

**EXECUTION VERSION**

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

IN RE NOVAGOLD RESOURCES INC.	)	
SECURITIES LITIGATION	)	MASTER FILE
	)	
This Document Relates to:	)	1:08-CV-7041 (DLC) (JCF)
	)	
All Actions	)	
	)	

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Court File No.: CV-09-13833

ONTARIO  
SUPERIOR COURT OF JUSTICE

BETWEEN

PHILIP ELLIOTT and WILLIAM KORMOS

Plaintiffs

and

NOVAGOLD RESOURCES INC., et al.

Defendants

Proceeding under the *Class Proceedings Act, 1992*

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Court File No.: VLC-S-S-097866

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

LINDA M. ELLIOTT

Plaintiff

AND:

NOVAGOLD RESOURCES INC., et al.

Defendants

Proceeding under the *Class Proceedings Act*, R.S.B.C. 1996, c.50

## **AMENDED STIPULATION AND AGREEMENT OF SETTLEMENT**

The capitalized terms used throughout this Amended Stipulation and Agreement of Settlement have the meanings indicated below:

(a) “Actions” means the U.S. Action, the British Columbia Action and the Ontario Action.

(b) “AMEX” means the stock exchange formerly known as the American Stock Exchange, now known as NYSE Amex Equities.

(c) “Attorney Fees” means an amount paid or to be paid for fees for services rendered by U.S. Lead Counsel and Canadian Class Counsel but excluding expenses, disbursements, taxes and interest, if any.

(d) “Authorized Claimant” means a Class Member, or authorized representative of a Class Member, who timely submits a valid Proof of Claim and Release form to the Claims Administrator.

(e) “Brack” means George L. Brack.

(f) “British Columbia Action” means the action pending in the British Columbia Court, Court File No. VLC-S-S-097866.

(g) “British Columbia Class” means the class to be certified, for the purposes of settlement only, by the British Columbia Court comprised of all Persons resident in British Columbia, other than Excluded Persons, who purchased NovaGold common stock on the TSX during the Class Period.

(h) “British Columbia Class Counsel” means the law firm of Camp Fiorante Matthews.

(i) “British Columbia Court” means the Supreme Court of British Columbia.

(j) “British Columbia Opt-out Deadline” means a date fixed by the British Columbia Court in its pre-approval order for seeking exclusion from the Class.

(k) “British Columbia Plaintiff” means Linda M. Elliott.

(l) “Brown” means Douglas Brown.

(m) “Canadian Actions” means the British Columbia Action and the Ontario Action.

- (n) “Canadian Class” means the Ontario Class and the British Columbia Class.
- (o) “Canadian Class Counsel” means British Columbia Class Counsel and Ontario Class Counsel.
- (p) “Canadian Defendants” means NovaGold, Van Nieuwenhuysse, Brack, Halvorson, McConnell, Cole E. McFarland, Nauman, Philip, MacDonald, Brown and Hatch Ltd.
- (q) “Canadian Judgments” mean the orders to be issued by the Ontario Court and the British Columbia Court approving the Settlement substantially in the form attached hereto as Exhibits E and F.
- (r) “Canadian Plaintiffs” means the Ontario Plaintiffs and the British Columbia Plaintiff.
- (s) “Canadian Pre-Approval Orders” mean the orders to be issued by the Ontario Court and the British Columbia Court certifying the actions as class proceedings for settlement purposes and approving the Notice, substantially in the form attached hereto as Exhibits A and B.
- (t) “Claims Administrator” means such entity as Plaintiffs’ Counsel selects and the Courts approve to process Proofs of Claim and administer the Settlement.
- (u) “Class” or “Class Member” means the U.S. Class and the Canadian Class, both individually and collectively.
- (v) “Class Period” means the period from October 25, 2005 to and including January 16, 2008.
- (w) “Company” means NovaGold.
- (x) “Complaint” means the operative Corrected Consolidated Class Action Complaint in the U.S. Action.
- (y) “Courts” means the U.S. Court, the Ontario Court and the British Columbia Court.
- (z) “Defendant Releasers” means the Defendants, on behalf of themselves, their personal representatives, heirs, executors, administrators, trustees, successors and assigns.
- (aa) “Defendants” means the U.S. Defendants and the Canadian Defendants.
- (bb) “Defendants’ Canadian Counsel” means the law firm of Gowlings LLP.

(cc) “Defendants’ Counsel” means Defendants’ Canadian Counsel and Defendants’ U.S. Counsel.

(dd) “Defendants’ U.S. Counsel” means the law firm of Morrison & Foerster LLP.

(ee) “Director Defendants” means Van Nieuwenhuyse, Brack, Halvorson, McConnell, McFarland, Nauman and Philip.

(ff) “Effective Date” means the date upon which the Settlement shall become effective as set forth in paragraph 37 hereof.

(gg) “Escrow Account” means the interest-bearing account to be established for the benefit of the Class by U.S. Lead Counsel at a United States federally-insured banking institution.

(hh) “Escrow Agent” means Citibank, N.A.

(ii) “Escrow Amount” means C\$28 million.

(jj) “Exchange Act” means Securities Exchange Act of 1934.

(kk) “Excluded Person” means: (i) current or former defendants in the Actions; (ii) members of the immediate family of each current or former individual defendant in the Actions; (iii) any entity in which NovaGold or one of the current or former individual defendants has a controlling interest; (iv) any parent, subsidiary, or affiliate of NovaGold; (v) any person who was an officer or director of NovaGold or any of its subsidiaries or affiliates during the Class Period; (vi) the legal representatives, heirs, predecessors, successors, or assigns of any current or former defendant in the Actions; (vii) Electrum Strategic Resources LLC and (viii) any member of the Class who timely and validly requests exclusion in the manner approved by the Courts.

(ll) “Final” means:

(a) with respect to the U.S. Judgment, the later of: (i) if there is an appeal from the U.S. Judgment, the date of final affirmance on appeal and the expiration of the time for any further judicial review whether by appeal, reconsideration or a petition for a writ of certiorari and, if certiorari is granted, the date of final affirmance of the U.S. Judgment following review pursuant to the grant; (ii) the expiration of the time for the filing or noticing of any appeal from the U.S. Judgment, which is thirty (30) calendar days after the U.S. Judgment is entered on the U.S. Court’s docket; or (iii) if the U.S. Court enters a judgment in a form other than that set forth in Exhibit D hereto (an “Alternative Judgment”) and the Settlement is not terminated, the date that such Alternative Judgment becomes Final as defined in parts (i) to (ii) above and is no longer subject to appeal or review; and

(b) with respect to the Canadian Actions, the dates upon which each of the Canadian Judgments become final orders because no appeal has been taken within thirty (30) calendar days of the making and/or entry of the Canadian Judgments, or if an appeal may be taken, once there has been a final disposition of all appeals.

Any appeal or proceeding seeking subsequent judicial review pertaining solely to approval of the Plan of Allocation or to the award of attorneys' fees or expenses, shall not affect the time set forth above for U.S. Judgments or Canadian Judgments to become Final.

(mm) "GCMC" means the Galore Creek Mining Corp.

(nn) "Gross Settlement Fund" means the C\$28 million to be paid into the Escrow Account by or on behalf of the Defendants and any interest on or other income or gains in respect of said sum earned while this sum is held by the Escrow Agent in the Escrow Account.

(oo) "Halvorson" means Michael H. Halvorson.

(pp) "Harris" means Peter W. Harris.

(qq) "Hatch Defendants" means Hatch Ltd. and Bruce Rustad.

(rr) "Individual Defendants" means Van Nieuwenhuyse, MacDonald, Brown, Harris, Brack, Halvorson, McConnell, Nauman, and Philip.

(ss) "Judgments" means the U.S. Judgment and the Canadian Judgments.

(tt) "MacDonald" means Robert J. MacDonald.

(uu) "McConnell" means Gerald J. McConnell.

(vv) "Nauman" means Clynton R. Nauman.

(ww) "Net Settlement Fund" has the meaning set forth in paragraph 11(a)(i) to (v).

(xx) "New Orleans" means the New Orleans Employees' Retirement System.

(yy) "Notices" means, collectively, the Notice of Pendency and Proposed Settlement of Class Actions and the Summary Notice of Pendency and Proposed Settlement of Class Actions for publication, which shall be substantially in the forms attached hereto as Exhibits C-1 and C-3, respectively.

(zz) "NovaGold" means NovaGold Resources Inc. and its predecessors, parents, subsidiaries, affiliates, successors and assigns.

(aaa) “Ontario Action” means *Elliott and Kormos v. NovaGold Resources Inc., et. al.*, pending in the Ontario Court, Court File No. CV-09-13833.

(bbb) “Ontario Class” means the class to be certified, for the purposes of settlement only, by the Ontario Court comprised of all Persons, other than the British Columbia Class and Excluded Persons, who purchased NovaGold common stock on the TSX during the Class Period and all persons in Canada who purchased NovaGold common stock on the AMEX during the Class Period.

(ccc) “Ontario Class Counsel” means the law firm of Sutts, Strosberg LLP.

(ddd) “Ontario Court” means the Ontario Superior Court of Justice.

(eee) “Ontario Opt-out Deadline” means a date fixed by the Ontario Court in its pre-approval order for seeking exclusion from the Class.

(fff) “Ontario Plaintiffs” means Philip Elliott and William Kormos.

(ggg) “Person” means an individual, corporation, general or limited partnership, association, joint stock company, joint venture, limited liability company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof and any other business or legal entity and its heirs, predecessors, successors, representatives or assigns.

(hhh) “Philip” means James L. Philip.

(iii) “Plaintiffs’ Counsel” means U.S. Lead Counsel and Canadian Class Counsel.

(jjj) “Plan of Allocation” means the plan for apportioning the Net Settlement Fund to Authorized Claimants to be approved by the Courts.

(kkk) “Plan of Notice” means the plan for providing notice of the Settlement to Class Members substantially in the form attached hereto as Exhibit C-4 to be approved by the Courts.

(lll) “Proof of Claim” means the Proof of Claim and Release form to be submitted by the Class Members substantially in the form attached hereto as Exhibit C-2.

(mmm) “Released Parties” means Carl Gagnier, Gregory S. Johnson, Joseph R. Piekenbrock, Elaine M. Sanders, Douglas Nicholson, Defendants and each of their respective present and former parents, subsidiaries, affiliates, officers, directors, employees, general or limited partners or partnerships, foundations, trusts, principals, trustees, attorneys, auditors, accountants, investment bankers, consultants, agents, insurers, co-insurers, heirs, executors, administrators, predecessors, successors, and assigns.

(nnn) “Released Plaintiff Parties” means U.S. Lead Plaintiff, Canadian Plaintiffs, their respective counsel and the Class Members.

(ooo) “Releasers” means U.S. Lead Plaintiff, the Canadian Plaintiffs, and all Class Members on behalf of themselves, their personal representatives, heirs, executors, administrators, trustees, beneficiaries, current and former plan members and contributors, successors, and assigns.

(ppp) “Securities Act” means the Securities Act of 1933.

(qqq) “Settled Claims” means any and all claims, rights, causes of action, damages, or liabilities of any kind, nature, and character whatsoever in law, equity, or otherwise, including both known and Unknown Claims, which were, could have been, or could be asserted in any forum by the Class Members against any of the Released Parties, whether under United States or Canadian federal, state, provincial, local, statutory, or common law, or any other law, rule, or regulation, based upon, arising out of or relating to, directly or indirectly, any acts, facts, transactions, occurrences, representations, allegations, or omissions alleged in the Actions.

(rrr) “Settled Defendants’ Claims” means any and all claims, rights, causes of action, damages, or liabilities of any kind, nature, and character whatsoever in law, equity, or otherwise, including both known and Unknown Claims, which were, could have been, or could be asserted in any forum by the Released Parties against any of the Released Plaintiff Parties, whether under United States or Canadian federal, state, provincial, local, statutory or common law, or any other law, rule, or regulation, based upon, arising out of or relating to, directly or indirectly, the institution, prosecution or settlement of the Actions, but excluding any claims to enforce the terms of this Settlement.

(sss) “Settlement Hearings” means the hearings before the Courts to consider the fairness of and approve the Settlement.

(ttt) “Settling Defendants” means the defendants in the Actions.

(uuu) “Stipulation” or “Settlement” means this Amended Stipulation and Agreement of Settlement including all exhibits.

(vvv) “Taxes” means any and all applicable taxes, duties, and similar charges imposed by a government authority (including, without limitation, any estimated taxes, interest, or penalties) arising in any jurisdiction on the income of the Gross Settlement Fund and expenses and costs incurred in connection with the taxation of the Gross Settlement Fund (including, without limitation, the expenses of tax attorneys and accountants).

(www) “Termination Notice” means a notice terminating this Stipulation.

(xxx) “TSX” means the Toronto Stock Exchange.

(yyy) “Underwriter Defendants” means Citigroup Global Markets Inc., Cormark Securities Inc., Citigroup Global Markets Canada Inc., RBC Dominion Securities Inc., Scotia Capital Inc., Cormark Inc. and MGI Securities Inc.

(zzz) “Unknown Claims” means any and all Settled Claims which any of the U.S. Lead Plaintiff, the Canadian Plaintiffs, or the Class Members do not know or suspect to exist in their favor at the time of the Effective Date and any Settled Defendants’ Claims which any Defendant does not know or suspect to exist in his favor, as of the Effective Date, which if known might have affected the decisions with respect to the Settlement and releases therein. With respect to any and all Settled Claims and Settled Defendants’ Claims, the parties stipulate and agree that, upon the Effective Date, U.S. Lead Plaintiff, Canadian Plaintiffs, and Defendants shall expressly waive, and each Class Member shall be deemed to have waived, and by operation of the Judgments shall have expressly waived, any and all provisions, rights, and benefits conferred by any law of any state, province, or territory of the United States or Canada, or principle of common law or otherwise, which provides that a general release does not extend to claims which a creditor or releasor does not know or suspect to exist in their favor at the time of executing the release which, if known, might have materially affected their settlement and release of individuals and persons, including any provisions, rights or benefits under California Civil Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

U.S. Lead Plaintiff, Canadian Plaintiffs, and Class Members may hereinafter discover facts in addition to, or different from, those which they know or believe to be true with respect to the subject matter of the Settled Claims, but U.S. Lead Plaintiff and the Canadian Plaintiffs shall expressly fully, finally, and forever settle and release, and each Class Member, upon the Effective Date, shall be deemed to have and, by operation of the Judgments shall have, fully, finally, and forever settled and released any and all Settled Claims. U.S. Lead Plaintiff, Canadian Plaintiffs, and Defendants acknowledge, and Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Settled Claims and Settled Defendants’ Claims was separately bargained for and was a key element of the Settlement.

(aaaa) “U.S. Action” means *In re NovaGold Resources Inc. Securities Litigation*, Civ. No. 08-7041 (DLC) (JCF) pending in the U.S. Court before the Hon. Denise Cote, and all actions consolidated therein, including *Textor v. NovaGold*, 08-CV-7041, *City of Inkster Policemen and Firemen Retirement System v. NovaGold*, 08-cv-7854, and *New Orleans Employees Retirement System v. NovaGold*, 08-CV-10181.

(bbbb) “U.S. Class” means the class to be certified, for purposes of settlement only, by the U.S. Court comprised of all Persons, other than Excluded Persons, who: (i) purchased NovaGold common stock on the AMEX during the Class Period; (ii) are United States residents that purchased NovaGold common stock on the TSX during the Class Period; or (iii)



are United States residents that purchased publicly traded NovaGold common stock by any other means during the Class Period, and were allegedly damaged thereby.

(cccc) “U.S. Court” means the United States District Court for the Southern District of New York.

(dddd) “U.S. Defendants” means NovaGold, GCMC, Citigroup Global Markets, Inc., Citigroup Global Markets Canada Inc., RBC Dominion Securities, Inc., Scotia Capital Inc., Cormark Securities Inc., MGI Securities Inc., the Hatch Defendants, and the Individual Defendants.

(eeee) “U.S. Judgment” has the meaning set forth in paragraph 32 herein.

(ffff) “U.S. Lead Counsel” means the law firm of Labaton Sucharow LLP.

(gggg) “U.S. Lead Plaintiff” means the New Orleans Employees’ Retirement System.

(hhhh) “U.S. Opt-out Deadline” means a date fixed by the U.S. Court for seeking exclusion from the Class.

(iiii) “U.S. Preliminary Approval Order” means an order substantially in the form attached hereto as Exhibit C to be issued by the U.S. Court.

(jjjj) “Van Nieuwenhuyse” means Rick Van Nieuwenhuyse.

**WHEREAS:**

A. This Stipulation is submitted in the U.S. Action, the Ontario Action and the British Columbia Action.

B. Subject to the approval of the U.S. Court, this Stipulation is entered into in the U.S. Action pursuant to Rule 23 of the Federal Rules of Civil Procedure and Rule 408 of the Federal Rules of Evidence by the U.S. Lead Plaintiff, on behalf of itself and the U.S. Class, and the U.S. Defendants.

C. Subject to the approval of the Ontario Court, the Stipulation is entered into in the Ontario Action by the Ontario Plaintiffs, on behalf of themselves and the Ontario Class, and the Canadian Defendants.

D. Subject to the approval of the British Columbia Court, the Stipulation is entered into in the British Columbia Action by the British Columbia Plaintiff, on behalf of herself and the British Columbia Class, and the Canadian Defendants.

E. This Stipulation requires the approval of the U.S. Court, the Ontario Court and the British Columbia Court to become of full force and effect

F. Beginning on August 7, 2008, the following three putative class actions were filed in the U.S. Court alleging violations of the federal securities laws against NovaGold., certain of its current and former officers, employees, and directors, underwriters, and experts: *Textor v. NovaGold*, 08-CV-7041, *City of Inkster Policemen and Firemen Retirement System v. NovaGold*, 08-cv-7854, and *New Orleans Employees Retirement System v. NovaGold*, 08-CV-10181. By order dated November 5, 2008, the U.S. Court consolidated the class actions for all purposes under the caption *In re NovaGold Resources Inc. Securities Litigation*, 08-cv-7041.

G. On October 31, 2008, the U.S. Court, by Order dated November 5, 2008, appointed New Orleans to serve as lead plaintiff and Labaton Sucharow LLP as lead counsel in the U.S. Action.

H. On December 30, 2008, U.S. Lead Plaintiff filed the Complaint in the U.S. Action, alleging claims under Sections 10(b) and 20(a) of the Exchange Act and Sections 11, 12(a)(2), and 15 of the Securities Act. The Exchange Act claims were filed against NovaGold, the GCMC, Van Nieuwenhuyse, MacDonald, Brown, Harris, Brack, Halvorson, McConnell, Nauman and Philip. The Securities Act claims were filed against NovaGold and the Director Defendants, MacDonald, the Underwriter Defendants and the Hatch Defendants.

I. On January 23, 2009, each defendant in the U.S. Action moved to dismiss the Complaint. On June 5, 2009, the U.S. Court sustained U.S. Lead Plaintiff's Section 10(b) claim

against NovaGold and its Section 20(a) claims against the Individual Defendants. All other claims were dismissed. Additionally, the U.S. Court dismissed all claims of putative class members who reside abroad, *i.e.*, outside the United States, and who purchased their shares on the TSX.

J. On June 30, 2009, U.S. Lead Plaintiff commenced discovery in the U.S. Action by serving document requests upon NovaGold and the Individual Defendants. U.S. Lead Plaintiff also issued nine document subpoenas to various third-parties during the course of the U.S. Action. As a result of these efforts, at the time of the Settlement, U.S. Lead Plaintiff had reviewed and analyzed approximately 700,000 pages of documents.

K. In July 2009, the parties to the U.S. Action agreed to engage in their first mediation concerning a potential settlement. This mediation was conditioned on NovaGold's prior production to the U.S. Lead Plaintiff of over 27,000 pages of hard-copy documents. On September 11, 2009, the parties to the U.S. Action exchanged mediation statements, informed by the production of documents by NovaGold, and engaged in the first mediation session before the Hon. Layn Phillips (D. Okla.) (Ret.) on September 16, 2009. On October 15, 2009, the parties to the U.S. Action engaged in a second mediation session with Judge Phillips, but were again unable to reach a settlement. Following this mediation, NovaGold produced additional documents to U.S. Lead Plaintiff, principally from the Company's electronic files.

L. On October 14, 2009, the Ontario Action was commenced in the Ontario Court by plaintiff Vijay Goyal. The defendants in the Ontario Action include NovaGold, the Individual Defendants (except for Harris, NovaGold's Senior Vice President and Chief Operating Officer), Cole E. McFarland (deceased) and Hatch Ltd. Ontario Class Counsel is lead counsel in the Ontario Action. The Ontario Action has been assigned to the Hon. Justice L.C. Leitch. On

December 29, 2009, a Fresh Statement of Claim was filed in the Ontario Action which, *inter alia*, substituted plaintiffs Philip Elliot and William Kormos for Vijay Goyal.

