exploration potential remaining. Work at the project in 2010 focused on environmental and engineering studies required to review the use of natural gas at the mine site as well as community engagement. Donlin Creek expended approximately US\$40-million during Novagold's fiscal 2010, with Novagold contributing 50%.</p> <p>RESERVES GOLD: 33.6 Mozes RESOURCES 4.3 Mozes 4.4 Mozes (100% based on MEASURED & INDICATED) 4.4 Mozes (100% based on MEASURED)</p>	<p>50% OWNERSHIP WITH BARRICK</p> <p>ALASKA NATIVE PARTNERS: CALISTA CORPORATION AND THE KUSOKWIM CORPORATION</p> <p>MORE THAN 1.3 MILLION MAN HOURS WORKED WITH NO LOSS-TIME INCIDENTS OR RESTRICTED DUTY</p> <p>2011 VALUE DRIVER: FEASIBILITY REVISION TO INCORPORATE NATURAL GAS PIPELINE IN H2-2011, PREPARE PERMIT APPLICATIONS FOR PROJECT</p>	
<p>GALORE CREEK PAGE 60</p> <p>The Galore Creek property hosts a large, good-grade porphyry-related copper-gold-silver deposit, with significant exploration potential remaining at the project. The project is located in British Columbia and has been on care and maintenance to protect existing infrastructure while the Galore Creek Mining Corporation (GCMC) reviewed optimization scenarios. GCMC, owned equally by Novagold and Teck, has a comprehensive Participation Agreement with the Tahltan Nation. A pre-feasibility study based on a preferred project design is underway to provide capital cost estimates, potential permitting, construction and production timelines and an updated resource estimate. GCMC expended approximately US\$10-million on care and maintenance and the pre-feasibility study during Novagold's fiscal 2010, with Teck contributing 100%.</p> <p>RESOURCES COPPER: 8.9 Bilbs 3.5 Bilbs GOLD: 7.3 Mozes 3.3 Mozes SILVER: 1.23 Mozes 61 Mozes (100% based on MEASURED & INDICATED) 61 Mozes (100% based on MEASURED)</p>	<p>50% OWNERSHIP WITH TECK</p> <p>FIRST NATION PARTNER: TAHLTAN NATION</p> <p>3,000 TREES PLANTED & 72 ACRES (29 HECTARES) RESEEDDED</p> <p>2011 VALUE DRIVER: PRE-FEASIBILITY STUDY BASED ON OPTIMIZED MINE DESIGN IN Q2-2011</p>	
<p>AMBLER</p> <p>Ambler is a high-grade copper-zinc-lead-gold-silver exploration-stage property located in Alaska. Novagold continues to work with its Alaska Native partner and neighboring landholder, NANA Regional Corporation, to establish an agreement for collaborative development of the Ambler district. The Company feels there is excellent potential to expand the existing resources at the Arctic deposit and locate new high-quality resources in the district. Novagold released the results of a preliminary economic assessment for Ambler in April 2011, demonstrating the robust economics of developing this high-grade project. Project activities during 2010 included environmental and engineering studies and community engagement. Novagold expended US\$3-million in fiscal 2010 on the Ambler project.</p> <p>RESOURCES COPPER: 1.5 Bilbs 940 Milbs ZINC: 2.2 Bilbs 1.3 Bilbs GOLD: 0.45 Mozes 0.26 Mozes SILVER: 32 Mozes 19 Mozes (100% based on MEASURED & INDICATED) 19 Mozes (100% based on MEASURED)</p>	<p>100% OWNERSHIP</p> <p>ALASKA NATIVE PARTNER: NANA REGIONAL CORPORATION</p> <p>60% OF 2010 PROJECT STAFF HIRED FROM SURROUNDING COMMUNITIES</p> <p>2011 VALUE DRIVER: 10,000 METERS OF DISTRICT EXPLORATION, ENGINEERING AND ENVIRONMENTAL STUDIES TO ADVANCE PROJECT</p>	



Rock Creek

- Temporarily inactive gold mine project, 6 miles from Nome, Alaska
- Lands managed locally, employees generally live and work in the region
- Agreements with Bering Straits and Sitnasuak Native Corporation
- Nome legacy sites:
 - Disturbance from greater than 100 years of mining
 - Clean up activities integrated with opportunities for future land use



Triple Bottom Line Philosophy

Annual Report

- Traditional reporting which includes:
 - President's message
 - Financial status
 - Corporate governance
 - Annual performance
 - Market trends & share price performance
 - Project updates

Integrated Report

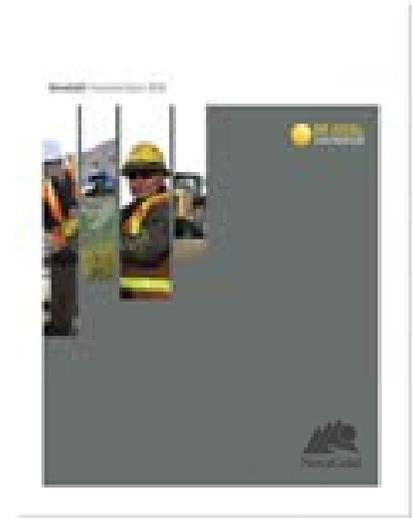
- Traditional reporting plus environmental, social and governance performance:
 - Chairman's message
 - Sustainable development plans
 - Stakeholder engagement
 - Health and safety performance
 - Environmental performance
 - Community investment
 - The precautionary principle
 - Values and policies
 - Diversity record



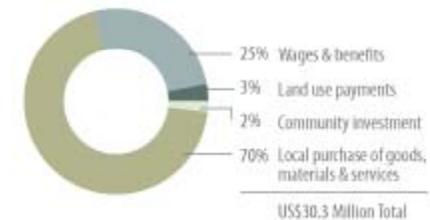
One Report

• In addition to everything you expect to find in an annual report, we reported quantitative and qualitative information on:

- Energy and water usage
- Emissions, effluents and waste
- Biodiversity and land use
- Human rights and labour practices
- Compliance
- Procurement
- Employment diversity
- Training and education
- Wages & benefits
- Community engagement and investment
- Corruption
- Marketing communications



VALUE ADDED
US DOLLARS





Excerpt: Gold4Green

Changing the face of organizational culture

... actions of NovaGold's workforce are embedding sustainability in organizational culture

...corporate office was upgraded in 2010 to a zero-waste facility, where garbage is sorted into one of four bins: organics, recyclables, paper recycling or non-recyclables.

... the program has already boosted job satisfaction.

... employee feedback:

“By the way, I think this is an AWESOME initiative and I will incite others to do even more.”

“I'm proud to work for a company and with colleagues who understand the things that are so important and yet often over-looked.”

Gold4Green is designed to be fun and informal...information and some contests and challenges

...tips and tricks to educate people on sustainability issues and empower them to make small changes...





We **believe** we can **learn**
from the people
most interested in our **projects**
and use their **knowledge**
to **improve** project
development plans