M. On October 28, 2009, the British Columbia Action was commenced in the British Columbia Court by plaintiff Linda M. Elliott. British Columbia Class Counsel is lead counsel in the British Columbia Action.

N. On January 22, 2010, the parties to the U.S. Action attended a previously scheduled pre-trial conference before the U.S. Court, provided an update of settlement discussions to date and advised the court of their intention to take part in a third mediation in February. The U.S. Court Judge, the Hon. Denise Cote, offered her Honor's assistance in the mediation.

O. On February 12, 2010, the parties to the U.S. Action and the Canadian Actions participated in a mediation session before the Hon. Layn Phillips and the Hon. Denise Cote. All parties prepared and exchanged written submissions in advance of the mediation. That day, after extensive arm's-length settlement negotiations, with active participation by Judge Phillips and Judge Cote, the parties to the Actions reached an agreement in principle and signed a memorandum of understanding that led to this Settlement.

P. The Settling Defendants have denied and continue to deny any fault, liability, or wrongdoing of any kind relating to the allegations in the Actions. The Settling Defendants have denied and continue to deny each and all of the claims and contentions alleged in the Actions. This Stipulation, whether or not consummated, any proceedings relating to the Settlement, or any of the terms of the Settlement, whether or not consummated, shall not be construed as, or deemed to be evidence of, an admission or concession on the part of any Settling Defendant with respect to any claim or of any fault or liability or wrongdoing or damage whatsoever, or any

infirmity in any defense that the Settling Defendants have or could have asserted. Settling Defendants state that they are entering into this Settlement to eliminate the burden, expense, uncertainty, distraction, and risk of further litigation.

Q. U.S. Lead Plaintiff, the Canadian Plaintiffs and Plaintiffs' Counsel believe that the claims asserted in the Actions have merit and that the evidence developed to date supports the claims asserted. However, they recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Actions against the Settling Defendants through trials and appeals. They also have taken into account the uncertain outcome and the risk of any litigation—especially in complex matters such as the Actions as well as the difficulties and delays inherent in such litigation, including NovaGold's ability to remain a going concern. Plaintiffs' Counsel also are mindful of the inherent problems of proof and the possible defenses to the violations asserted in the Actions. Plaintiffs' Counsel believe that the Settlement set forth in this Stipulation is fair, reasonable, and adequate, and confers substantial monetary benefits upon the Class. Based on their evaluation, Plaintiffs' Counsel have determined that the Settlement is in the best interests of U.S. Lead Plaintiff, the Canadian Plaintiffs and the Class.

**NOW, THEREFORE,** it is hereby **STIPULATED AND AGREED** among the parties to this Stipulation, through their respective counsel, as follows:

#### **SCOPE AND EFFECT OF SETTLEMENT**

1. Within their respective scopes of knowledge, the signatories hereto believe the facts asserted in paragraphs A through Q are true.
2. The obligations incurred pursuant to this Stipulation shall be in full and final disposition with prejudice of (i) the Actions, (ii) any and all Settled Claims as against all

Released Parties, and (iii) any and all Settled Defendants' Claims as against all Released Plaintiff Parties. Nothing herein shall affect any right to enforce the terms of this Stipulation.

3. Upon the Effective Date, the Releasors, with respect to each and every Settled Claim, release and forever discharge, and are forever barred and enjoined from prosecuting, any Settled Claim against any of the Released Parties, and shall not institute, continue, maintain, or assert, either directly or indirectly, whether in the United States, Canada, or elsewhere, on their own behalf or on behalf of any class or any other person, any action, suit, cause of action, proceeding, complaint, claim or demand against any Released Party in respect of any Settled Claim or any matter relating thereto.

4. Upon the Effective Date, this Stipulation shall operate conclusively as an estoppel and full defense in the event of any action, suit, cause of action, proceeding, complaint, claim or demand brought by any Releasors against any of the Released Parties with respect to Settled Claims, and this Stipulation may be pleaded in the event of any such action, suit, cause of action, proceeding, complaint, claim or demand and relied upon for the purpose of an application to dismiss the action, suit, cause of action, proceeding, complaint, claim or demand.

5. Upon the Effective Date, the Defendant Releasors release and forever discharge each and every one of the Settled Defendants' Claims, and are forever barred and enjoined from prosecuting the Settled Defendants' Claims against the Released Plaintiff Parties.

6. Upon the Effective Date, this Stipulation shall operate conclusively as an estoppel and full defense in the event of any action, suit, cause of action, proceeding, complaint, claim, or demand brought by any Defendant Releasors against any of the Released Plaintiff Parties with respect to Settled Defendants' Claims and this Stipulation may be pleaded in the event of any such action, suit, cause of action, proceeding, complaint, claim, or demand and relied upon for

the purpose of an application to dismiss the action, suit, cause of action, proceeding, complaint, claim, or demand.

7. To the maximum extent allowed by law and statute, the Judgments, substantially in the forms attached hereto as Exhibits D, E and F, shall, as a condition for the Settlement, discharge the Released Parties from all claims, cross-claims, or third-party claims arising out of or relating to the Actions in the nature of contribution, indemnification, or reimbursement, and the Released Parties shall be forever barred and enjoined from commencing, prosecuting, or asserting any claim, cross-claim, or third-party claim arising out of or relating to the Actions in any forum against each other for or in the nature of contribution, indemnification, or reimbursement.

#### **SETTLEMENT CONSIDERATION**

8. As consideration for the Settlement, the Defendants, or their insurers, shall pay or cause to be paid the Escrow Amount into the Escrow Account within fourteen (14) calendar days of entry of the U.S. Preliminary Approval Order by the U.S. Court, provided that such period shall not begin to run until the following three (3) conditions are met:

- (a) U.S. Lead Counsel has e-mailed the insurers a copy of this fully executed Stipulation at these e-mail addresses: wborgeest@kbrlaw.com; dclark@travelers.com; lbrabander@chubb.com; and rgeorge@lbbslaw.com;
- (b) U.S. Lead Counsel has provided Defendants' U.S. Counsel with payment wiring instructions, including the full name of the payee settlement fund and the tax identification number for the settlement fund; and
- (c) U.S. Lead Counsel has notified the insurers at the above e-mail addresses that the U.S. Court has entered the U.S. Preliminary Approval Order.

9. (a) The Escrow Agent shall hold the Escrow Amount in Canadian dollars in trust and invest it in instruments backed by the full faith and credit of the United States Government or the Canadian Government; or fully insured by the United States Government or Canadian Government, or agencies thereof; or in an account fully insured by the United States Government or Canadian Government, and shall reinvest the proceeds of these instruments as they mature in similar instruments at their then-current market rates. The Gross Settlement Fund shall bear all risks related to investment of the Gross Settlement Fund.

(b) The Escrow Agent shall hold the Gross Settlement Fund in trust in Canadian dollars for the Class and shall not disburse the Gross Settlement Fund except as provided in this Stipulation or by order of the Courts.

(c) Subject to further order and/or direction as may be made by the Courts, the Escrow Agent is authorized to execute such transactions on behalf of the Class Members as are consistent with the terms of the Stipulation.

(d) All funds held by the Escrow Agent in the Gross Settlement Fund shall be deemed and considered to be in *custodia legis* of the Courts, and shall remain subject to the jurisdiction of the Courts until such time as such funds shall be distributed or returned pursuant to the Stipulation and/or further order(s) of the Courts.

10. (a) For the purposes of U.S. tax treatment, the Gross Settlement Fund is intended to be a Qualified Settlement Fund within the meaning of U.S. Treasury Regulation § 1.468B-1, et seq., and U.S. Lead Counsel, as administrator of the Gross Settlement Fund within the meaning of U.S. Treasury Regulation § 1.468B-2(k)(3), shall be responsible for causing the filing of tax returns and any other tax reporting for the Gross Settlement Fund and the payment from the Gross Settlement Fund of any Taxes owed with respect to the Gross Settlement Fund.



The Gross Settlement Fund shall be treated as a Qualified Settlement Fund from the earliest date possible, and the parties agree to any relation-back election required to treat the Gross Settlement Fund as a Qualified Settlement Fund from the earliest date possible. NovaGold agrees to provide promptly to U.S. Lead Counsel the statement described in U.S. Treasury Regulation § 1.468B-3(e).

(b) All Taxes shall be paid out of the Gross Settlement Fund, shall be considered to be a cost of administration of the Settlement, and shall be timely paid at the direction of U.S. Lead Counsel without prior orders of the Courts or consent of Defendants. The Claims Administrator or the Escrow Agent shall, to the extent required by law, be obligated to withhold from any distributions to Authorized Claimants any funds necessary to pay Taxes, including the establishment of adequate reserves for Taxes, as well as any amount that may be required to be withheld under U.S. Treasury Regulation § 1.468B-2(1)(2) or otherwise under applicable law.

11. (a) The Gross Settlement Fund shall be applied as follows: (i) to pay U.S. Lead Counsel's attorneys' fees and expenses, with interest thereon, and any costs and expenses awarded to the U.S. Lead Plaintiff by the U.S. Court, pursuant to the Private Securities Litigation Reform Act, as awarded by the U.S. Court; (ii) to pay Ontario Class Counsel's fees, disbursements, applicable taxes and any interest thereon, as awarded by the Ontario Court; (iii) to pay British Columbia Class Counsel's fees, disbursements, applicable taxes and any interest thereon, as awarded by the British Columbia Court; (iv) to pay all the costs and expenses reasonably and actually incurred in connection with providing notice, locating Class Members, assisting with the filing of claims, administering and distributing the Net Settlement Fund to Authorized Claimants, and processing Proofs of Claim, including translation costs and escrow

fees and costs, if any, as provided for herein and as approved by the Courts; and (v) to pay the Taxes described in paragraph 10(b). The Gross Settlement Fund less the amounts set forth in items (a)(i) through (a)(v) of this paragraph 11 shall be the “Net Settlement Fund.”

(b) The Claims Administrator will distribute the Net Settlement Fund to Authorized Claimants in accordance with the Stipulation, the Plan of Allocation and/or as directed by the Courts.

(c) None of the Defendants or the Released Parties shall have any responsibility for or liability whatsoever with respect to: (i) any act, omission, or determination of Plaintiffs’ Counsel, the Escrow Agent, or the Claims Administrator, or any of their respective designees or agents, in connection with the administration of the Settlement or otherwise; (ii) the management, investment, or distribution of the Gross Settlement Fund; (iii) the Plan of Allocation; (iv) the determination, administration, calculation, or payment of any claims asserted against the Gross Settlement Fund; (v) any losses suffered by, or fluctuations in the value of, the Gross Settlement Fund; or (vi) the payment or withholding of any Taxes, expenses or costs incurred in connection with the taxation of the Gross Settlement Fund or the filing of any returns.

(d) Authorized Claimants shall provide any and all information that the Claims Administrator may reasonably require and which is required by applicable law in respect of Taxes and filings and reporting for and in respect of Taxes, before any distributions are made to Authorized Claimants as contemplated hereby, and the Claims Administrator may, without liability to the Authorized Claimants, delay such distributions unless and until such information is provided in the form required by the Claims Administrator.

## **ADMINISTRATION**

12. The Claims Administrator shall administer the Settlement subject to the jurisdiction of the Courts. Subject to the direction of the Courts, U.S. Lead Counsel (with respect to the U.S. Class) and Canadian Class Counsel (with respect to the Canadian Class) shall be responsible for consulting with the Claims Administrator concerning the administration of the Settlement and disbursement of the Net Settlement Fund.

13. To the extent reasonably necessary to effectuate notice of the Settlement, NovaGold shall, at its own expense, provide to the Claims Administrator, in electronic form, to the extent reasonably available, all information from NovaGold's transfer records concerning the identity and last known address of Class Members during the Class Period.

14. Prior to the Effective Date, U.S. Lead Counsel may expend up to C\$500,000 from the Gross Settlement Fund, without further approval from NovaGold or the Courts, to pay the reasonable costs and expenses associated with administration of the Settlement, identifying and notifying the Class Members, and mailing and publishing the Notices to the Class in a manner approved by the Courts. These costs and expenses will include the actual costs of printing, mailing and publishing the Notices, payments to nominee owners for forwarding the Notices and other settlement-related documents to their beneficial owners, translation costs, escrow fees and costs, administrative expenses, and the fees charged by the Claims Administrator in connection with providing the Notices and processing the submitted claims. In the event that the Settlement is terminated, as provided for herein, reasonable and proper notice and administration costs paid or accrued in connection with this paragraph shall not be repaid or returned to Defendants or their insurers.

## **ATTORNEYS' FEES, EXPENSES, DISBURSEMENTS AND TAXES**

15. (a) Contemporaneously with their motion for final approval of the Settlement, U.S. Lead Counsel will make a motion to the U.S. Court for an award of their portion of the Attorney Fees and reimbursement of expenses in Canadian dollars to be paid from the Gross Settlement Fund.

(b) Contemporaneous with their motion for approval of the Settlement, Ontario Counsel will make a motion to the Ontario Court for an award of their portion of the Attorney Fees and disbursements, taxes and interest in Canadian dollars to be paid from the Gross Settlement Fund.

(c) Contemporaneous with their motion for approval of the Settlement, British Columbia Counsel will make a motion to the British Columbia Court for an award of their portion of the Attorney Fees and disbursements, taxes and interest in Canadian dollars to be paid from the Gross Settlement Fund.

(d) Defendants will take no position and will not make submissions on such motions.

(e) U.S. Lead Counsel and Canadian Class Counsel will seek combined Attorney Fees awards of 25% of the Gross Settlement Fund plus their expenses, disbursements, taxes and interest.

16. (a) Such amounts as are awarded by the U.S. Court to U.S. Lead Counsel from the Gross Settlement Fund shall be paid in Canadian dollars by the Escrow Agent immediately after entry of the U.S. Action fee and/or expense award.

(b) Such amounts as are awarded by the Ontario Court to Ontario Class Counsel from the Gross Settlement Fund shall be paid in Canadian dollars by the Escrow Agent

immediately after issuance and entry of the Ontario order approving the settlement and fixing Ontario Counsel's fees, disbursements, interest and taxes.

(c) Such amounts as are awarded by the British Columbia Court to British Columbia Class Counsel from the Gross Settlement Fund shall be paid in Canadian dollars by the Escrow Agent immediately after issuance and entry of the British Columbia order approving the settlement and fixing British Columbia Counsel's fees, disbursements, interest and taxes.

(d) Payment of the amount awarded by the U.S. Court to U.S. Lead Counsel is subject to U.S. Lead Counsel's obligation to make prompt reimbursement to the Gross Settlement Fund, plus accrued interest thereon at the same rate as is earned by the Gross Settlement Fund, of amounts received by it if and when: (i) as a result of any appeal or further proceedings on remand, or successful collateral attack, the attorneys' fees and/or expense award is reduced or reversed; (ii) the Effective Date does not occur; or (iii) this Stipulation is terminated. Reimbursement to the Gross Settlement Fund shall be made no later than fifteen (15) business days after (i) notice of the reduction or reversal of the fee or expense award or (ii) receipt of a Termination Notice.

(e) Payment of the amount awarded by the Ontario Court to Ontario Class Counsel and the British Columbia Court to British Columbia Class Counsel is subject to Canadian Class Counsel's obligations to make prompt reimbursement to the Gross Settlement Fund, plus accrued interest thereon at the same rate as is earned by the Gross Settlement Fund, of amounts received by them if and when: (i) as a result of any appeal or further proceedings on remand, or successful collateral attack, the respective fee and/or expense award is reduced or reversed; (ii) the Effective Date does not occur; or (iii) this Stipulation is terminated. Reimbursement to the Gross Settlement Fund shall be made no later than fifteen (15) business

days after (i) notice of the reduction or reversal of the fee or expense award or (ii) receipt of a Termination Notice.

17. The Attorney Fees, expenses, disbursements, interest and applicable tax paid in Canadian dollars to U.S. Lead Counsel, Ontario Class Counsel and British Columbia Class Counsel from the Gross Settlement Fund shall be in the amounts approved by their respective courts. Any dispute pertaining solely to payment of Attorney Fees, costs, expenses, disbursements, interest and applicable taxes shall have no effect on the validity or enforceability of the Stipulation.

18. Defendants and the Released Parties shall have no responsibility for, or any liability whatsoever with respect to, any payment of attorneys' fees and expenses to U.S. Lead Counsel or to Canadian Class Counsel. Notwithstanding any other provision of this Stipulation to the contrary, the procedure for and the allowance or disallowance (in whole or in part) by any of the Courts of any application by either U.S. Lead Counsel or Canadian Class Counsel for Attorneys' Fees and Expenses to be paid out of the Gross Settlement Fund are to be considered by the Courts separately and apart from their consideration of the fairness, reasonableness, and adequacy of the Settlement, and any order or proceedings relating to the award of Attorneys' Fees and Expenses, or any appeal of any order relating thereto, shall not operate to terminate or cancel this Stipulation or be deemed material thereto or affect the finality of the Court's Final Approval Order and Judgment approving the Stipulation and the Settlement, or any other orders entered pursuant to the Stipulation.

#### **PROOF OF CLAIM PROCESS**

19. In accordance with the orders of the Courts, claimants claiming to be an Authorized Claimant must submit to the Claims Administrator a timely completed Proof of Claim supported by such documents as are specified in the Proof of Claim, or such other documents or proof as U.S. Lead Counsel and Ontario Class Counsel, together, in their

discretion, deem acceptable. Counsel for the parties shall use their best efforts to have the Courts set a uniform deadline for the submissions of Proofs of Claim (the “Opt-out Deadline”).

20. Each Class Member who wishes to participate in the Net Settlement Fund must, by September 15, 2010 or such other time as may be set by the Court, submit a Proof of Claim to the Claims Administrator signed as if sworn under oath or made subject to the penalties of perjury pursuant to 28 U.S.C. § 1746, and:

(a) A Proof of Claim will be deemed submitted (A) when postmarked, if it is mailed by first-class, registered, or certified mail, postage prepaid, addressed in accordance with the instruction given thereon, and actually received by the Claims Administrator specified in the Proof of Claim, or (B), if otherwise submitted, such as by courier, e-mail or facsimile, when it is actually received by the Claims Administrator at the designated address;

(b) The Proof of Claim shall provide that, by submitting a Proof of Claim, the Class Member expressly releases all Settled Claims; consents to the jurisdiction of one of the Courts (as set forth herein); agrees to be subject to investigation, and, if a U.S. Class Member, discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to the validity and amount of the claimant’s claim; consents to summary disposition, by the Court that has jurisdiction over the claim, with respect to the validity and/or amount of his, her, or its claim; and waives trial by jury (to the extent any such right may exist) with respect to the Court’s summary disposition with respect to the validity or amount of his, her, or its claim; and

(c) Except as otherwise ordered by the Courts, Class Members who fail to timely submit a valid Proof of Claim within such period, or such other period as may be ordered by the Courts, or otherwise allowed, shall be forever barred from receiving any payments pursuant to the Stipulation and the Settlement, but will in all other respects be subject to and bound by the provisions of the Stipulation, the releases contained herein, and the respective Judgment.

21. The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's recognized loss as defined in the Plan of Allocation, subject to any further approval and order(s) of the Courts.

22. It is understood and agreed by the parties that any Plan of Allocation proposed to the Courts is not part of the Stipulation and is to be considered by the Courts separately from the Courts' consideration of the fairness, reasonableness, and adequacy of the Settlement, and any order or proceeding relating to the Plan of Allocation shall not operate to terminate or cancel the Stipulation or affect the Judgments approving the Stipulation and the Settlement set forth herein, or any other orders entered pursuant to the Stipulation.

23. This is not a claims-made settlement. None of the Defendants or their insurers shall be entitled to receive any of the Gross Settlement Fund following the Effective Date. There shall be no reversion paid to any of the Defendants or their insurers under any circumstances. Defendants shall have no involvement in reviewing or challenging claims.

24. In accordance with the Plan of Allocation approved by the Courts, and any further order(s) of the Courts, the Claims Administrator shall process the Proofs of Claim. After the Effective Date, the Claims Administrator shall allocate the Net Settlement Fund to Authorized Claimants and then distribute as authorized by the Courts.

25. If there is any balance remaining in the Net Settlement Fund after distribution to Authorized Claimants (whether by reason of tax refunds, uncashed checks or otherwise), in an amount that is not cost effective or efficient to redistribute to the Authorized Claimants who cashed their distribution checks, then such remaining funds, after payment of any further notice and administration expenses and Taxes, shall, without the need for a further order of any of the Courts, be paid: (i) 75% to an appropriate not-for-profit organization(s) designated by the U.S.



Lead Plaintiff and U.S. Lead Counsel; and (ii) 25% to the Law Foundation of Ontario to be deposited into the Access to Justice Fund, the capital and income of which shall be used in the discretion of the trustees for the purposes of making grants in support of public access to justice in Canada. Defendants and the Released Parties shall have no liability, obligation, or responsibility for the administration of the Settlement or disbursement of the Net Settlement Fund.

26. Payment pursuant to the Settlement and the Stipulation shall be deemed final and conclusive against all Class Members. All Class Members whose claims are not approved for payment shall be barred from participating in distributions from the Net Settlement Fund, but otherwise shall be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgments.

27. All proceedings with respect to the administration, processing, and determination of Proofs of Claim, and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of claims, shall be subject to the jurisdiction of the U.S. Court with respect to U.S. Class Members, subject to the jurisdiction of the Ontario Court with respect to Ontario Class Members and subject to the jurisdiction of the British Columbia Court with respect to British Columbia Class Members, provided, however, that a U.S. Class Member who purchased on the TSX must elect, with prejudice, one of the Courts to exercise jurisdiction over her, him or it, and a member of the Canadian Class who purchased on the AMEX and TSX must elect, with prejudice, one of the Courts to exercise jurisdiction over her, him or it.

28. The Net Settlement Fund shall be distributed to Authorized Claimants by the Claims Administrator only after the Effective Date, and after all timely claims have been

processed, and all Class Members whose timely claims have been rejected or disallowed, in whole or in part, have been notified and provided the opportunity to contest with the Claims Administrator such rejection or disallowance in accordance with the Plan of Allocation. If a dispute concerning a claim cannot be otherwise resolved, (i) U.S. Lead Counsel shall thereafter present the request for review to the U.S. Court in the case of members of (a) the U.S. Class, and (b) any member of the Canadian Class who purchased on the AMEX and TSX and who or which elected, with prejudice, the U.S. Court to exercise jurisdiction over her, him or it; (ii) Ontario Class Counsel shall present the request for review to the Ontario Court if the dispute concerns (a) an Ontario Class Member, and (b) any U.S. Class Member who purchased on the TSX and who or which elected, with prejudice, the Ontario Court to exercise jurisdiction over her, him or it; and (iii) the British Columbia Class Counsel shall present the request for review to the British Columbia Court if the dispute concerns a British Columbia Class Member.

29. No Class Member shall have any claim against U.S. Lead Plaintiff, U.S. Lead Counsel, Canadian Plaintiffs, Canadian Class Counsel, or against any of the Defendants, the Released Parties or Defendants' Counsel based on the investments, costs, expenses, administration, allocations, payments, and distributions that are made substantially in accordance with this Stipulation and the Settlement contained herein, the Plan of Allocation approved by the Courts, or further order of the Courts and no Canadian Class Member may commence an action against them for any of these matters without the leave of the Canadian Courts.

#### **APPROVAL OF THE SETTLEMENT**

30. The parties will use their best efforts to secure approval and consummation of the Settlement in accordance with their respective responsibilities set forth herein. The parties agree to stay all proceedings and steps in the Actions, other than proceedings contemplated by this

Stipulation, until the Effective Date or the termination of this Stipulation as provided herein, whichever occurs first.

31. (a) Promptly after this Stipulation has been fully executed, U.S. Lead Plaintiff shall apply to the U.S. Court, on notice to the U.S. Defendants, for entry of the U.S. Preliminary Approval Order, including approval of the Notices to be issued in connection with the U.S. Action.

(b) Promptly after this Stipulation has been fully executed, the Canadian Plaintiffs shall bring motions in the Ontario Court and the British Columbia Court, on notice to the Canadian Defendants, for the Canadian Pre-Approval Orders, including approval of the Notices to be issued in connection with the Canadian Actions.

32. If the U.S. Preliminary Approval Order is entered by the U.S. Court, U.S. Lead Counsel and Defendants' U.S. Counsel shall jointly seek to have a Settlement Hearing scheduled approximately thirty (30) calendar days after the U.S. Opt-out Deadline, for the U.S. Court to consider the fairness of the Settlement and, in connection with that hearing, shall jointly request that the final order and judgment substantially in the form attached hereto as Exhibit D, or in a form acceptable to the U.S. Plaintiffs' Lead Counsel and Defendants' U.S. Counsel (the "U.S. Judgment"), be issued and entered.

33. If the Canadian Pre-Approval Orders are issued and entered in the Ontario Court and the British Columbia Court, the parties to the Canadian Actions shall jointly seek to have Settlement Hearings scheduled in the Ontario Court and the British Columbia Court on or before August 6, 2010 to consider the fairness of the Settlement and, in connection with that hearing, shall jointly request that the final order and judgment substantially in the form of the Canadian

Judgments, or in a form acceptable to Canadian Class Counsel and Defendants' Canadian Counsel, be issued and entered.

34. Defendants do not consent to certification or authorization of the Actions other than to effectuate the Settlement. If the Settlement is not approved, is terminated pursuant to the terms in this Stipulation, or the Effective Date for any reason does not occur, any orders entered in connection with this Settlement shall be set aside on consent upon notice to the Courts.

#### **THE RIGHT TO OPT-OUT OF THE CLASSES**

35. (a) Putative Class Members shall have the right to exclude themselves, or opt-out, from either the U.S. Class or Canadian Class, and thereby from the U.S. Action and/or the Canadian Actions and this Settlement.

(b) Putative Class Members who wish to elect to opt-out shall, by the Opt-out Deadline, mail a written request for exclusion, in the manner set forth in the Notices, U.S. Preliminary Approval Order and the Canadian Pre-Approval Orders, to the Claims Administrator.

(c) Putative Class Members who timely and validly opt-out shall be excluded from any and all rights and obligations under the Settlement.

(d) Putative Class Members who do not opt-out in the manner set forth in the Notices and the time prescribed by the Courts shall be deemed to have elected to participate in this Settlement regardless of whether such individual or person timely files a valid Proof of Claim or whether such Proof of Claim is accepted or rejected.

36. Within seven (7) calendar days following the Opt-out Deadline, the Claims Administrator shall provide to Defendants' Counsel and Plaintiffs' Counsel copies of all exclusion requests.

## **EFFECTIVE DATE OF SETTLEMENT, WAIVER, AND TERMINATION**

37. The “Effective Date” of Settlement shall be the first date on which all of the following events have occurred:

- (a) the Defendants or their insurers have paid the \$28 million Canadian dollars into the Escrow Account as required by paragraph 8 of this Stipulation;
- (b) the U.S. Court has entered, without material modification, the U.S. Preliminary Approval Order;
- (c) the U.S. Judgment has been entered, without material modification, by the U.S. Court and has become Final;
- (d) the Canadian Pre-Approval Orders have been issued and entered without material modification and have become Final;
- (e) the Canadian Judgments have been issued and entered, without material modification, and have become Final; and
- (f) the time to terminate the Settlement pursuant to paragraphs 38-40 hereof has expired without any such termination.

38. U.S. Lead Plaintiff, the Canadian Plaintiffs and NovaGold shall each have the right to terminate the Settlement and this Stipulation by delivering a Termination Notice to the Parties and the Escrow Agent only within thirty (30) calendar days of: (a) any one of the Courts declining to issue the U.S. Preliminary Approval Order or the Canadian Pre-Approval Orders in any material respect; (b) any one of the Courts declining to approve this Settlement as set forth in this Stipulation in any material respect; (c) any one of the Courts declining to enter either the U.S. Judgment or the Canadian Judgments in any material respect; or (d) any appellate court reversing or modifying in any material respect the U.S. Judgment, the Canadian Judgments, or

any order contemplated by this Settlement. For purposes of this section of the Stipulation, no order of any of the Courts, or modification or reversal on appeal of any order of any of the Courts solely concerning the Plan of Allocation, the administration of the Settlement or the Persons performing such administrative functions, or the amount, advancement or award of any fees or expenses awarded by any of the Courts to any of the Plaintiffs' Counsel, including attorneys' fees and expenses, shall constitute grounds for termination of the Stipulation.

39. In addition to all of the rights and remedies that the Plaintiffs and Plaintiffs' Counsel have under the terms of this Stipulation, they shall also have the right to terminate the Settlement in the event that Defendants, or their insurers, do not pay, or cause to be paid, the Escrow Amount as provided in paragraph 6 above, by providing written notice of their election to terminate to all other Parties to this Stipulation and, thereafter, Defendants, or their insurers, fail to pay the Escrow Amount within fourteen (14) calendar days of the written notice.

40. Defendants and Plaintiffs, on behalf of the Class, have entered into a separate confidential agreement in connection with this Settlement which provides that NovaGold shall have the right to terminate the Settlement upon the conditions set forth in such agreement if the total number of shares of NovaGold common stock purchased by Class Members that timely and validly request to opt out of the Settlement meets a certain threshold set forth in that separate confidential agreement.

41. In the event the Settlement is terminated or fails to become effective for any reason, then, (i) within twelve (12) business days after service of the Termination Notice, the Escrow Agent shall return the Gross Settlement Fund, to the Defendants or its insurer, as the case may be, together with any interest earned thereon, less any Taxes due with respect to such income, and less costs of administration and notice, including any translation costs and escrow fees and costs, actually incurred and paid or payable from the Gross Settlement Fund, and (ii) the

parties to this Stipulation shall be deemed to have reverted to their respective status in the Actions immediately prior to the execution of this Stipulation, and shall proceed in all respects, except as otherwise expressly provided, as if this Stipulation and any related orders and judgments had not been entered.

### **NO ADMISSION OF WRONGDOING**

42. This Stipulation, whether or not consummated, and any negotiations or proceedings in connection herewith, any payments or consideration provided for herein, and any orders of the Courts relating to it do not constitute and will not be construed as, or be deemed to be, evidence or an admission or concession on the part of the Defendants of any liability or wrongdoing whatsoever or of the appropriateness of certifying a class other than for settlement purposes, or on the part of U.S. Lead Plaintiff, the Canadian Plaintiffs, Plaintiffs' Counsel, or any of the Class Members of any lack of merit to the Actions. The Stipulation shall not be construed as evidence or an admission or concession that the consideration to be given hereunder represents the amount that could or would have been recovered after trial. This Stipulation and each of its provisions and any orders of the Courts relating to it will not be offered or received in evidence in the Actions, or in any other action or proceeding for any purpose, except to enforce their terms. This Stipulation, and any of its terms, and any agreement or order relating thereto, shall not be deemed to be, or offered by any settling party to be received in evidence in any civil, criminal, administrative, or other proceeding, or utilized in any manner whatsoever as, a presumption, a concession, or an admission of any fault, wrongdoing, or liability whatsoever on the part of any Defendant or other Released Parties; provided, however, that nothing contained in this section shall prevent this Stipulation (or any agreement or order relating thereto) from being used, offered, or received in evidence in any proceeding to approve, enforce, or otherwise effectuate the Settlement (or any agreement or order relating thereto) or the Judgments, or in which the reasonableness,

fairness, or good faith of Defendants in participating in the Settlement (or any agreement or order relating thereto) is in issue, or to enforce or effectuate provisions of this Settlement, the Judgments, or the Proofs of Claim as to the Defendants, Released Parties, Plaintiffs, or the Class Members. This Stipulation may, however, be filed and used in other proceedings, where relevant, to demonstrate the fact of its existence and of this Settlement, including, but not limited to, any Defendant filing the Stipulation and/or the Judgments in any other action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

#### **MISCELLANEOUS PROVISIONS**

43. The parties to this Stipulation intend the Settlement to be a final and complete resolution of all disputes asserted or which could be asserted by the Class Members against the Released Parties with respect to the Settled Claims. Accordingly, U.S. Lead Plaintiff, the Canadian Plaintiffs, and Defendants agree not to assert in any forum that the Actions were brought by the plaintiffs or defended by Defendants in those actions in bad faith or without a reasonable basis. The parties shall assert no claims of any violation of Rule 11 of the (U.S.) Federal Rules of Civil Procedure relating to the prosecution, defense, or settlement of the Actions. The parties agree that the amount paid and the other terms of the Settlement were negotiated at arm's length in good faith by the parties, and reflect a settlement that was reached voluntarily after consultation with experienced and independent legal counsel.

44. The U.S. Lead Plaintiff, the Canadian Plaintiffs, or any Class Member do not recognize any infirmity in the claims asserted in the Actions or any other action. Nonetheless, they recognize the expense and length of continued proceedings necessary to prosecute the Actions through trial and appeals, and also have taken into account the uncertain outcome and



risk of any litigation, especially in complex actions such as the Actions, as well as the delays inherent in such litigation. They are further mindful of the inherent problems of proof under, and defenses to, the securities law, oppression, common law and other violations asserted in the Actions, and believe that the settlement provided for in this Stipulation confers substantial benefits upon the Class. U.S. Lead Plaintiff and the Canadian Plaintiffs and Plaintiffs' Counsel have determined that the Settlement is fair, reasonable, adequate, and in the best interests of the Class.

45. Defendants have vigorously denied, and continue to deny any wrongdoing and liability whatsoever and each and all claims and contentions alleged in the Actions and deny that the U.S. Lead Plaintiff, the Canadian Plaintiffs and members of the Class have suffered any damages, loss, or harm whatsoever by reason of any conduct or omission of the Defendants. Defendants state they are agreeing to this Settlement solely because it will eliminate the substantial burden, expense and uncertainties of further litigation and the concomitant distraction of resources and efforts from their businesses.

46. U.S. Lead Plaintiff, the Canadian Plaintiffs and the Defendants agree to cooperate fully with one another in seeking the Courts' approval of the Settlement and the orders and judgments referred to in this Stipulation concerning notice and approval of the Settlement, and to agree promptly upon and execute all such other documentation as may be reasonably required to obtain final approval by the Courts of the Settlement.

47. The Defendants warrant that, as to the payments made by or on behalf of them, at the time such payments were made or caused to be made pursuant to paragraph 7 above, they were not insolvent nor did nor will the payments required to be made by or on behalf of them render them insolvent within the meaning of and/or for the purposes of United States Bankruptcy

Code, including §§101 and 547 thereof. This warranty is made by the Defendants and not by counsel for the Defendants.

48. If a case is commenced in respect to any of the Defendants under Title 11 of the United States Code (Bankruptcy), or a trustee, receiver or conservator is appointed under any similar law, including but not limited to the Companies' Creditors Arrangement Act or the Bankruptcy and Insolvency Act, and in the event of the entry of a final order of a court of competent jurisdiction determining the transfer of money to the Escrow Account or any portion thereof by or on behalf of any Defendant to be a preference, voidable transfer, fraudulent transfer or similar transaction, and any portion thereof is required to be returned, and such amount is not promptly deposited to the Escrow Account by others, then, at the election of Plaintiffs' Counsel, the parties shall jointly move the Courts to vacate and set aside the releases given and the Judgments entered in favor of such Defendant pursuant to this Stipulation. Such releases and Judgments shall be null and void, and the parties so affected shall be restored to their respective positions in the Actions as of February 12, 2010, and any amount in the Escrow Account paid by or on behalf of such Defendant shall be returned as provided herein.

49. The consummation of the Settlement as it pertains to U.S. Class Members shall be under the authority of the U.S. Court and it shall retain jurisdiction for the purpose of entering orders providing for awards of attorneys' fees and expenses to U.S. Lead Counsel and enforcing the terms of this Stipulation as it relates to U.S. Class Members and any member of the Canadian Class who purchased on the AMEX and TSX and who or which elected, with prejudice, the U.S. Court to exercise jurisdiction over her, him or it. The consummation of the Settlement as it pertains to (i) Ontario Class Members shall be under the authority of the Ontario Court and any U.S. Class Member who purchased on the TSX and who or which elected, with prejudice, the

Ontario Court to exercise jurisdiction over her, him or it, and (ii) the British Columbia Class Members shall be under the authority of the British Columbia Court, and the Canadian Courts shall retain jurisdiction for the purpose of issuing and entering orders providing for legal fees, disbursements and applicable taxes and enforcing the terms of this Stipulation as it relates to Ontario Class Members and the British Columbia Class Members.

50. This Stipulation may not be modified or amended, nor may any of its provisions be waived, except by a writing signed by all parties hereto or their successors-in-interest.

51. The waiver by one party of any breach of this Stipulation by any other party shall not be deemed a waiver of any other prior or subsequent breach of this Stipulation or a waiver by any other party.

52. This Stipulation shall be binding upon, and inure to the benefit of, the successors, heirs, executors, administrators, trustees, and assigns of the parties and, upon the Effective Date, members of the U.S. Class and the Canadian Class and their respective successors, heirs, beneficiaries, current and former plan members and contributors, executors, administrators, trustees, and assigns.

53. The construction and interpretation of this Stipulation shall be governed by the laws of the State of New York (in the case of the U.S. Class), the Province of Ontario (in the case of the Ontario Class) and the Province of British Columbia (in the case of the British Columbia Class).

54. This Stipulation shall not be construed more strictly against one party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the parties, it being recognized that it is the result of arm's-length negotiations

between the parties and that all parties have contributed substantially and materially to the preparation of this Stipulation.

55. This Stipulation constitutes the entire agreement concerning the Settlement of the Actions and no representations, warranties, or inducements have been made by any party hereto concerning this Settlement other than those contained and memorialized herein. This Stipulation supersedes all prior agreements, representations warranties or inducements.

56. All counsel and any other person executing this Stipulation or any related settlement documents, warrant and represent that they have the full authority to do so and that they have the authority to take appropriate action required or permitted to be taken pursuant to the Stipulation to effectuate its terms.

57. This Stipulation may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument.

58. This Stipulation shall be prepared and executed only in the English language and shall not be translated.

59. Nothing in this Stipulation, Settlement, or the negotiations or proceedings relating to the foregoing is intended to or shall be deemed to constitute a waiver of any applicable privilege or immunity, including, without limitation, the accountants' privilege, the attorney client privilege, the joint defense privilege, or work product immunity.

**IN WITNESS WHEREOF**, the parties have caused this Stipulation to be executed, by their duly authorized counsel, dated as of April 20, 2010.

**LABATON SUCHAROW LLP**

By: 

Jonathan M. Plasse  
Joseph A. Fonti

U.S. Counsel for Lead Plaintiff New Orleans  
Employees' Retirement System and Lead Counsel  
for the U.S. Class

**MORRISON & FOERSTER LLP**

By: \_\_\_\_\_

Jack C. Auspitz  
Jamie A. Levitt

U.S. Counsel for NovaGold Defendants

**SUTTS, STROSBURG LLP**

By: \_\_\_\_\_

Jay Strosberg

Ontario Counsel for Plaintiffs  
Philip Elliott and William Kormos  
and Lead Counsel for the Ontario Class

**CAMP FIORANTE MATTHEWS**

By: \_\_\_\_\_

Reidar Mogerman

British Columbia Counsel for Plaintiff  
Linda M. Elliot and Lead Counsel for the  
British Columbia Class

**MCCARTHY TETRAULT LLP**

By: \_\_\_\_\_

Paul Steep

Counsel for Defendant Hatch Ltd.

**GOWLING LAFLEUR HENDERSON LLP  
/S.E.N.C.R.L.**

By: \_\_\_\_\_

Kelley McKinnon

Canadian Counsel for NovaGold Defendants

59. Nothing in this Stipulation, Settlement, or the negotiations or proceedings relating to the foregoing is intended to or shall be deemed to constitute a waiver of any applicable privilege or immunity, including, without limitation, the accountants' privilege, the attorney client privilege, the joint defense privilege, or work product immunity.

**IN WITNESS WHEREOF**, the parties have caused this Stipulation to be executed, by their duly authorized counsel, dated as of April 20, 2010.

**LABATON SUCHAROW LLP**

By: \_\_\_\_\_  
Jonathan M. Plasse  
Joseph A. Fonti

U.S. Counsel for Lead Plaintiff New Orleans  
Employees' Retirement System and Lead Counsel  
for the U.S. Class

**SUTTS, STROSBERG LLP**

By: \_\_\_\_\_  
Jay Strosberg

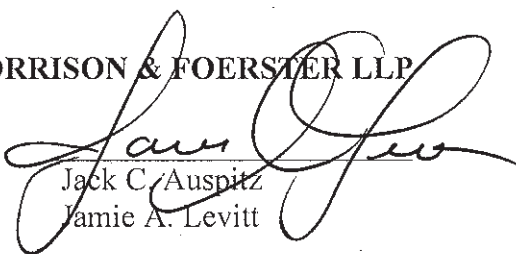
Ontario Counsel for Plaintiffs  
Philip Elliott and William Kormos  
and Lead Counsel for the Ontario Class

**MCCARTHY TETRAULT LLP**

By: \_\_\_\_\_  
Paul Steep

Counsel for Defendant Hatch Ltd.

**MORRISON & FOERSTER LLP**

By:   
Jack C. Auspitz  
Jamie A. Levitt

U.S. Counsel for NovaGold Defendants

**CAMP FIORANTE MATTHEWS**

By: \_\_\_\_\_  
Reidar Mogerman

British Columbia Counsel for Plaintiff  
Linda M. Elliot and Lead Counsel for the  
British Columbia Class

**GOWLING LAFLEUR HENDERSON LLP  
/S.E.N.C.R.L.**

By: \_\_\_\_\_  
Kelley McKinnon

Canadian Counsel for NovaGold Defendants

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By:

Jonathan M. Plasse  
Joseph A. Fonti

U.S. Counsel for Lead Plaintiff New Orleans  
Employees' Retirement System and Lead Counsel  
for the U.S. Class

**MORRISON & FOERSTER LLP**

By:

Jack C. Auspitz  
Jamie A. Levitt

U.S. Counsel for NovaGold Defendants

**SUTTS, STROSBERG LLP**

By:

  
Jay Strosberg

Ontario Counsel for Plaintiffs  
Philip Elliott and William Kormos  
and Lead Counsel for the Ontario Class

**CAMP FIORANTE MATTHEWS**

By:

Reidar Mogerman

British Columbia Counsel for Plaintiff  
Linda M. Elliot and Lead Counsel for the  
British Columbia Class

**MCCARTHY TETRAULT LLP**

By:

Paul Steep

Counsel for Defendant Hatch Ltd.

**GOWLING LAFLEUR HENDERSON LLP  
/S.E.N.C.R.L.**

By:

Kelley McKinnon

Canadian Counsel for NovaGold Defendants

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**LABATON SUCHAROW LLP**

By: \_\_\_\_\_  
Jonathan M. Plasse  
Joseph A. Fonti

U.S. Counsel for Lead Plaintiff New Orleans  
Employees' Retirement System and Lead Counsel  
for the U.S. Class

**MORRISON & FOERSTER LLP**

By: \_\_\_\_\_  
Jack C. Auspitz  
Jamie A. Levitt

U.S. Counsel for NovaGold Defendants

**SUTTS, STROSBURG LLP**

By: \_\_\_\_\_  
Jay Strosberg

Ontario Counsel for Plaintiffs  
Philip Elliott and William Kormos  
and Lead Counsel for the Ontario Class

**CAMP FIORANTE MATTHEWS**

By: \_\_\_\_\_  
  
Reidar Mogerman

British Columbia Counsel for Plaintiff  
Linda M. Elliot and Lead Counsel for the  
British Columbia Class

**MCCARTHY TETRAULT LLP**

By: \_\_\_\_\_  
Paul Steep

Counsel for Defendant Hatch Ltd.

**GOWLING LAFLEUR HENDERSON LLP  
/S.E.N.C.R.L.**

By: \_\_\_\_\_  
Kelley McKinnon

Canadian Counsel for NovaGold Defendants



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**LABATON SUCHAROW LLP**

By: \_\_\_\_\_  
Jonathan M. Plasse  
Joseph A. Fonti

U.S. Counsel for Lead Plaintiff New Orleans  
Employees' Retirement System and Lead Counsel  
for the U.S. Class

**MORRISON & FOERSTER LLP**

By: \_\_\_\_\_  
Jack C. Auspitz  
Jamie A. Levitt

U.S. Counsel for NovaGold Defendants

**SUTTS, STROSBURG LLP**

By: \_\_\_\_\_  
Jay Strosberg

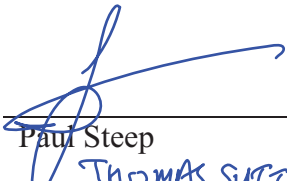
Ontario Counsel for Plaintiffs  
Philip Elliott and William Kormos  
and Lead Counsel for the Ontario Class

**CAMP FIORANTE MATTHEWS**

By: \_\_\_\_\_  
Reidar Mogerman

British Columbia Counsel for Plaintiff  
Linda M. Elliot and Lead Counsel for the  
British Columbia Class

**MCCARTHY TETRAULT LLP**

By:  \_\_\_\_\_  
Paul Steep  
THOMAS SUTTON  
Counsel for Defendant Hatch Ltd.

**GOWLING LAFLEUR HENDERSON LLP  
/S.E.N.C.R.L.**

By: \_\_\_\_\_  
Kelley McKinnon

Canadian Counsel for NovaGold Defendants

59. Nothing in this Stipulation, Settlement, or the negotiations or proceedings relating to the foregoing is intended to or shall be deemed to constitute a waiver of any applicable privilege or immunity, including, without limitation, the accountants' privilege, the attorney client privilege, the joint defense privilege, or work product immunity.

**IN WITNESS WHEREOF**, the parties have caused this Stipulation to be executed, by their duly authorized counsel, dated as of April 20, 2010.

**LABATON SUCHAROW LLP**

By: \_\_\_\_\_  
Jonathan M. Plasse  
Joseph A. Fonti

U.S. Counsel for Lead Plaintiff New Orleans  
Employees' Retirement System and Lead Counsel  
for the U.S. Class

**MORRISON & FOERSTER LLP**

By: \_\_\_\_\_  
Jack C. Auspitz  
Jamie A. Levitt

U.S. Counsel for NovaGold Defendants

**SUTTS, STROSBERG LLP**

By: \_\_\_\_\_  
Jay Strosberg

Ontario Counsel for Plaintiffs  
Philip Elliott and William Kormos  
and Lead Counsel for the Ontario Class

**CAMP FIORANTE MATTHEWS**

By: \_\_\_\_\_  
Reidar Mogerman

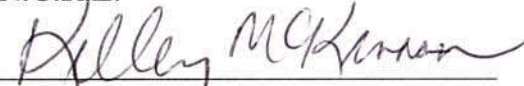
British Columbia Counsel for Plaintiff  
Linda M. Elliot and Lead Counsel for the  
British Columbia Class

**MCCARTHY TETRAULT LLP**

By: \_\_\_\_\_  
Paul Steep

Counsel for Defendant Hatch Ltd.

**GOWLING LAFLEUR HENDERSON LLP  
/S.E.N.C.R.L.**

By:  \_\_\_\_\_  
Kelley McKinnon

Canadian Counsel for NovaGold Defendants

# **Exhibit A**

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE JUSTICE                    )  
  )  
LEITCH    )     ●, THE ● DAY  
  )     OF APRIL, 2010

B E T W E E N

PHILIP ELLIOTT and WILLIAM KORMOS

Plaintiffs

and

NOVAGOLD RESOURCES INC., RICK VAN NIEUWENHUYSE,  
GEORGE L. BRACK, MICHAEL H. HALVORSON,  
GERALD J. MCCONNELL, CLYNTON R. NAUMAN,  
JAMES L. PHILIP, ROBERT J. MACDONALD and HATCH LTD.

Defendants

Proceeding under the *Class Proceedings Act, 1992*

**ORDER**

THIS MOTION, made by the plaintiffs for an order certifying the action as a class proceeding for settlement purposes, approving the Short Form Notice, the Long Form Notice, the Notice Plan and the Proof of Claim, appointing the Administrator to receive written elections to opt-out, written objections to the proposed settlement and Proofs of Claim, fixing the date to opt-out and the date to object to the proposed settlement, fixing the date for the motion to approve the settlement and class counsel fees and dismiss the action against Douglas Brown and Cole E. McFarland was heard on April ●, 2010.

ON READING the motion records of the parties, filed, including:

- (a) the motion records of the plaintiffs containing:
  - (i) the affidavit of Sharon Strosberg sworn April ●, 2010 and the exhibits contained therein;
  - (ii) the affidavit of Philip Elliott sworn April ●, 2010 and the exhibits contained therein; and
  - (iii) the affidavit of William Kormos sworn April●, 2010 and the exhibits contained therein.

ON HEARING the submissions of counsel for the plaintiffs and counsel for the defendants:

1. THIS COURT ORDERS that the following definitions apply for the purpose of this order:

- (a) “Actions” means the U.S. Action, the British Columbia Action and this action, *Elliott and Kormos v. NovaGold Resources Inc. et al.* commenced in the Ontario Superior Court of Justice;
- (b) “Administrator means The Garden City Group, Inc.;
- (c) “Administrator’s Addresses” means Novagold Resources Inc. Securities Litigation, c/o The Garden City Group, Inc., P.O. Box 9299, Dublin, Ohio, 43017-4699;
- (d) “AMEX” means the stock exchange formerly known as the American Stock Exchange, now known as NYSE Amex Equities.;
- (e) “Approval Hearing” means the hearing described in paragraph 13;
- (f) “British Columbia Action” means the action pending in the British Columbia Court, Court File No. VLC-S-S-097866;

- (g) “British Columbia Class Members” means the class to be certified for the purposes of settlement only, by the British Columbia Court, comprised of all persons resident in British Columbia, other than Excluded Persons, who purchased NovaGold common stock on the TSX during the Class Period;
- (h) “British Columbia Court” means the Supreme Court of British Columbia;
- (i) “Claim Packet” means the Long Form Notice and the Proof of Claim;
- (j) “Class Counsel” means Sutts, Strosberg LLP;
- (k) “Class” and “Class Members” means all persons, other than British Columbia Class Members and Excluded Persons, who purchased NovaGold common stock on the TSX during the Class Period and all persons in Canada who purchased NovaGold common stock on the AMEX during the Class Period;
- (l) “Class Period” means the period from October 25, 2005 to and including January 16, 2008;
- (m) “Courts” means the U.S. Court, the Ontario Superior Court of Justice and the British Columbia Court;
- (n) “CPA” means the *Class Proceedings Act, 1992*, S.O. 1992, c. 6;
- (o) “Excluded Persons” means (i) current or former defendants in the Actions; (ii) members of the immediate family of each current or former individual defendant in the Actions; (iii) any entity in which NovaGold or one of the current or former individual defendants has a controlling interest; (iv) any parent, subsidiary, or affiliate of NovaGold; (v) any person who was an officer or director of NovaGold or any of its subsidiaries or affiliates during the Class Period; (vi) the legal representatives, heirs, predecessors, successors, or assigns of any current or former defendant in the Actions; (v) Electrum Strategic Resources LLC and (vi) any member of the Class who timely and validly requests exclusion in the manner approved by the Courts;
- (p) “Long Form Notice” means the Long Form Notice of Pendency and Proposed Settlement of Class Actions attached at Schedule 1;
- (q) “Notice Plan” means the plan attached at Schedule 3;
- (r) “NovaGold” means NovaGold Resources Inc.;
- (s) “Plan of Allocation” means the plan attached at Schedule 5;
- (t) “Proof of Claim” means the form attached at Schedule 4;

- (u) “Settlement Agreement” means the settlement agreement dated March 31, 2010 and signed by the parties;
- (v) “Short Form Notice” means the Summary Notice of Pendency and Proposed Settlement of Class Actions attached as Schedule 2;
- (w) “TSX” means Toronto Stock Exchange;
- (x) “U.S. Action” means *In re NovaGold Resources Inc. Securities Litigation*, Civ. No. 08-7041 (DLC) (JCF) pending in the U.S. Court before the Hon. Denise L. Cote; and
- (y) “U.S. Court” means the United States District Court for the Southern District of New York.

2. THIS COURT ORDERS that this action be and is hereby certified as a class proceeding.

3. THIS COURT ORDERS that the Class is defined as:

All persons, other than B.C. Class Members and Excluded Persons, who purchased NovaGold common stock on the TSX during the Class Period and all persons in Canada who purchased NovaGold common stock on the AMEX during the Class Period.

4. THIS COURT ORDERS that Philip Elliott and William Kormos be and are hereby appointed as the representative plaintiffs.

5. THIS COURT DECLARES that the cause of action asserted on behalf of the Class is negligent misrepresentation.

6. THIS COURT DECLARES that the common issue is:

Did the defendants, or any of them, misrepresent that the Galore

Creek mining project was economically feasible?

7. THIS COURT ORDERS that the Long Form Notice and the Short Form Notice, generally in the form attached as Schedules 1 and 2, be and are hereby approved.
8. THIS COURT ORDERS that the Administrator be and is hereby appointed subject to any further order this court may make.
9. THIS COURT ORDERS that the Administrator shall:
  - (a) give the Class Members notice of this order in accordance with paragraphs 1, 2 and 6 of the Notice Plan;
  - (b) transmit the Claim Packet to those Class Members whose municipal address, email address or facsimile numbers can be identified with reasonable effort;
  - (c) receive any opt-out notices;
  - (d) receive any objections; and
  - (e) receive Proofs of Claim.
10. THIS COURT ORDERS that on or before ●, 2010, the Administrator shall file with the court an affidavit confirming compliance with paragraphs 1, 2 and 6 of the Notice Plan.
11. THIS COURT ORDERS that Class Counsel shall comply with paragraphs 3, 4 and 5 of the Notice Plan.



12. THIS COURT ORDERS that on or before ●, 2010, Class Counsel shall file with the court an affidavit confirming compliance with paragraphs 3, 4 and 5 of the Notice Plan.

13. THIS COURT ORDERS that on ●, 2010, at 10:00 a.m. eastern time at the Court House, 245 Windsor Avenue, Windsor, Ontario, it will hold the Approval Hearing to decide, among other things, whether or not to:

- (a) approve the Settlement Agreement;
- (b) approve the Plan of Allocation;
- (c) fix class counsel fees, disbursements and taxes;
- (d) confirm the appointment of the Administrator;
- (e) release the defendants from all claims asserted by the Class;
- (f) dismiss the action; and
- (g) deal with such other matters as the court deems appropriate.

14. THIS COURT ORDERS that at the Approval Hearing, the court will consider any written objections by Class Members to the proposed settlement, provided that they are postmarked or received by the Administrator on or before ●, 2010 at 5:00 p.m. eastern time, at one of the Administrator's Addresses, unless this court orders otherwise.

15. THIS COURT ORDERS that the written objections to the proposed settlement should include the following information:

- (a) the objector's name, address, telephone number, fax number and/or email address;

- (b) a brief statement of the nature of and reason for the objection;
- (c) documents establishing that the objector is a Class Member; and
- (d) a statement as to whether the objector intends to appear at the Approval Hearing in person or by counsel, and, if by counsel, the name, address, telephone number, fax number and email address of such counsel.

16. THIS COURT ORDERS that, subject to paragraph 17, a Class Member may not opt out of this class action unless he, she or it completes and signs a written election to opt out, provided that the written election is postmarked or received by the Administrator on or before ●, 2010 at 5:00 p.m. eastern time, at one of the Administrator's Addresses. The written election to opt out must contain the following information, and any other information reasonably requested by the Administrator:

- (a) name, address and contact information of the Class Member;
- (b) the number of NovaGold shares the Class Member acquired during the Class Period;
- (c) copies of trade confirmation(s) evidencing the acquisition of NovaGold shares during the Class Period;
- (d) the number of NovaGold shares sold by the Class Member during the Class Period; and
- (e) copies of trade confirmation(s) evidencing the sale of NovaGold shares during the Class Period.

17. THIS COURT ORDERS that, notwithstanding the date set in paragraph 16, any person who delivers a written notice of objection in accordance with paragraphs 14 and

15 may opt out of this action by sending a written election to opt out, containing the information described in paragraph 16, provided that it is received, or postmarked, by the Administrator, on or before ●, 2010 at 5:00 p.m. eastern time, at one of the Administrator's Addresses.

18. THIS COURT ORDERS that no person may opt out a minor or a mentally incapable Class Member without the permission of the court with notice to The Children's Lawyer and/or the Public Guardian and Trustee, as the case may be.

19. THIS COURT ORDERS that the Administrator shall, on or before ●, 2010, report to the court by affidavit, with a copy to Class Counsel and defendants' counsel, the names of the objectors, the name, address and contact information of any objector's counsel, and copies of the documents establishing that they are Class Members and the names, addresses and contact information of any person who has opted out of this action with copies of the opt-out notices delivered and any supporting documents.

20. THIS COURT ORDERS that, subject to any further order this court may make at the Approval Hearing, the Proof of Claim and the Plan of Allocation, generally in accordance with the form attached as Schedule 4 and Schedule 5, are hereby approved on a preliminary basis.

21. THIS COURT ORDERS that, subject to further order of the court, the Administrator is hereby authorized to receive Proofs of Claim and also to implement a procedure permitting nominee purchasers, such as broker/dealers and other persons, who

purchased or acquired NovaGold shares during the Class Period, to file Proofs of Claim personally or on behalf of their clients if they are authorized to do so.

22. THIS COURT ORDERS that, as soon as practicable, the Administrator shall send the Claim Packets by first class mail, email or fax to nominee purchasers and advise them to either send copies of the Claim Packet to their beneficial owners, or to provide the Administrator with lists of the names and addresses of the beneficial owners.

23. THIS COURT ORDERS that the Administrator shall send the Claim Packet promptly to such identified beneficial owners by first class mail, email, fax or otherwise.

24. THIS COURT ORDERS that nominee purchasers who elect to send the Claim Packet to their beneficial owners shall also send a statement to the Claims Administrator confirming that the mailing was made as directed.

25. THIS COURT ORDERS that the Administrator shall make additional copies of the Claim Packet available to any record holder requesting such for the purpose of distribution to beneficial owners.

26. THIS COURT ORDERS that the Administrator is authorized to reimburse nominee purchasers from the Settlement Fund after it receives proper documentation evidencing the reasonable costs incurred by the nominee purchasers in sending the Claim Packet to beneficial owners.

27. THIS COURT ORDERS that in order to receive any payment from this settlement, a Class Member must file a completed Proof of Claim with the Administrator on or before ●, 2010 at 5:00 pm eastern time unless this court orders otherwise.

28. THIS COURT ORDERS that NovaGold, to the extent it has not already done so, shall cause a copy of its transfer records and shareholder information to be made available to the Administrator within seven days of the making of this order.

29. THIS COURT ORDERS that any one or more of the plaintiffs, defendants, Class Counsel or the Administrator may apply to the court for further directions in respect of the implementation of this order.

30. THIS COURT ORDERS that this action against Douglas Brown and Cole E. McFarland be and is hereby dismissed without costs and that the title of proceedings is hereby amended to read as follows:

Court File No. CV-09-13833

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

B E T W E E N

PHILIP ELLIOTT and WILLIAM KORMOS

Plaintiffs

and

NOVAGOLD RESOURCES INC., RICK VAN NIEUWENHUYSE,  
GEORGE L. BRACK, MICHAEL H. HALVORSON,  
GERALD J. MCCONNELL, CLYNTON R. NAUMAN,  
JAMES L. PHILIP, ROBERT J. MACDONALD and HATCH LTD.

Defendants

Proceeding under the *Class Proceedings Act, 1992*

31. THIS COURT ORDERS that the amended title of proceedings shall appear on this order.

---

JUSTICE

### **SCHEDULE 3—NOTICE PLAN**

Within 10 business days after disposition by the Courts of the motions to approve the publication of the Long Form Notice and the Short Form Notice:

#### **Canadian Newspaper Publication**

1. The Administrator shall publish the Short Form Notice at least a 1/4 page in size in the business/legal section of the following newspapers: The Vancouver Sun, The Globe and Mail (National Edition), The National Post and La Presse (in French).

#### **International Newspaper Publication**

2. The Administrator shall publish the Short Form Notice in at least a 1/8 page in size in the business/legal section of The Wall Street Journal.

#### **Internet Publication**

3. Class Counsel shall post the Short Form Notice, the Long Form Notice and the Proof of Claim, in both English and French, on [www.novagoldclassaction.com](http://www.novagoldclassaction.com).

#### **Toll Free Message**

4. Class Counsel shall establish a toll free number and email address that will enable Class Members to obtain more information about the settlement, the claims process, and to request that a copy of the Short Form Notice, the Long Form Notice or the Proof of Claim.

#### **Individual Notice**

5. At any time, Class Counsel will mail and/or email the Long Form Notice and the Proof of Claim to all persons who have provided their postal addresses and /or email addresses to Class Counsel.

#### **Newswire**

6. The Administrator shall cause the Short Form Notice to be disseminated on PRNewswire.

ELLIOTT et al.

Plaintiffs

vs. NOVAGOLD RESOURCES INC. et al.

Defendants

Court File No. CV-09-13833

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding under the *Class Proceedings Act, 1992*

PROCEEDINGS COMMENCED AT WINDSOR

**ORDER**

**SUTTS, STROSBERG LLP**

Lawyers  
600 Westcourt Place  
251 Goyeau Street  
Windsor, ON N9A 6V4

HARVEY T. STROSBERG, Q.C.

LSUC #: 126400

PATRICIA SPEIGHT

LSUC #: 263803

JAY STROSBERG

LSUC #: 47288F

ANDREW MORTANTI

LSUC #: 57895E

Tel: 519.561.6285

Fax: 519.561.6203

LAWYERS FOR THE PLAINTIFFS

FILE: 70.097.000

REF: HTS/sw



# **Exhibit B**

[EXHIBIT B]

No. VLC-S-S-097866  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**BETWEEN:**

LINDA M. ELLIOTT

Plaintiff

**AND:**

NOVAGOLD RESOURCES INC., RICK VAN NIEUWENHUYSE,  
GEORGE L. BRACK, MICHAEL H. HALVORSON, GERALD J.  
MCCONNELL, CLYNTON R. NAUMAN, JAMES L. PHILIP,  
ROBERT J. MACDONALD and HATCH LTD.

Defendants

BROUGHT UNDER THE *CLASS PROCEEDINGS ACT*, R.S.B.C. 1996, c. 50

**ORDER**

BEFORE THE HONOURABLE	)	◆DAY, THE ◆TH
	)	
MADAM JUSTICE BROWN	)	DAY OF APRIL, 2010

THE APPLICATION of the plaintiff for an order certifying the action as a class proceeding for settlement purposes, approving the Short Form Notice, the Long Form Notice, the Notice Plan and the Proof of Claim, appointing the Administrator to receive written elections to opt-out, written objections to the proposed settlement and Proofs of Claim, fixing the date to opt-out and the date to object to the proposed settlement, fixing the date for the motion to approve the settlement and class counsel fees and dismiss the action against Douglas Brown and Cole E. McFarland was heard on April ◆, 2010.

AND ON READING the materials filed herein, AND ON HEARING the submissions of counsel for the plaintiff and counsel for the defendants, AND ON JUDGMENT BEING RESERVED TO THIS DATE:

THIS COURT ORDERS that:

1. the following definitions apply for the purpose of this order:
  - (a) “Actions” means the U.S. Action, the Ontario Action and this action, Elliott v. NovaGold Resources Inc. et al. commenced in the Supreme Court of British Columbia;
  - (b) “Administrator means The Garden City Group, Inc.;
  - (c) “Administrator’s Addresses” means Novagold Resources Inc. Securities Litigation, c/o The Garden City Group, Inc., P.O. Box 9299, Dublin, Ohio, 43017-4699;
  - (d) “AMEX” means the stock exchange formerly known as the American Stock Exchange, now known as NYSE Amex Equities;
  - (e) “Approval Hearing” means the hearing described in paragraph 13;
  - (f) “British Columbia Class Members” means the class to be certified for the purposes of settlement only, by the British Columbia Court, comprised of all persons resident in British Columbia, other than Excluded Persons, who purchased NovaGold common stock on the TSX during the Class Period;
  - (g) “Claim Packet” means the Long Form Notice and the Proof of Claim;
  - (h) “Class Counsel” means Camp Fiorante Matthews;
  - (i) “Class” and “Class Members” mean all persons, other than Excluded Persons, who acquired securities of Novagold during the Class Period and who held some or all of those securities at the close of trading on January 16, 2008;
  - (j) “Class Period” means the period from October 25, 2006 up to and including January 16, 2008;

- (k) “Courts” means the U.S. Court, the Ontario Court and the Supreme Court of British Columbia;
- (l) “CPA” means the Class Proceedings Act, R.S.B.C. 1996, c. 50;
- (m) “Excluded Persons” means (i) current or former defendants in the Actions; (ii) members of the immediate family of each current or former individual defendant in the Actions; (iii) any entity in which NovaGold or one of the current or former individual defendants has a controlling interest; (iv) any parent, subsidiary, or affiliate of NovaGold; (v) any person who was an officer or director of NovaGold or any of its subsidiaries or affiliates during the Class Period; (vi) the legal representatives, heirs, predecessors, successors, or assigns of any current or former defendant in the Actions; (vii) Electrum Strategic Resources LLC and (viii) any member of the Class who timely and validly requests exclusion in the manner approved by the Courts;
- (n) “Long Form Notice” means the Long Form Notice of Pendency and Proposed Settlement of Class Actions attached at Schedule 1;
- (o) “Notice Plan” means the plan attached at Schedule 3;
- (p) “NovaGold” means NovaGold Resources Inc.;
- (q) “Ontario Action” means the action pending in the Ontario Superior Court of Justice, Court File No.: CV-09-13833;
- (r) “Ontario Court” means the Ontario Superior Court of Justice;
- (s) “Plan of Allocation” means the plan attached at Schedule 5;
- (t) “Proof of Claim” means the form attached at Schedule 4;
- (u) “Settlement Agreement” means the settlement agreement dated April ♦, 2010, and signed by the parties;

- (v) “Short Form Notice” means the Summary Notice of Pendency and Proposed Settlement of Class Actions attached as Schedule 2;
- (w) “TSX” means Toronto Stock Exchange;
- (x) “U.S. Action” means In re NovaGold Resources Inc. Securities Litigation, Civ. No. 08-7041 (DLC) (JCF) pending in the U.S. Court before the Hon. Denise L. Cote; and
- (y) “U.S. Court” means the United States District Court for the Southern District of New York.

2. this action be and is hereby certified as a class proceeding.

3. the Class is defined as:

All persons, other than Excluded Persons, who acquired securities of Novagold during the Class Period and who held some or all of those securities at the close of trading on January 16, 2008.

4. Linda M. Elliott be and is hereby appointed as the representative plaintiff.

5. the cause of action asserted on behalf of the Class is negligent representation.

6. the proceeding be certified on the basis of the following common issue:

Did the defendants, or any of them, misrepresent that the Galore Creek mining project was economically feasible?

7. the Long Form Notice and the Short Form Notice, generally in the form attached as Schedules 1 and 2, be and are hereby approved.

8. the Administrator be and is hereby appointed subject to any further order this court may make.

9. the Administrator shall:

- (a) give the Class Members notice of this order in accordance with paragraphs 1, 2 and 6 of the Notice Plan;

- (b) transmit the Claim Packet to those Class Members whose municipal address, email address or facsimile numbers can be identified with reasonable effort;
  - (c) receive any opt-out notices;
  - (d) receive any objections; and
  - (e) receive Proofs of Claim.
10. on or before ♦, the Administrator shall file with the court an affidavit confirming compliance with paragraphs 1, 2 and 6 of the Notice Plan.
11. Class Counsel shall comply with paragraphs 3, 4 and 5 of the Notice Plan.
12. on or before ♦, Class Counsel shall file with the court an affidavit confirming compliance with paragraphs 3, 4 and 5 of the Notice Plan.
13. on ♦, at ♦ at the Courthouse, 800 Smithe Street, Vancouver, British Columbia, it will hold the Approval Hearing to decide, among other things, whether or not to:
- (a) approve the Settlement Agreement;
  - (b) approve the Plan of Allocation;
  - (c) fix class counsel fees, disbursements and taxes;
  - (d) confirm the appointment of the Administrator;
  - (e) release the defendants from all claims asserted by the Class;
  - (f) dismiss the action; and
  - (g) deal with such other matters as the court deems appropriate.
14. at the Approval Hearing, the court will consider any written objections by Class Members to the proposed settlement, provided that they are

postmarked or received by the Administrator on or before ♦, at one of the Administrator's Addresses, unless this court orders otherwise.

15. the written objections to the proposed settlement should include the following information:
  - (a) the objector's name, address, telephone number, fax number and/or email address;
  - (b) a brief statement of the nature of and reason for the objection;
  - (c) documents establishing that the objector is a Class Member; and
  - (d) a statement as to whether the objector intends to appear at the Approval Hearing in person or by counsel, and, if by counsel, the name, address, telephone number, fax number and email address of such counsel.
16. subject to paragraph 17, a Class Member may not opt out of this class action unless he, she or it completes and signs a written election to opt out, provided that the written election is postmarked or received by the Administrator on or before ♦, at one of the Administrator's Addresses. The written election to opt out must contain the following information, and any other information reasonably requested by the Administrator:
  - (a) name, address and contact information of the Class Member;
  - (b) the number of NovaGold shares the Class Member acquired during the Class Period;
  - (c) copies of trade confirmation(s) evidencing the acquisition of NovaGold shares during the Class Period;
  - (d) the number of NovaGold shares sold by the Class Member during the Class Period; and

(e) copies of trade confirmation(s) evidencing the sale of NovaGold shares during the Class Period.

17. notwithstanding the date set in paragraph 16, any person who delivers a written notice of objection in accordance with paragraphs 14 and 15 may opt out of this action by sending a written election to opt out, containing the information described in paragraph 16, provided that it is received, or postmarked, by the Administrator, on or before ♦, at one of the Administrator's Addresses.
18. no person may opt out a minor or a mentally incapable Class Member without the permission of the court with notice to The Children's Lawyer and/or the Public Guardian and Trustee, as the case may be.
19. the Administrator shall, on or before ♦, report to the court by affidavit, with a copy to Class Counsel and defendants' counsel, the names of the objectors, the name, address and contact information of any objector's counsel, and copies of the documents establishing that they are Class Members and the names, addresses and contact information of any person who has opted out of this action with copies of the opt-out notices delivered and any supporting documents.
20. subject to any further order this court may make at the Approval Hearing, the Proof of Claim and the Plan of Allocation, generally in accordance with the form attached as Schedule 4 and Schedule 5, are hereby approved on a preliminary basis.
21. subject to further order of the court, the Administrator is hereby authorized to receive Proofs of Claim and also to implement a procedure permitting nominee purchasers, such as broker/dealers and other persons, who purchased or acquired NovaGold shares during the Class Period, to file Proofs of Claim personally or on behalf of their clients if they are authorized to do so.



22. as soon as practicable, the Administrator shall send the Claim Packets by first class mail, email or fax to nominee purchasers and advise them to either send copies of the Claim Packet to their beneficial owners, or to provide the Administrator with lists of the names and addresses of the beneficial owners.
23. the Administrator shall send the Claim Packet promptly to such identified beneficial owners by first class mail, email, fax or otherwise.
24. nominee purchasers who elect to send the Claim Packet to their beneficial owners shall also send a statement to the Claims Administrator confirming that the mailing was made as directed.
25. the Administrator shall make additional copies of the Claim Packet available to any record holder requesting such for the purpose of distribution to beneficial owners.
26. the Administrator is authorized to reimburse nominee purchasers from the Settlement Fund after it receives proper documentation evidencing the reasonable costs incurred by the nominee purchasers in sending the Claim Packet to beneficial owners.
27. in order to receive any payment from this settlement, a Class Member must file a completed Proof of Claim with the Administrator on or before  
◆ unless this court orders otherwise.
28. NovaGold, to the extent it has not already done so, shall cause a copy of its transfer records and shareholder information to be made available to the Administrator within seven days of the making of this order.
29. any one or more of the plaintiffs, defendants, Class Counsel or the Administrator may apply to the court for further directions in respect of the implementation of this order.

30. this action against Douglas Brown and Cole E. McFarland be and is hereby dismissed without costs and that the style of proceeding be amended to read as follows:

No. VLC-S-S-097866  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**BETWEEN:**

LINDA M. ELLIOTT

Plaintiff

**AND:**

NOVAGOLD RESOURCES INC., RICK VAN NIEUWENHUYSE, GEORGE L. BRACK,  
MICHAEL H. HALVORSON, GERALD J. MCCONNELL, CLYNTON R. NAUMAN, JAMES  
L. PHILIP, ROBERT J. MACDONALD and HATCH LTD.

Defendants

BROUGHT UNDER THE *CLASS PROCEEDINGS ACT*, R.S.B.C. 1996, c. 50

31. the amended style of proceedings shall appear on this order.

BY THE COURT

DEPUTY DISTRICT REGISTRAR

APPROVED AS TO FORM:

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Counsel for the Plaintiff

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Counsel for the Defendants, Novagold Resources Inc.,  
Rick Van Nieuwenhuyse, George L. Brack,  
Michael H. Halvorson, Gerald J. McConnell,  
Cole E. McFarland, Clynton R. Nauman, James L. Philip,  
Robert J. MacDonald and Douglas Brown

---

Counsel for the Defendant, Hatch Ltd.

**SCHEDULE 1 - LONG FORM NOTICE OF PENDENCY AND PROPOSED  
SETTLEMENT OF CLASS ACTIONS**

**SCHEDULE 2 - SHORT FORM NOTICE OF PENDENCY AND PROPOSED  
SETTLEMENT OF CLASS ACTIONS**

### **SCHEDULE 3—NOTICE PLAN**

Within 10 business days after disposition by the Courts of the motions to approve the publication of the Long Form Notice and the Short Form Notice:

#### **Canadian Newspaper Publication**

1. The Administrator shall publish the Short Form Notice at least a 1/4 page in size in the business/legal section of the following newspapers: The Vancouver Sun, The Globe and Mail (National Edition), The National Post and La Presse (in French).

#### **International Newspaper Publication**

2. The Administrator shall publish the Short Form Notice in at least a 1/8 page in size in the business/legal section of The Wall Street Journal.

#### **Internet Publication**

3. Class Counsel shall post the Short Form Notice, the Long Form Notice and the Proof of Claim, in both English and French, on [www.novagoldclassaction.com](http://www.novagoldclassaction.com).

#### **Toll Free Message**

4. Class Counsel shall establish a toll free number and email address that will enable Class Members to obtain more information about the settlement, the claims process, and to request that a copy of the Short Form Notice, the Long Form Notice or the Proof of Claim.

#### **Individual Notice**

5. At any time, Class Counsel will mail and/or email the Long Form Notice and the Proof of Claim to all persons who have provided their postal addresses and /or email addresses to Class Counsel.

#### **Newswire**

6. The Administrator shall cause the Short Form Notice to be disseminated on PRNewswire.

## **SCHEDULE 4 – PROOF OF CLAIM**

## **SCHEDULE 5 - PLAN OF ALLOCATION**

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**BETWEEN:**

LINDA M. ELLIOTT

Plaintiff

**AND:**

NOVAGOLD RESOURCES INC., RICK VAN NIEUWENHUYSE,  
GEORGE L. BRACK, MICHAEL H. HALVORSON, GERALD J.  
MCCONNELL, CLYNTON R. NAUMAN, JAMES L. PHILIP,  
ROBERT J. MACDONALD and HATCH LTD.

Defendants

BROUGHT UNDER THE *CLASS PROCEEDINGS ACT*, R.S.B.C. 1996, c. 50

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**ORDER**

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**CAMP FIORANTE MATTHEWS**

Barristers & Solicitors  
#400 - 856 Homer Street  
Vancouver, BC V6B 2W5

Attention: Reidar Mogerman

Tel: 604-689-7555



# **Exhibit C**

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

IN RE NOVAGOLD RESOURCES INC.	)	
SECURITIES LITIGATION	)	MASTER FILE
	)	
This Document Relates to:	)	1:08-CV-7041 (DLC) (JCF)
	)	
All Actions	)	<b>U.S. [PROPOSED REVISED]</b>
	)	<b>PRELIMINARY APPROVAL</b>
	)	<b>ORDER</b>
	)	
	)	<b>EXHIBIT C</b>
	)	
	)	
	)	

WHEREAS, the parties to the above-captioned action (the “U.S. Action”) entered into a Stipulation and Agreement of Settlement, dated as of April 1, 2010, and an Amended Stipulation and Agreement of Settlement, dated as of April 20, 2010, (the “Stipulation”), which is subject to review under Rule 23 of the Federal Rules of Civil Procedure and which, together with the exhibits thereto, sets forth the terms and conditions of the proposed settlement of the claims alleged in the Corrected Consolidated Class Action Complaint (“Complaint”) on the merits and with prejudice (the “Settlement”) and related actions pending in Canada; and the Court having read and considered the Stipulation and the accompanying exhibits; and the parties to the Stipulation having consented to the entry of this Order; and all capitalized terms used herein having the meanings defined in the Stipulation;

WHEREAS, it is a condition to the effectiveness of the proposed Settlement that the related actions pending in Canada also be settled or dismissed and that the Settlement be approved by the Supreme Court of British Columbia and the Ontario Superior Court of Justice.

NOW, THEREFORE, IT IS HEREBY ORDERED, this \_\_\_\_\_ day of \_\_\_\_\_, 2010 that:

1. The Court has reviewed the Stipulation and preliminarily finds the Settlement set forth therein to be fair, reasonable, and adequate, subject to further consideration at the settlement hearing described below.

2. The Court hereby preliminarily certifies the following class for the purposes of settlement only (the “U.S. Class”), pursuant to Rule 23(a) and Rule 23(b)(3) of the Federal Rules of Civil Procedure: all Persons, other than Excluded Persons, who: (i) purchased NovaGold Resources Inc. (“NovaGold” or the “Company”) common stock on the American Stock Exchange (“AMEX”)<sup>1</sup> during the period from October 25, 2005 to and including January 16, 2008 (the “Class Period”); (ii) are United States residents that purchased NovaGold common stock on the Toronto Stock Exchange (“TSX”) during the Class Period; or (iii) are United States residents that purchased publicly traded NovaGold common stock by any other means during the Class Period, and were allegedly damaged thereby (“U.S. Class Members”). Excluded Persons are: (i) current or former defendants in the Actions; (ii) members of the immediate family of each current or former individual defendant in the Actions; (iii) any entity in which NovaGold or one of the current or former individual defendants has a controlling interest; (iv) any parent, subsidiary, or affiliate of NovaGold; (v) any person who was an officer or director of NovaGold or any of its subsidiaries or affiliates during the Class Period; (vi) the legal representatives, heirs, predecessors, successors, or assigns of any current or former defendant in the Actions; (vii) Electrum Strategic Resources LLC; and (viii) any member of the Class who timely and validly requests exclusion in the manner approved by the Courts.

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<sup>1</sup> AMEX refers to the stock exchange formerly known as the American Stock Exchange, now known as NYSE Amex Equities.

3. The Court preliminarily, and for the purposes of settlement only, finds and concludes that the prerequisites of class action certification under Fed. R. Civ. P. 23(a) and 23(b)(3) have been satisfied for the U.S. Class defined herein, in that:

- (a) the members of the U.S. Class are so numerous that joinder of all U.S. Class Members is impracticable;
- (b) there are questions of law and fact common to the U.S. Class Members;
- (c) U.S. Lead Plaintiff's claims are typical of the U.S. Class's claims;
- (d) U.S. Lead Plaintiff and its counsel have fairly and adequately represented and protected the interests of the U.S. Class;
- (e) questions of law and fact common to the U.S. Class Members predominate over any individual questions; and
- (f) a class action is superior to other available methods for the fair and efficient adjudication of the controversy, considering that the claims of U.S. Class Members in the U.S. Action are substantially similar and would, if tried, involve substantially identical proofs and may therefore be efficiently litigated and resolved on an aggregate basis as a class action; the amounts of the claims of many of the U.S. Class Members are too small to justify the expense of individual actions; and it does not appear that there is any intent among U.S. Class Members in individually controlling the litigation of their claims.

4. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, preliminarily and for the purposes of the Settlement only, U.S. Lead Plaintiff the New Orleans Employees' Retirement System is certified as Class Representative. The law firm of Labaton Sucharow LLP is appointed U.S. Class Counsel.

5. A hearing (the “Settlement Hearing”) pursuant to Rule 23(e) of the Federal Rules of Civil Procedure is hereby scheduled to be held before the Court on September 10, 2010, at 2:00 p.m. for the following purposes:

(a) to determine whether the proposed Settlement is fair, reasonable and adequate, and should be approved by the Court;

(b) to determine whether the U.S. Order and Final Judgment as provided under the Stipulation should be entered, dismissing the Complaint filed herein, on the merits and with prejudice, and to determine whether the release by the U.S. Class of the Settled Claims, as set forth in the Stipulation, should be provided to the Released Parties;

(c) to determine whether the U.S. Class should be finally certified for settlement purposes only and the appointment of U.S. Lead Plaintiff and U.S. Lead Counsel as Class Representative and Class Counsel, respectively;

(d) to determine whether the proposed Plan of Allocation for the proceeds of the Settlement is reasonable and should be approved by the Court;

(e) to consider U.S. Lead Counsel’s application for an award of attorneys’ fees and expenses;

(f) to consider U.S. Lead Plaintiff’s application, if any, for its reasonable costs and expenses (including lost wages) relating to his representation of the U.S. Class; and

(g) to rule upon such other matters as the Court may deem appropriate.

6. The Court reserves the right to approve the Settlement with or without modification and with or without further notice of any kind. The Court further reserves the right to enter the U.S. Order and Final Judgment approving the Settlement and dismissing the Complaint on the merits and with prejudice regardless of whether it has approved the Plan of

Allocation or awarded attorneys' fees and expenses. The Court may also adjourn the Settlement Hearing or modify any of the dates herein without further notice to members of the U.S. Class.

7. The Court approves the form, substance and requirements of the Notice of Pendency and Proposed Settlement of Class Actions (the "Notice") and the Proof of Claim and Release form ("Proof of Claim"), annexed hereto as Exhibits 1 and 2, respectively.

8. The Court approves the appointment of The Garden City Group Inc. as the Claims Administrator to supervise and administer the notice procedure as well as the processing of claims as more fully set forth below. The Claims Administrator shall cause the Notice and the Proof of Claim, substantially in the forms annexed hereto ("Claim Packet"), to be mailed, by first class mail, postage prepaid, on or before ten (10) business days after entry of this order ("Notice Date").

9. Defendant NovaGold, to the extent it has not already done so, shall use its best efforts to cause its transfer records and shareholder information to be made available to the Claims Administrator within seven (7) calendar days from the date of this order solely for the purpose of identifying and giving notice to the U.S. Class. The Claims Administrator shall use reasonable efforts to give notice to nominee purchasers such as brokerage firms and other persons or entities who purchased or otherwise acquired NovaGold common stock during the period from October 25, 2005 to and including January 16, 2008, (the "Class Period") as record owners but not as beneficial owners by mailing, e-mailing, or faxing the Claim Packet to such nominee purchasers. Such nominee purchasers are directed, within seven (7) calendar days of their receipt of the Claim Packet, to either send copies of the Claim Packet to their beneficial owners by first class mail, e-mail, or facsimile or to provide the Claims Administrator with lists of the names and addresses of the beneficial owners, and the Claims Administrator is ordered to

send the Claim Packet promptly to such identified beneficial owners. Nominee purchasers who elect to send the Claim Packet to their beneficial owners shall also send a statement to the Claims Administrator confirming that the mailing was made as directed. Additional copies of the Claim Packet shall be made available to any record holder requesting such for the purpose of distribution to beneficial owners, and such record holders may be reimbursed from the Settlement Fund, after receipt by the Claims Administrator of proper documentation, for their reasonable expenses incurred in sending the Claim Packet to beneficial owners.

10. The Claims Administrator and U.S. Lead Counsel shall also post the Claim Packet on their websites. U.S. Lead Counsel shall, at or before the Settlement Hearing, file with the Court proof of mailing and posting of the Claim Packet.

11. The Court approves the form of the Summary Notice of Pendency and Proposed Settlement of Class Actions (“Summary Notice”) substantially in the form annexed hereto as Exhibit 3 and directs that U.S. Lead Counsel shall cause the Summary Notice to be published in the national edition of *The Wall Street Journal* and be transmitted over *PRNewswire* by the Notice Date. U.S. Lead Counsel shall, at or before the Settlement Hearing, file with the Court proof of publication of the Summary Notice.

12. The form and content of the notice program described herein, and the method set forth herein of notifying the U.S. Class of the Settlement and its terms and conditions, meet the requirements of Rule 23 of the Federal Rules of Civil Procedure, Section 21D(a)(7) of the Securities Exchange Act of 1934, 15 U.S.C. § 78u-4(a)(7), as amended by the Private Securities Litigation Reform Act of 1995, and due process, constitute the best notice practicable under the circumstances, and shall constitute due and sufficient notice to all persons and entities entitled thereto.

13. In order to be entitled to receive a distribution from the net monetary recovery pursuant to the Settlement (the “Net Settlement Fund”), in the event the Settlement is effected in accordance with the terms and conditions set forth in the Stipulation, each U.S. Class Member shall take the following actions and be subject to the following conditions:

(a) A properly executed Proof of Claim, substantially in the form attached hereto as Exhibit 2, must be submitted to the Claims Administrator, at the address indicated in the Notice, postmarked or received not later than September 15, 2010. Such deadline may be further extended by Court Order. Each Proof of Claim shall be deemed to have been submitted when postmarked (if properly addressed and mailed by first class mail, postage prepaid) provided such Proof of Claim is actually received prior to the motion for an order of the Court approving distribution of the Net Settlement Fund. Any Proof of Claim submitted in any other manner shall be deemed to have been submitted when it was actually received at the address designated in the Notice. Any Class Member who does not timely or validly submit a Proof of Claim shall be barred from sharing in the distribution of the Net Settlement Fund, unless otherwise ordered by the Court.

(b) The Proof of Claim submitted by each Class Member must satisfy the following conditions, unless otherwise ordered by the Court: (i) it must be properly completed, signed and submitted in a timely manner in accordance with the provisions of the preceding subparagraph; (ii) it must be accompanied by adequate supporting documentation for the transactions reported therein, in the form of broker confirmation slips, broker account statements, an authorized statement from the broker containing the transactional information found in a broker confirmation slip, or such other documentation as is deemed adequate by U.S. Lead Counsel; (iii) if the person executing the Proof of Claim is acting in a representative capacity, a



certification of her current authority to act on behalf of the U.S. Class Member must be included in the Proof of Claim; and (iv) the Proof of Claim must be complete and contain no material deletions or modifications of any of the printed matter contained therein and must be signed under penalty of perjury.

(c) As part of the Proof of Claim, each U.S. Class Member shall (subject to effectuation of the Settlement) release all Settled Claims as provided in the Stipulation. Each U.S. Class Member shall also submit to the jurisdiction of the Court with respect to the claim submitted, however, if the U.S. Class Member is also a member of a Canadian Class, the U.S. Class Member shall elect, with prejudice, a court to exercise jurisdiction over his, her, or its claim. If no election is made, this Court shall have jurisdiction over the claim. Proofs of Claim that do not meet the submission requirements may be rejected. Prior to rejection of a Proof of Claim, the Claims Administrator shall communicate with the claimant in order to afford the claimant the opportunity to remedy curable deficiencies in the Proof of Claim submitted. The Claims Administrator, under supervision of U.S. Lead Counsel, shall notify in a timely fashion (assuming receipt of the Proof of Claim by the deadline) and in writing, all claimants whose Proofs of Claim they propose to reject in whole or in part, setting forth the reasons therefore, and shall indicate in such notice that the claimant whose claim is to be rejected in whole or in part has the right to a review by the Court if such claimant so desires.

(d) Any Class Member who does not submit a Proof of Claim in the manner set forth herein, or as otherwise ordered by the Court, shall not be entitled to share in the Settlement Fund, but nonetheless shall be barred and enjoined from asserting any of the claims that have been or might have been asserted in the Action.

14. U.S. Class Members shall be bound by all orders, determinations and judgments in the U.S. Action, whether favorable or unfavorable, unless such persons request exclusion from the U.S. Class in a timely and proper manner, as hereinafter provided. A Person who requests exclusion but whose request is either improper or untimely will be included in the Class and, upon the Effective Date of the Settlement, will be bound by such Settlement and any judgment rendered in connection therewith. A U.S. Class Member wishing to make such an exclusion request shall submit the request in written form, postmarked or received on or before July 14, 2010, to the address designated in the Notice for such exclusions. Such request for exclusion shall clearly indicate the name, address, and telephone number of the person seeking exclusion, that the sender requests to be excluded from the Class in the *NovaGold Resources Inc. Securities Litigation*, and must be signed by such person. Such persons requesting exclusion are also directed to state: the date(s), price(s), and number(s) of shares of all purchases, acquisitions, and sales of NovaGold common stock during the Class Period; and provide documentation of their transactions. The request for exclusion shall not be effective unless it provides the required information and is made within the time stated above, or the exclusion is otherwise accepted by the Court.

15. A U.S. Class Member may submit a written revocation of a request for exclusion to the Claims Administrator so that it is received no later than three (3) business days before the Settlement Hearing in order to be eligible to receive payments pursuant to the Stipulation and Settlement, provided the U.S. Class Member also timely submits a valid Proof of Claim.

16. U.S. Class Members requesting exclusion from the U.S. Class shall not be entitled to receive any payment out of the Net Settlement Fund as described in the Stipulation and Notice.

17. The Court will consider objections by U.S. Class Members to the Settlement, the Plan of Allocation, the request for an award of attorneys' fees, or the requests for reimbursement of expenses only if such objections and any supporting papers are filed in writing with:

Clerk of the Court  
United States District Court for the Southern District of New York  
Daniel Patrick Moynihan  
United States Courthouse  
500 Pearl Street  
New York, NY 10007-1312

and copies of all such papers are delivered or sent by first class mail (with a corresponding postmark), on or before July 14, 2010, upon the following:

LABATON SUCHAROW LLP  
Joseph A. Fonti, Esq.  
140 Broadway  
New York, New York 10005

Attendance at the Settlement Hearing is not necessary; however, persons wishing to be heard orally in opposition to the approval of the Settlement, the Plan of Allocation, and/or the requests for attorneys' fees and other expenses are required to indicate in their written objection their intention to appear at the hearing. Persons who intend to object to the Settlement, the Plan of Allocation, and/or the requests for an award of attorneys' fees and other expenses and desire to present evidence at the Settlement Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing. U.S. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

18. An objection by a U.S. Class Member who is also a member of one of the Canadian Classes, may only be filed in one court. By filing an objection in this Court, such U.S. Class Member agrees to be bound exclusively by all orders and judgments issued by this Court and any of its reviewing courts.

19. Any U.S. Class Member who does not make his, her, or its objection in the manner provided shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness, reasonableness, or adequacy of the Settlement, to the Plan of Allocation, and/or the requests for an award of attorneys' fees and other expenses, unless otherwise ordered by the Court, but shall otherwise be bound by the judgment to be entered and the releases to be given.

20. Pending final determination of whether the Settlement should be approved, U.S. Lead Plaintiff, all U.S. Class Members, and each of them, and anyone who acts or purports to act on their behalf, shall not institute, commence, or prosecute any action which asserts Settled Claims against the Released Parties.

21. As provided in the Stipulation, U.S. Lead Counsel may pay the Claims Administrator a portion of the reasonable fees and costs associated with giving notice to the U.S. Class and the review of claims and administration of the Settlement out of the Settlement Fund, including paying taxes, without further order of the Court.

22. All papers in support of the Settlement, Plan of Allocation, U.S. Lead Counsel's request for an award of attorneys' fees and expenses, and U.S. Lead Plaintiff's request, if any, for its reasonable costs and expenses (including lost wages) relating to its representation of the U.S. Class shall be filed with the Court and served by overnight mail or hand delivery on or before September 3, 2010, seven (7) calendar days prior to the date set herein for the Settlement Hearing.

23. No person who is not a Class Member, U.S. Lead Plaintiff, or U.S. Lead Counsel shall have any right to any portion of, or to any distribution of, the Net Settlement Fund unless otherwise ordered by the Court or otherwise provided in the Stipulation.

24. All funds held in escrow shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court until such time as such funds shall be distributed or returned pursuant to the Stipulation and/or further order of the Court.

25. If any specified condition to the Settlement set forth in the Stipulation is not satisfied and U.S. Lead Plaintiff, U.S. Lead Counsel, or Defendants elect to terminate the Settlement as provided in paragraphs 38 - 40 of the Stipulation, then, in any such event, the Stipulation, including any amendment(s) thereof, except as expressly provided in the Stipulation, and this Preliminary Approval Order shall be null and void, of no further force or effect, and without prejudice to any Settling Party, and may not be introduced as evidence or used in any actions or proceedings by any person or entity against the Parties, and each Settling Party shall be restored to his, her, or its respective litigation position as it existed prior to the execution of the Stipulation.

26. The Exhibits attached to the Stipulation filed with the Court are incorporated herein as though set forth in the Order.

27. The Court retains exclusive jurisdiction over the U.S. Action to consider all further matters arising out of or connected with the Settlement.

Dated: \_\_\_\_\_, 2010

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Honorable Denise Cote  
UNITED STATES DISTRICT JUDGE

# **Exhibit C-1**

## **NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTIONS**

This Notice relates to the following actions (the “Actions”):<sup>1</sup>

- *In re NovaGold Resources Inc. Securities Litigation*, Master File 1:08-CV-7041 (DLC) (JCF) in the United States District Court for the Southern District of New York (the “U.S. Action”);
- *Philip Elliott and William Kormos v. NovaGold Resources Inc., et al.*, Court File No. CV-09-13833 in the Ontario Superior Court of Justice (the “Ontario Action”); and
- *Linda M. Elliott v. NovaGold Resources Inc., et al.*, Court File No. VLC-S-S-097866 in the Supreme Court of British Columbia (the “British Columbia Action”)

**If you purchased NovaGold Resources Inc. (“NovaGold”) common stock on the American Stock Exchange (the “AMEX”),<sup>2</sup> the Toronto Stock Exchange (the “TSX”), or by any other means during the period from October 25, 2005 to and including January 16, 2008 (the “Class Period”), your rights may be affected by class action lawsuit(s) and you may be entitled to a payment from a proposed class action settlement.**

*This Notice was authorized and approved by the U.S. and Canadian Courts in charge of the Actions. This is not a solicitation from a lawyer.*

- If approved by the courts, the “Settlement” described herein will create a “Gross Settlement Fund” of C\$28 million plus interest (approximately US\$26,600,000),<sup>3</sup> for the benefit of class members who purchased NovaGold common stock during the Class Period.
- The Settlement resolves actions pending before the United States District Court for the Southern District of New York (the “U.S. Court”), the Supreme Court of British Columbia (the “British Columbia Court”), and the Ontario Superior Court of Justice (the “Ontario Court”, and collectively, the “Courts”) brought by Plaintiffs (defined in Question 2 below) against Defendants (defined below) alleging, among other things, false and misleading public statements concerning the economic feasibility of NovaGold’s Galore Creek mining project.

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<sup>1</sup> Footnote to be translated into French: This is a Notice of Pendency and Proposed Settlement of Class Actions authorized and approved by courts in the U.S. and Canada. If you purchased NovaGold common stock on the AMEX, the TSX, or by any other means during the Class Period, your rights may be affected by class action lawsuit(s) and you may be entitled to a payment from a proposed class action settlement. To receive a copy of this notice in French, you may: (1) download the notice from these websites: [www.gardencitygroup.com](http://www.gardencitygroup.com), [www.labaton.com](http://www.labaton.com), [www.novagoldclassaction.com](http://www.novagoldclassaction.com); or (2) contact the Claims Administrator at: 866-887-1306.

<sup>2</sup> AMEX refers to the stock exchange formerly known as the American Stock Exchange, now known as NYSE Amex Equities.

<sup>3</sup> All U.S.\$ denominated figures in this Notice are based on a conversion rate of C\$1 dollar:US\$0.9516, which was the closing exchange rate on February 12, 2010, the day the agreement in principle to settle the Actions was reached by the parties. Exchange rates are subject to change, and may result in an increase or decrease in the U.S. dollar amounts at the time of distribution.

- If the Courts approve the Settlement and you are a member of one of the Classes (*see* Question 6), your legal rights will be affected by this Settlement whether you act or do not act. Please read this Notice carefully.
- The U.S. Court will consider the Settlement at a hearing to be held on September 10, 2010. The British Columbia Court will consider the Settlement at a hearing on August 6, 2010. The Ontario Court will consider the Settlement at a hearing on August 4, 2010 (collectively, the “Settlement Hearings”).

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT</b>	
<b>SUBMIT A CLAIM FORM BY September 15, 2010</b>	The <i>only</i> way to get a payment.
<b>EXCLUDE YOURSELF (opt out of the Classes) BY July 14, 2010</b>	Get no payment. This is the <i>only</i> option that allows you to ever bring or be part of any <i>other</i> lawsuit against Defendants and the other Released Parties about the Settled Claims (as those terms are defined in Question 13).
<b>OBJECT BY July 14, 2010</b>	Write about why you do not like the Settlement, Plan of Allocation, or Attorneys’ Fee Applications. This will not exclude you from the Classes described below.
<b>GO TO A HEARING ON August 4, 2010, August 6, 2010, or September 10, 2010</b>	Ask in your written objection to speak to the Court at one of the Settlement Hearings
<b>DO NOTHING</b>	Get no payment. Give up rights.

- These rights and options – **and the deadlines to exercise them** – are explained in this notice.
- The Courts in charge of the U.S. and Canadian actions subject to this Settlement still have to decide whether to approve the Settlement. Payments will be made only if all three Courts approve the Settlement, and after any appeals, if any, are resolved. Please be patient.

## **SUMMARY OF THIS NOTICE**

### **Statement of Plaintiff Recovery:**

Pursuant to the Settlement, a Gross Settlement Fund consisting of C\$28 million (approximately US\$26,600,000), plus interest as it accrues, has been established. Based on Plaintiffs’ consulting damages expert’s estimate that 89.6 million shares of common stock may have been damaged, and assuming that all those shares participate in the Settlement, Plaintiffs estimate that the average recovery per NovaGold share is approximately C\$0.313 (US\$0.296), before deduction of Court-approved attorneys’ fees and expenses, the U.S. Lead Plaintiff’s costs and expenses,



and administrative costs. A Class Member who submits a valid and timely Proof of Claim and Release form (“Proof of Claim”), and whose claim is allowed, may receive more or less than this average amount, depending on the number of claims submitted; the number of shares the Class Member purchased; the exchange on which the Class Member transacted; the currency in which the transaction took place; and the timing of the purchases and sales (if any). *See* the Plan of Allocation (Question 27) for more information about the determination of each Class Member’s Recognized Loss pursuant to the Settlement.

#### **Statement of Potential Outcome if the Claims Continued to be Litigated:**

The parties in the Actions vigorously disagree on all elements of liability and damages, and do not agree on the average amount of damages per share that would be recoverable even if Plaintiffs were to have prevailed on each claim alleged in the Actions. Defendants deny that they are liable to Plaintiffs or to Class Members and deny that the Plaintiffs or Class Members have suffered any damages.

#### **Statement of Attorneys’ Fees and Expenses Sought:**

Counsel for the U.S. Class in the U.S. Action will ask the U.S. Court for an award of attorneys’ fees not to exceed C\$5,975,000 (approximately US\$5,700,000), or approximately 21.3% of the Gross Settlement Fund, plus interest, and reimbursement of litigation expenses incurred in connection with the prosecution of the U.S. Action in an amount not to exceed C\$275,000 (approximately US\$261,700), plus interest. Counsel for the British Columbia Class and Counsel for the Ontario Class will ask the respective courts in the Canadian Actions for an award of attorneys’ fees, not to exceed C\$1,025,000 (approximately US\$975,400), or approximately 3.7% of the Gross Settlement Fund, plus interest and applicable taxes, and reimbursement of litigation disbursements incurred in connection with the prosecution of the Canadian Actions, in an amount not to exceed C\$45,000 (approximately US\$43,000), plus interest. Pursuant to the United States Private Securities Litigation Reform Act of 1995 (“PSLRA”), the U.S. Lead Plaintiff will also ask the U.S. Court to reimburse it for costs and expenses it incurred in representing the U.S. Class in an amount not to exceed C\$1050.90 (approximately US\$1,000).

In the aggregate, the total amount of fees and reimbursement of expenses requested by counsel for plaintiffs in the U.S., British Columbia, and Ontario Actions (“Plaintiffs’ Counsel”), if approved in full by the Courts, would amount to approximately C\$0.081 (US\$0.077) per affected share.

Plaintiffs’ Counsel have expended considerable time and effort prosecuting the Actions on a contingent fee basis, and have advanced the expenses of each of the Actions, in the expectation that, if they were successful in obtaining a recovery for Class Members, they would be paid from such recovery. In this type of litigation, it is customary for Plaintiffs’ Counsel to be awarded a percentage of the common fund recovered as their attorneys’ fees and reimbursement of litigation expenses.

#### **Reasons for the Settlement:**

Based upon their investigations and evaluations of the facts and law, Plaintiffs’ Counsel, the U.S. Lead Plaintiff, and the Canadian Plaintiffs agreed to the Settlement after considering, among

other things: (i) the immediate cash benefits to Class Members; (ii) the uncertainty of being able to prove the allegations asserted in the Actions; (iii) the attendant risks of litigation, especially in complex class actions, as well as the difficulties and delays inherent in such litigation (including appeals); (iv) the risk that one or more of the Actions would not be certified or authorized to proceed as a class action; (v) the uncertainty inherent in the parties' competing theories of damages, even if liability were established at trial; (vi) awareness of Defendants' likely positions on various liability and damages issues; (vii) the risk that NovaGold would not remain a going concern or be able to pay a larger judgment after trial; and (viii) their belief that the Settlement is fair, reasonable, and adequate. With respect to NovaGold's ability to survive as a going concern, NovaGold, in its quarterly report issued on October 13, 2009, and again in its annual report issued on February 10, 2010, disclosed that it would be unable to sustain business operations without near-term financing to support expenses and significant long-term financing to meet NovaGold's share of development costs on its mining projects.

Defendants have entered into the Settlement to bring to an end the substantial expense, burden, risk, and uncertainty associated with continued litigation; to put to rest the claims and the underlying matters raised in the Actions; and to avoid further expense and disruption of the management and operation of Defendants' business and affairs due to the Actions. The Settlement shall not be construed as, and is not, an admission of any liability, wrongdoing, or damages whatsoever by any of the Defendants.

**Further information:**

Further information regarding the Settlement and this Notice may be obtained from:

**Claims Administrator:** The Garden City Group, Inc., PO Box 9299, Dublin, OH 43017-4699, 866-887-1306, [www.gardencitygroup.com](http://www.gardencitygroup.com).

**U.S. Lead Counsel:** Joseph A. Fonti, Labaton Sucharow LLP, 140 Broadway, New York, NY 10005, 888-753-2796, [info@labaton.com](mailto:info@labaton.com), [www.labaton.com](http://www.labaton.com).

**Ontario Class Counsel:** Jay Strosberg, Sutts, Strosberg LLP, 600 - 251 Goyeau Street, Windsor, Ontario, N9A 6V4, 877-214-4517, [novagold@strosbergco.com](mailto:novagold@strosbergco.com), [www.novagoldclassaction.com](http://www.novagoldclassaction.com).

**British Columbia Class Counsel:** Reidar Mogerman, Camp Fiorante Matthews, 4th Floor, Randall Building, 555 West Georgia Street, Vancouver, BC, Canada V6B 1Z6, 604-689-7555, [info@cfmllawyers.ca](mailto:info@cfmllawyers.ca).

**Do Not Call the Courts With Questions About the Settlement.**

**[END OF COVER PAGE]**

## WHAT THIS NOTICE CONTAINS

### BASIC INFORMATION

#### 1. Why did I get this Notice Package?

You or someone in your family may have purchased NovaGold common stock during the Class Period (*i.e.*, from October 25, 2005 to and including January 16, 2008), and, therefore, you may be a Class Member. The Courts have directed that this Notice be sent to Class Members because they should know about the Settlement of the Actions, and about all of their options, before the Courts decide whether to approve the Settlement. This Notice provides information about the Actions, the Settlement, Class Members' legal rights, what benefits are available, who is eligible for them, and how to get them. The Courts in charge of the Actions and the consideration of the Settlement are:

<b>Court</b>	<b>Action</b>
United States District Court for the Southern District of New York Daniel Patrick Moynihan United States Courthouse 500 Pearl Street New York, NY 10007-1312  The Honorable Denise Cote	<i>In re NovaGold Resources Inc. Securities Litigation</i> , Civ. No. 08-7041 (DLC) (JCF)
The Supreme Court of British Columbia 800 Smithe Street Vancouver, British Columbia V6Z 2E1  Madam Justice Griffin	<i>Elliott v. NovaGold Resources Inc., et al.</i> , Court File No. VLC-S-S-097866
The Ontario Superior Court of Justice 245 Windsor Avenue Windsor, Ontario N9A 1J2  Madam Justice Leitch	<i>Elliott and Kormos v. NovaGold Resources Inc., et al.</i> , Court File No. CV-09-13833

The Canadian Courts will resolve the issues for members of the Canadian Classes, except for those who exclude themselves from the Canadian Classes. The U.S. Court will resolve the issues for members of the U.S. Class, except for those who exclude themselves from the U.S. Class. Class Members who are members of more than one Class are asked on the Proof of Claim to elect either the U.S. Court, the Ontario Court or the British Columbia Court (for British Columbia residents only) to exercise jurisdiction over their claim, if they choose to make one.

## **2. What are the Actions about?**

The Corrected Consolidated Class Action Complaint, filed December 30, 2008, (“Complaint”) in the U.S. Action originally alleged, among other things, that NovaGold and certain of its directors, senior officers, and representatives violated Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder by issuing false and misleading statements about the economic viability of its largest mining project, Galore Creek. The individual defendants, as control persons, were allegedly liable under Section 20(a) of the Exchange Act. The Complaint also alleged violations of the Securities Act of 1933 (the “Securities Act”). The Canadian Actions alleged that defendants negligently misrepresented the economic feasibility of the Galore Creek project.

The Plaintiffs’ claims, which Defendants vigorously dispute, are based on allegations concerning whether the construction and operation of the Galore Creek mine was economically feasible. On October 25, 2005, NovaGold released the Preliminary Economic Assessment Report conducted by Hatch Ltd. (“Hatch”), an engineering firm. NovaGold commissioned Hatch to complete a “Feasibility Study” in order to attest to the economic viability of Galore Creek. On July 24, 2006, Barrick Gold Corp. launched a hostile bid for NovaGold. Through the summer of 2006, NovaGold urged shareholders to reject the bid. On October 24, 2006, Barrick increased its offer. The next trading day, NovaGold announced the completion of the Feasibility Study, estimating Galore Creek’s capital cost at C\$2.2 billion. Plaintiffs alleged that Defendants knew or should have known that the estimated capital costs in the Feasibility Study were materially underestimated, but continued to publicly refer to the Feasibility Study as accurate and reliable. On November 26, 2007, Defendants disclosed that the capital cost of the project could approach as much as C\$5 billion, and that construction would be suspended. That day, NovaGold’s stock price significantly decreased. On January 16, 2008, NovaGold explicitly advised investors that the Feasibility Study should not be relied upon.

The defendants in the U.S. Action included NovaGold and the Galore Creek Mining Corp. (“GCMC”); Rick Van Nieuwenhuyse, Robert J. McDonald, Douglas Brown, Peter W. Harris, George Brack, Michael H. Halvorson, Gerald J. McConnell, Clynton R. Nauman, and James L. Philip (“Individual Defendants”); Underwriter Defendants Citigroup Global Markets Inc., Citigroup Global Markets Canada Inc., RBC Dominion Securities Inc., Scotia Capital Inc., Cormark Securities Inc., and MGI Securities; and Hatch and Bruce Rustad (collectively, the “U.S. Defendants”).

The defendants in the Canadian Actions include NovaGold, Van Nieuwenhuyse, Brack, Halvorson, McConnell, Cole E. McFarland, Nauman, Philip, MacDonald, Brown, and Hatch (the “Canadian Defendants,” together with the U.S. Defendants, the “Defendants”).

The U.S. Lead Plaintiff is the New Orleans Employees’ Retirement System. The British Columbia Plaintiff is Linda M. Elliot, and the Ontario Plaintiffs are Philip Elliot and William Kormos (collectively, the “Canadian Plaintiffs”). The U.S. Lead Plaintiff and the Canadian Plaintiffs are collectively referred to in this Notice as “Plaintiffs;” Plaintiffs and Defendants are collectively referred to herein as the “Parties.”

The Canadian and U.S. Actions seek money damages. Defendants deny that they did anything wrong, are liable to Class Members, or that Class Members have suffered damages.

### **3. What has happened in the Actions so far?**

Beginning on August 7, 2008, three class actions were filed in the U.S. alleging violations of the federal securities laws against NovaGold and other defendants. Those cases were consolidated on November 5, 2008. After hearing fully-briefed motions regarding appointment of a lead plaintiff and lead counsel, the U.S. Court, by order entered November 5, 2008, appointed the New Orleans Employees' Retirement System "U.S. Lead Plaintiff" and appointed Labaton Sucharow LLP "U.S. Lead Counsel."

By Order entered November 3, 2008, the U.S. Court ordered the parties to the U.S. Action to pursue settlement discussions under the supervision of Magistrate Judge James C. Francis. On December 30, 2008, U.S. Lead Plaintiff filed the operative Complaint in the U.S. Action. On January 23, 2009, each defendant in the U.S. Action moved to dismiss the Complaint. On June 5, 2009, the U.S. Court denied Defendants' motion to dismiss as it related to U.S. Lead Plaintiff's Section 10(b) claim against NovaGold and its Section 20(a) claims against the Individual Defendants. All other claims were dismissed. Additionally, the U.S. Court dismissed, for lack of subject matter jurisdiction, all claims of putative class members who were foreigners purchasing shares abroad.

On June 30, 2009, U.S. Lead Plaintiff commenced discovery in the U.S. Action by serving document requests upon NovaGold and the Individual Defendants. U.S. Lead Plaintiff also issued numerous document subpoenas to various third-parties and reviewed and analyzed approximately 700,000 pages of documents.

On September 16, 2009, the parties to the U.S. Action engaged in a mediation session before the Hon. Layn Phillips (D. Okla.) (Ret.) to discuss a potential settlement. On October 15, 2009, the parties to the U.S. Action engaged in a second mediation session with Judge Phillips, but were unable to reach a settlement. Following this mediation, NovaGold produced additional documents to U.S. Lead Plaintiff, most of which originated from NovaGold's electronic information systems.

On October 14, 2009, the Ontario Action was commenced in the Ontario Court by plaintiff Vijay Goyal. The Ontario Action has been assigned to Madam Justice L.C. Leitch. On December 29, 2009, a Fresh Statement of Claim was filed in the Ontario Action which, *inter alia*, substituted plaintiffs Philip Elliot and William Kormos for Vijay Goyal. On October 28, 2009, the British Columbia Action was commenced in the British Columbia Court by plaintiff Linda M. Elliott. The British Columbia Action has been assigned to Madam Justice Griffin.

On January 22, 2010, the parties to the U.S. Action attended a previously scheduled pre-trial conference before the U.S. Court, provided an update of settlement discussions, and advised the U.S. Court of their intention to take part in a third mediation in February. The U.S. Court Judge, the Hon. Denise Cote, offered her assistance in the mediation, subject to the Parties' mutual consent.

On February 5, 2010, U.S. Lead Plaintiff filed its motion for class certification, which took into account the Court's order on Defendants' motion to dismiss and included a proposed class definition that is the same as the U.S. Class defined herein.

On February 12, 2010, the Parties participated in a mediation session before a mediator, Judge Phillips, and Judge Cote. U.S. Lead Counsel, Canadian Counsel, Defendants, and Defendants' insurance carriers engaged in extensive arm's-length settlement negotiations, with active participation from the mediator and Judge Cote. When the Parties reached an impasse, Judge Cote recommended a proposed settlement amount. The Parties accepted Judge Cote's recommendation, thus reaching an agreement in principle. A memorandum of understanding was then executed.

#### **4. What is a class action?**

In a class action, one or more people, called class representatives (in this case, the U.S. Lead Plaintiff in the U.S. Action and the Canadian Plaintiffs in the Canadian Actions), sue on behalf of people who have similar claims. All of these people are collectively called the "Class" or "Class Members." Bringing a case as a class action allows the resolution of many similar claims that might be economically too small to bring separately.

#### **5. Why is there a settlement?**

The Courts did not decide in favor of one side or the other in either the U.S. Action or the Canadian Actions. Instead, the Parties agreed to the Settlement. The Settlement avoids the risks and costs of a trial, and eligible Class Members who submit valid and timely claims receive compensation more quickly. *See* "Reasons for the Settlement" above. Plaintiffs' Counsel, U.S. Lead Plaintiff, and Canadian Plaintiffs believe that the Settlement is fair, reasonable, and adequate.

### **WHO IS IN THE SETTLEMENT**

#### **6. How do I know if I am eligible to take part in the Settlement?**

If you purchased NovaGold common stock on the AMEX, the TSX, or by any other means, during the Class Period (*i.e.*, from October 25, 2005 to and including January 16, 2008), and are not one of the Excluded Persons (defined below), you are a member of one of the Classes of investors certified in the Actions. You may be eligible to get money from this Settlement. More specifically:

The U.S. Court has directed, solely for purposes of this proposed Settlement, that everyone who fits the following description is a member of the ***U.S. Class***:

All Persons, other than Excluded Persons, who: (i) purchased NovaGold common stock on the AMEX during the Class Period; (ii) are United States residents that purchased NovaGold common stock on the TSX during the Class Period; or (iii) are United States residents that purchased publicly traded NovaGold common stock by any other means during the Class Period, and were allegedly damaged thereby.

The British Columbia Court has authorized, solely for purposes of the proposed Settlement, that everyone who fits the following description is a member of the proposed ***British Columbia Class***:

All Persons resident in British Columbia, other than Philip Elliott and Excluded Persons, who purchased NovaGold common stock on the TSX or AMEX during the Class Period.

The Ontario Court has authorized, solely for purposes of the proposed Settlement, that everyone who fits the following description is a member of the proposed ***Ontario Class***:

All Persons, other than the British Columbia Class and Excluded Persons, who purchased NovaGold common stock on the TSX during the Class Period and all persons in Canada who purchased NovaGold common stock on the AMEX during the Class Period.

Excluded Persons (as defined below) are excluded from all of the Classes. In addition, members of the British Columbia Class are excluded from the Ontario Class.

If you purchased NovaGold common stock on both the TSX and the AMEX or are a Canadian resident who purchased NovaGold common stock on the AMEX, you may be in more than one of the Classes. However, you may only receive one payment, if you are eligible. Throughout this Notice, the three classes are referred to as the “Class.”

## **7. What are the exceptions to being included in the Class?**

You are **not** a member of the U.S., British Columbia, or Ontario Class if you are an Excluded Person. “Excluded Persons” means: (i) current or former defendants in the Actions; (ii) members of the immediate family of each current or former individual defendant in the Actions; (iii) any entity in which NovaGold or one of the current or former individual defendants has a controlling interest; (iv) any parent, subsidiary, or affiliate of NovaGold; (v) any person who was an officer or director of NovaGold or any of its subsidiaries or affiliates during the Class Period; (vi) the legal representatives, heirs, predecessors, successors, or assigns of any current or former defendant in the Actions; (vii) Electrum Strategic Resources LLC; and (viii) any member of the Class who timely and validly requests exclusion in the manner approved by the Courts (*see* Question 14 below).

If you do not want to be a Class Member, for example, if you want to bring or continue with your own lawsuit against the Defendants for these claims, **you must** exclude yourself by submitting a request for exclusion in accordance with the requirements explained in Question 14 below.

If one of your mutual funds purchased or acquired shares of NovaGold during the Class Period, that alone does not make you a Class Member. You are a Class Member only if you (or your broker on your behalf) purchased NovaGold common stock during the Class Period.

If you **sold** NovaGold shares during the Class Period, that alone does not make you a Class Member. You are a Class Member only if you **purchased shares of NovaGold** during the Class Period and have an allowed claim pursuant to the Plan of Allocation described below.

**8. What if I am still not sure if I am included?**

If you are still not sure whether you are included, you can ask for free help. You should contact the Claims Administrator at: *NovaGold Resources Inc. Securities Litigation* % The Garden City Group, Inc., PO Box 9299, Dublin, OH 43017-4699, 866-887-1306, [www.gardencitygroup.com](http://www.gardencitygroup.com). Alternatively, you may fill out and return the Proof of Claim described in Question 10 below to see if you qualify.

**THE SETTLEMENT BENEFITS - WHAT YOU MAY RECEIVE**

**9. What does the Settlement provide?**

In exchange for the Settlement, including the releases provided, NovaGold has agreed to pay C\$28 million (approximately US\$26,600,000), which will earn interest while held in escrow, to be divided among all eligible Class Members who submit valid and timely Proofs of Claim and who have a Recognized Loss pursuant to the terms of the Plan of Allocation, after payment of Taxes, Court-approved attorneys' fees and expenses, the U.S. Lead Plaintiff's Court-approved costs and expenses, and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing notices (the "Net Settlement Fund").

Defendants dispute every element of Plaintiffs' claims. Even if Plaintiffs could prove liability, the Parties dispute the period of time for which any liability could be proven and the amount, if any, of damages that could be proven if liability were established. In the U.S. Action, U.S. Lead Plaintiff alleged that the price of NovaGold's common stock was artificially inflated due to allegedly false or misleading misrepresentations, and brought suit on behalf of investors who purchased NovaGold common shares during a class period from October 25, 2006 through November 23, 2007. In the Canadian Actions, Canadian Plaintiffs alleged a different class period, based on similar allegations, on behalf of investors who purchased NovaGold common stock from October 25, 2005 to January 16, 2008. Defendants do not believe that the price of NovaGold common stock was inflated during either of those class periods. The U.S. Lead Plaintiff, the Canadian Plaintiffs, and the Defendants have reached a global settlement of all the Actions for the entire Class Period, from October 25, 2005 to and including January 16, 2008. As a material term of the Settlement, the U.S. Lead Plaintiff and the Canadian Plaintiffs agreed to the same Class Period. The Settlement releases the claims of all Class Members in all of the Actions for the Class Period.

**10. How much will my payment be?**

If you are entitled to a payment under the terms of the Plan of Allocation, your share of the Net Settlement Fund will depend on several things, including: how many Class Members timely submit valid Proofs of Claim; the total Recognized Losses for settlement purposes represented by those valid Proofs of Claim; how many NovaGold shares you purchased; when you purchased them; on what exchange you transacted; how much you paid for your shares; when you sold them; and the price for which you sold them.

You may calculate your "Recognized Loss" according to the formula shown below in the Plan of Allocation. It is unlikely that you will get a payment for your entire Recognized Loss. After all Class Members have submitted their Proofs of Claim, your payment will be the portion of the



Net Settlement Fund equal to your Recognized Loss divided by the total of all Class Members' Recognized Losses and multiplied by the total amount in the Net Settlement Fund. *See* the Plan of Allocation below for more information on your Recognized Loss.

## **HOW YOU GET A PAYMENT — SUBMITTING A PROOF OF CLAIM**

### **11. How can I get a payment?**

To qualify for a payment, you must timely send in a validly completed Proof of Claim with supporting documents (DO NOT SEND ORIGINALS of your supporting documents). A Proof of Claim is being circulated with this Notice. You may also get a Proof of Claim on the Internet at the websites for the Claims Administrator: [www.gardencitygroup.com](http://www.gardencitygroup.com), or U.S. Lead Counsel: [www.labaton.com](http://www.labaton.com), or Canadian Counsel: [www.novagoldclassaction.com](http://www.novagoldclassaction.com). Please read the instructions carefully, fill out the Proof of Claim, include all the documents the Proof of Claim asks for, sign it, and submit it to the Claims Administrator so that it is **received, or postmarked, on or before September 15, 2010**. *The Claims Administrator needs all of the information requested in the Proof of Claim in order to determine what you may be entitled to.*

### **12. When would I get my payment?**

All three Courts must approve the Settlement for it to become Effective and for eligible Class Members to receive a payment. However, once the Courts decide these issues, there may be appeals. It is always uncertain whether any such appeals may be resolved favorably in support of the Settlement, and resolving them can take time, perhaps more than a year. It also takes time for all the Proofs of Claim to be accurately reviewed and processed. Please be patient.

### **13. What am I giving up by staying in the Class?**

Unless you exclude yourself ("opt out"), you will stay in the Class. That means that, upon the Effective Date, you (and your personal representatives, heirs, executors, administrators, trustees, beneficiaries, current and former plan members and contributors, successors, and assigns) will release and forever discharge the "Released Parties" (as defined below) with respect to "Settled Claims" (as defined below) and will be barred and enjoined from suing, continuing to sue, or being part of any other lawsuit against the Released Parties relating to the Settled Claims. All of the U.S. Court's orders will apply to you and legally bind you if you are a member of the U.S. Class. Likewise the British Columbia Court's orders will apply to you if you are a member of the British Columbia Class, and the Ontario Court's orders will apply to you if you are a member of the Ontario Class.

"Released Parties" means Carl Gagnier, Gregory S. Johnson, Joseph R. Piekenbrock, Elaine M. Sanders, Douglas Nicholson, Defendants and each of their respective present and former parents, subsidiaries, affiliates, officers, directors, employees, general or limited partners or partnerships, foundations, trusts, principals, trustees, attorneys, auditors, accountants, investment bankers, consultants, agents, insurers, co-insurers, heirs, executors, administrators, predecessors, successors, and assigns.

"Released Plaintiff Parties" means U.S. Lead Plaintiff, Canadian Plaintiffs, their respective counsel and the Class Members.

“Settled Claims” means any and all claims, rights, causes of action, damages, or liabilities of any kind, nature, and character whatsoever in law, equity, or otherwise, including both known and Unknown Claims, which were, could have been, or could be asserted in any forum by the Class Members against any of the Released Parties, whether under United States or Canadian federal, state, provincial, local, statutory, or common law, or any other law, rule, or regulation, based upon, arising out of or relating to, directly or indirectly, any acts, facts, transactions, occurrences, representations, allegations, or omissions alleged in the Actions.

“Settled Defendants’ Claims” means any and all claims, rights, causes of action, damages, or liabilities of any kind, nature, and character whatsoever in law, equity, or otherwise, including both known and Unknown Claims, which were, could have been, or could be asserted in any forum by the Released Parties against any of the Released Plaintiff Parties, whether under United States or Canadian federal, state, provincial, local, statutory or common law, or any other law, rule, or regulation, based upon, arising out of or relating to, directly or indirectly, the institution, prosecution or settlement of the Actions, but excluding any claims to enforce the terms of this Settlement.

“Unknown Claims” means any and all Settled Claims which any of the U.S. Lead Plaintiff, the Canadian Plaintiffs, or the Class Members do not know or suspect to exist in their favor at the time of the Effective Date and any Settled Defendants’ Claims which any Defendant does not know or suspect to exist in his favor, as of the Effective Date, which if known might have affected the decisions with respect to the Settlement and releases therein. With respect to any and all Settled Claims and Settled Defendants’ Claims, the parties stipulate and agree that, upon the Effective Date, U.S. Lead Plaintiff, Canadian Plaintiffs, and Defendants shall expressly waive, and each Class Member shall be deemed to have waived, and by operation of the Judgments shall have expressly waived, any and all provisions, rights, and benefits conferred by any law of any state, province, or territory of the United States or Canada, or principle of common law or otherwise, which provides that a general release does not extend to claims which a creditor or releasor does not know or suspect to exist in their favor at the time of executing the release which, if known, might have materially affected their settlement and release of individuals and persons, including any provisions, rights or benefits under California Civil Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

U.S. Lead Plaintiff, Canadian Plaintiffs, and Class Members may hereinafter discover facts in addition to, or different from, those which they know or believe to be true with respect to the subject matter of the Settled Claims, but U.S. Lead Plaintiff and the Canadian Plaintiffs shall expressly fully, finally, and forever settle and release, and each Class Member, upon the Effective Date, shall be deemed to have and, by operation of the Judgments shall have, fully, finally, and forever settled and released any and all Settled Claims. U.S. Lead Plaintiff, Canadian Plaintiffs, and Defendants acknowledge, and Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of

Settled Claims and Settled Defendants' Claims was separately bargained for and was a key element of the Settlement.

The "Effective Date" is conditioned upon, among other things, payment of the Gross Settlement Fund, all Courts approving the Settlement, and the Court orders provided for under the terms of the Settlement becoming final and not subject to appeal. (The precise definition of the Effective Date is contained in the Stipulation.)

### **EXCLUDING YOURSELF FROM THE SETTLEMENT**

If you do not want a payment from this Settlement, and you want to keep any right you may have to sue or continue to sue the Defendants and the other Released Parties on your own about the Settled Claims, then you must take steps to get out of the Class of which you are a member. This is called excluding yourself from, or "opting out" of, the Class.

#### **14. How do I "opt out" (exclude myself) from the Class?**

To opt out (exclude yourself) from the Class, you must submit a signed letter stating that you "request exclusion from the Class in *NovaGold Resources Inc. Securities Litigation*." Your letter must state the date(s), price(s), and number of shares of all of your purchases, acquisitions, and sales of NovaGold common stock during the Class Period, and provide copies of records of your transactions. This information is needed to determine whether you are a Class Member. In addition, you must include your name, address, telephone number, and your signature. You must submit your exclusion request so that it is **received, or postmarked, on or before July 14, 2010**, to:

*NovaGold Resources Inc. Securities Litigation* EXCLUSIONS  
c/o The Garden City Group, Inc.  
Claims Administrator  
PO Box 9299  
Dublin, OH 43017-4699

**You cannot exclude yourself by telephone.** Your exclusion request must comply with these requirements in order to be valid. If you write to request to be excluded, you will not get any settlement payment, and, if you are a member of the U.S. Class, you cannot object to the Settlement. However, if you are a Canadian and do not wish to exclude yourself before the resolution of your objection to the Settlement, you will have an additional 30 days after the Canadian Settlement Hearings in order to submit an exclusion request in the event your objection is denied. If you are a member of more than one Class, you only need to submit one exclusion request.

#### **15. If I do not opt out, may I sue Defendants for the same thing?**

No. Unless you opt out, you give up any right to sue the Defendants and the other Released Parties for the Settled Claims resolved by this Settlement. If you have a pending lawsuit against any of the Defendants, speak to your lawyer in that case **immediately**. You must exclude yourself from *this* Class to continue your own lawsuit.

**16. If I opt out, may I get money from this proposed Settlement?**

No. If you opt out, do not mail in a Proof of Claim because you will be ineligible for compensation from the Settlement. However, you may sue, continue to sue, or be part of a different lawsuit against the Defendants and the other Released Parties concerning the Settled Claims resolved by this Settlement.

**THE LAWYERS REPRESENTING YOU**

**17. Do I have a lawyer in the Actions?**

The law firm of Labaton Sucharow LLP, represents the U.S. Class in the U.S. Action. The law firm of Camp Fiorante Matthews represents the British Columbia Class in the British Columbia Action. The law firm of Sutts, Strosberg LLP represents the Ontario Class in the Ontario Action, collectively ("Plaintiffs' Counsel"). You will not be separately charged for the services of any of these lawyers. The Courts will determine the amount of attorneys' fees, expenses, and disbursements those lawyers will receive, and this amount will be paid from the Gross Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

**18. How will the lawyers be paid?**

Plaintiffs' Counsel have not received any payment for their services in pursuing the claims against the Defendants on behalf of the Class, nor have they been reimbursed for their litigation expenses. At the Settlement Hearings, or at such other time as the Courts may order, U.S. Lead Counsel and Canadian Class Counsel will ask the Courts to collectively award them attorneys' fees from the Gross Settlement Fund in a total amount not to exceed 25% of the Gross Settlement Fund, plus interest on such fees at the same rate earned by the Gross Settlement Fund. Prior to the September 2009 mediation, U.S. Lead Plaintiff negotiated with U.S. Lead Counsel to limit attorneys' fees to 25% of any recovery. While this agreement was reached prior to the involvement of Canadian counsel in any mediation efforts, upon reaching the agreement in principle, U.S. Lead Plaintiff sought that the total attorneys' fees for both U.S. Lead Counsel and Canadian counsel not exceed 25% of the Settlement.

At the Settlement Hearing, U.S. Lead Counsel will make a motion for an award of attorneys' fees not to exceed C\$5,975,000 (approximately US\$5,700,000) or approximately 21.3% of the Gross Settlement Fund, plus interest, and reimbursement of litigation expenses incurred in connection with the prosecution of the U.S. Action in an amount not to exceed C\$275,000 (approximately US\$261,700), plus interest. Canadian Class Counsel will ask the courts in the Canadian Actions for an award of attorneys' fees not to exceed C\$1,025,000 (approximately US\$975,400) or approximately 3.7% of the Gross Settlement Fund, plus interest, and reimbursement of applicable taxes and litigation disbursements incurred in connection with the prosecution of the Canadian Actions in an amount not to exceed C\$45,000 (approximately US\$43,000), plus interest.

Pursuant to the PSLRA, the U.S. Lead Plaintiff will also ask the U.S. Court to reimburse it for costs and expenses it incurred in representing the U.S. Class in an amount not to exceed C\$1050.90 (US\$ 1,000).

If approved, the attorneys' fees requested would compensate Plaintiffs' Counsel for their efforts in achieving the Settlement for the benefit of the Class and for the risk in undertaking the litigation on a contingency basis. This request is reasonable given: (a) the time and labor spent by counsel; (b) the novelty and difficulty of the claims; (c) the risk that Plaintiffs would not prevail; (d) the risk that, if Plaintiffs prevailed, NovaGold would not remain a going concern or be able to pay a judgment after trial; (e) the quality of counsel's representation; and (f) the fees awarded in similar cases.

## **OBJECTING TO THE SETTLEMENT**

### **19. How do I object?**

If you are a Class Member, you may "object" to the Settlement or any of its terms, including the proposed Plan of Allocation, or to the applications by Plaintiffs' Counsel for awards of attorneys' fees, taxes, and expenses/disbursements. If you are a member of the U.S. Class, you must write to the U.S. Court and U.S. Lead Counsel. If you are a member of one of the Canadian Classes, you must write to the Claims Administrator. You must set out your objection and give reasons for it. You must also: (1) include your name, address, telephone number, and signature; (2) identify and supply copies of documentation showing the date(s), price(s), and number of NovaGold shares you purchased or sold during the Class Period; and (3) identify the exchange(s) on which you transacted. This information is needed to demonstrate your membership in the Class. The appropriate Court will consider your views if you file a proper objection according to these procedures. If you are a member of more than one Class, you may submit only one objection, as described below, and it will be decided by only one of the courts. (If you are a member of more than one Class and you submit more than one objection, the U.S. Court will decide your objection.)

If you are a ***U.S. Class Member***, you must submit your signed letter saying that you object to the proposed Settlement in *NovaGold Resources Inc. Securities Litigation*, No. 08-7041 to each of the following so that it is **received, or postmarked, on or before July 14, 2010**:

*U.S. Lead Counsel:*

Joseph A. Fonti, Esq.  
Labaton Sucharow LLP  
140 Broadway  
New York, NY 10005

*The U.S. Court:*

Clerk of the Court  
United States District Court for the Southern District of New York  
Daniel Patrick Moynihan United States Courthouse  
500 Pearl Street  
New York, NY 10007-1312

If you are a member of the U.S. Class ***and*** one of the Canadian Classes, and you file your objection with the U.S. Court, you are choosing to have your objection decided by the U.S. Court

rather than one of the Canadian Courts. If you **do not** file your objection in the U.S. Court, your objection will be decided only by the Canadian Court that has jurisdiction over your Canadian Class.

If you are a **British Columbia Class Member**, you must submit your signed letter saying that you object to the proposed Settlement in *NovaGold Resources Inc. Securities Litigation*, Court File No. VLC-S-S-097866; or if you are an **Ontario Class Member**, you must submit your signed letter saying that you object to the proposed Settlement in *NovaGold Resources Inc. Securities Litigation*, Court File No. CV-09-13833, on the following so that it is **received, or postmarked, on or before July 14, 2010**:

*Claims Administrator:*

The Garden City Group, Inc.  
PO Box 9299  
Dublin, OH 43017-4699

Canadian Class Counsel will ensure that your objection is brought to the attention of the Canadian Courts.

You do not need to attend either the Canadian Settlement Hearings or the U.S. Settlement Hearing to have your objection considered. However, if you wish to attend or to have a lawyer attend to speak about your objection, you must indicate this intention in your objection letter.

## **20. What is the difference between objecting and opting out?**

Objecting is simply telling the Court that you do not like something about the Settlement. If you are a U.S. Class Member, you may object only if you stay in the Class. Opting out is telling the Court that you do not want to be part of the Settlement. If you opt out, you have no basis to object because the Action no longer affects you. If you are a Canadian who objects, and your objection is denied, you will have an additional 30 days after the denial of your objection to opt out from the Canadian Class.

## **THE SETTLEMENT HEARINGS IN THE CANADIAN AND U.S. COURTS**

### **21. When and where will the Canadian and U.S. Courts decide whether to approve the Settlement?**

The U.S. Court will hold the U.S. Settlement Hearing on September 10, 2010 at 2:00 p.m., in Courtroom 11B at the Daniel Patrick Moynihan United States Courthouse, the United States District Court for the Southern District of New York, 500 Pearl Street, New York, NY 10007-1312.

The British Columbia Court will hold the British Columbia Settlement Hearing on August 6, 2010, at 10:00 a.m., at the Supreme Court of British Columbia, 800 Smithe Street, Vancouver, British Columbia V6Z 2E1.

The Ontario Court will hold the Ontario Columbia Settlement Hearing on August 4, 2010, at 1:00 p.m., at the Ontario Superior Court of Justice, 245 Windsor Avenue, Windsor, Ontario N9A 1J2.

At these respective hearings, each Court will consider whether the Settlement is fair, reasonable, and adequate for the Class Members over which each Court presides, whether to approve the proposed Plan of Allocation, whether to award attorneys' fees and expenses, and whether to reimburse the U.S. Lead Plaintiff for its costs and expenses. If there are objections, the Courts will consider them, and the presiding judge may listen to people who have properly indicated, within the deadline identified in Question 19 above, an intention to attend the hearing; however, all decisions regarding the conduct of the hearings will be made by the respective presiding judge. The Courts may decide some or all of these issues at the hearings, or take them under consideration. We do not know how long these decisions will take.

**22. Do I have to come to the Hearings?**

No. Plaintiffs' Counsel will answer any questions the Courts may have. You are welcome to attend at your own expense. If you mail an objection, you do not have to appear at a hearing to talk about it. Please be aware that the Courts may change the dates or times of the hearings without further notice to Class Members.

**23. May I speak at the hearing and submit additional evidence?**

If you object to the Settlement, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must include with your objection (*see* Question 19 above) a statement that it is your "notice of intention to appear in *NovaGold Resources Inc. Securities Litigation*." Persons who intend to object and want to present evidence at the Settlement Hearing must also include in their written objection the identity of any witness they may call to testify and exhibits they intend to introduce at the Settlement Hearing. You cannot speak at the hearing if you excluded yourself from the Class or if you have not provided written notice of your intention to speak at the Settlement Hearing according to the procedures described above and in the answer to Question 19.

**IF YOU DO NOTHING**

**24. What happens if I do nothing at all?**

If you do nothing, you will get no money from this Settlement and you will be precluded forever from starting a lawsuit, continuing with a lawsuit, or being part of any other lawsuit against the Defendants and the Released Parties about the Settled Claims. To share in the Net Settlement Fund, you must timely submit a valid Proof of Claim (*see* Question 10). To start, continue, or be part of any *other* lawsuit against the Defendants and the other Released Parties concerning the Settled Claims, you must exclude yourself (*see* Question 14).

**GETTING MORE INFORMATION**

**25. Are there more details about the Settlement and the Actions?**

For more information concerning the U.S. Action, the Ontario Action, the British Columbia Action, and the Settlement, you may review key documents on the websites of the Claims Administrator and Plaintiffs' Counsel: [www.gardencitygroup.com](http://www.gardencitygroup.com), [www.labaton.com](http://www.labaton.com), and [www.novagoldclassaction.com](http://www.novagoldclassaction.com). Specifically, please see the websites for downloadable copies of the complaints in the Actions, the U.S. Court's decision on Defendants' motions to dismiss, the Amended Stipulation and Agreement of Settlement, dated as of April 20, 2010 (the "Stipulation"), this Notice (in English and French), and the Proof of Claim.

This Notice summarizes the proposed Settlement. More details are in the Stipulation. All capitalized terms not defined in this Notice have the meanings set forth in the Stipulation.

You may also contact counsel as follows:

<i>U.S. Lead Counsel:</i>	<i>Ontario Class Counsel:</i>
Joseph A. Fonti, Esq. Labaton Sucharow LLP 140 Broadway New York, NY 10005 888-753-2796  info@labaton.com www.labaton.com	Jay Strosberg, Esq. Sutts, Strosberg LLP 600-251 Goyeau Street Windsor, Ontario N9A 6V4 877-214-4517  novagold@strosbergco.com www.novagoldclassaction.com
<i>British Columbia Class Counsel:</i>	
Reidar Mogerman, Esq. Camp Fiorante Matthews 4th Floor, Randall Building 555 West Georgia Street Vancouver, BC Canada V6B 1Z6 604-689-7555 info@cfmlawyers.ca	

## **PLAN OF ALLOCATION OF THE NET SETTLEMENT FUND**

### **26. What is the Plan of Allocation?**

The Net Settlement Fund will be distributed in accordance with the Plan of Allocation described below. Class Members who timely submit to the Claims Administrator valid Proofs of Claim that show a Recognized Loss, as defined below ("Authorized Claimants"), will be eligible to participate in the distribution of the Net Settlement Fund, but only if they have a net loss on all Class Period transactions in NovaGold shares. The Courts may approve the Plan of Allocation,



with or without modifications agreed to among the Parties, or another Plan of Allocation without further notice to Class Members.

The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's "Recognized Loss." The Recognized Loss formula is not intended to be an estimate of the amount of what an Authorized Claimant might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Loss formula is the basis upon which the Net Settlement Fund will be proportionately allocated to Authorized Claimants. The objective of the Plan of Allocation is to equitably distribute the Settlement proceeds to those Authorized Claimants who suffered economic losses as a result of the alleged fraud, as opposed to losses caused by market factors or non-fraud-related factors. The Plan of Allocation reflects Plaintiffs' consulting damages expert's estimate of the alleged artificial inflation in NovaGold common stock during the Class Period. Neither Defendants nor their counsel had any role in creating the Plan of Allocation.

For purposes of determining the amount an Authorized Claimant may recover under the Plan of Allocation, this Plan of Allocation reflects the Plaintiffs' damages theory advanced in the Actions (namely, that the prices of NovaGold shares were artificially inflated by various alleged misstatements and omissions during the Class Period, and that such inflation was removed when the allegedly corrective disclosures were made). The Class Period begins on October 25, 2005, the day that NovaGold released the Hatch Preliminary Economic Assessment Report estimating Galore Creek's capital cost at US\$1.1 billion. November 23, 2007 is the last trading day before NovaGold announced on November 26, 2007 that it was suspending operations at Galore Creek because revised projected costs rendered the project no longer economically feasible. January 16, 2008 is the date that NovaGold formally advised investors that they should no longer rely on the feasibility study released in October 2006 that purportedly supported the economic feasibility of the Galore Creek project. The various Recognized Loss formulas described below are based on the timing of trades in NovaGold common stock relative to the alleged disclosure dates and the amount of allegedly artificial inflation removed by the disclosures.

The Plan of Allocation treats U.S. Class Members, Canadian Class Members, purchasers on the AMEX, and purchasers on the TSX in the same manner based principally upon NovaGold's historic share price movement on each exchange. Although Plaintiffs estimate that approximately 70-75% of the trading volume in NovaGold shares was on the AMEX during the Class Period, some Class Members had transactions on both exchanges, or only on the TSX. In order to reach a global resolution, U.S. Lead Plaintiff and Canadian Plaintiffs agreed that any plan of allocation would treat Class Members the same. (Defendants had no role in creating the Plan of Allocation.) During the litigation and settlement negotiations, the Parties raised various arguments concerning the relative strengths and weaknesses of the claims brought in the U.S. Action versus the claims brought in the Canadian Actions, including, for example, the risk of dismissal before trial, the likelihood of class certification, access to a jury trial, limitations on damages, and the burdens of proving that damages had been suffered. The Plan of Allocation created by Plaintiffs, with the assistance of their consulting damages expert, reflects that, *inter alia*: (i) the Parties do not agree about the relative strengths or weaknesses of the claims; (ii) placing different monetary values on the U.S. or Canadian claims could not be achieved with certainty; and (iii) more complex recognized loss formulas would increase the burdens and costs

of processing claims, resulting in higher costs for the Classes and a longer administrative process.

Each Authorized Claimant will receive *pro rata* shares of the cash in the Net Settlement Fund based on his, her, or its Recognized Loss. To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's Recognized Loss. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Loss of each Authorized Claimant (the more likely scenario), then each Authorized Claimant will be paid the percentage of the Net Settlement Fund that each Authorized Claimant's Recognized Loss bears to the total of the Recognized Losses of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants. In order to perform the proration, total Recognized Losses must be calculated in one currency. Accordingly, and solely for purposes of determining proration, all U.S. dollar-determined Recognized Losses will be calculated initially in U.S. dollars and then calculated in Canadian dollars using the exchange rate available at the time a motion for distribution is made, rounded up to the nearest cent. The determination of the proration is merely a calculation, with no exchange of Canadian dollars into U.S. dollars.

Members of the U.S. Class who submit valid and timely Proofs of Claim, only purchased shares of NovaGold common stock on the AMEX, and have allowed claims, will receive a distribution from the Net Settlement Fund in U.S. Dollars calculated pursuant to the exchange rate at the time a motion for distribution is made and rounded up to the nearest cent. Members of the Canadian Classes who submit valid and timely Proofs of Claim, only purchased shares of NovaGold common stock on the TSX, and have allowed claims, will receive a distribution from the Net Settlement Fund in Canadian Dollars. Members of any of the Classes who submit valid and timely Proofs of Claim and purchased shares of NovaGold common stock on both the AMEX and TSX must, on their Proofs of Claim, elect to receive a distribution from the Net Settlement Fund in U.S. Dollars, calculated pursuant to the exchange rate at the time a motion for distribution is made and rounded up to the nearest cent; if this election is not made, their distribution will be made in Canadian Dollars.

For Class Members who held shares at the beginning of the Class Period or made multiple purchases or sales during the Class Period, the first-in, first-out ("FIFO") method will be applied to such holdings, purchases, and sales for purposes of calculating a claim. Under the FIFO method, sales of shares during the Class Period will be matched, in chronological order, first against shares held at the beginning of the Class Period. The remaining sales of shares during the Class Period will then be matched, in chronological order, against additional shares purchased during the Class Period.

A purchase or sale of NovaGold shares shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. All transaction amounts for purchases and sales of NovaGold common stock should exclude commissions, taxes, and fees.

The date of covering a "short sale" is deemed to be the date of purchase of NovaGold common stock. The date of a "short sale" is deemed to be the date of sale of NovaGold common stock. The Recognized Loss for "short sales" is zero. In the event that there is an opening short position in NovaGold common stock, the earliest Class Period purchases shall be matched

against such opening short position, and not be entitled to a recovery, until that short position is fully covered.

The receipt or grant by gift, devise, inheritance, or operation of law of NovaGold common stock during the Class Period shall not be deemed a purchase of such common stock for the calculation of an Authorized Claimant's Recognized Loss, nor shall it be deemed an assignment of any claim relating to the purchase of such common stock unless: (i) the donor or decedent purchased such shares during the Class Period; (ii) no Claim Form was submitted by or on behalf of the donor, the decedent, or anyone else with respect to such shares; and (iii) it is specifically so provided in the instrument of gift or assignment.

Option contracts are not securities eligible to participate in the Settlement. Accordingly, shares of NovaGold common stock purchased during the Class Period through the exercise of a call option or the assignment of a put option shall be treated as a purchase on the date of exercise or assignment for the stated exercise price set forth in the call or put option, and any Recognized Loss arising from such transaction shall be computed as provided for purchases of common stock.

To the extent a claimant had an out-of-pocket gain from his, her, or its overall transactions in NovaGold common stock during the Class Period, the value of the Recognized Loss will be zero. To the extent that a claimant suffered an overall out-of-pocket loss on his, her, or its overall transactions in NovaGold common stock during the Class Period, but that loss was less than the Recognized Loss calculated below, then the Recognized Loss shall be limited to the amount of the actual out-of-pocket loss.

For purposes of determining whether a claimant had an out-of-pocket gain from his, her, or its overall transactions in NovaGold common stock during the Class Period or suffered a loss, the Claims Administrator shall determine the difference between (i) the Total Purchase Amount<sup>4</sup> and (ii) the sum of the Sales Proceeds<sup>5</sup> and the Holding Value.<sup>6</sup> This difference will be deemed a claimant's out-of-pocket gain or loss on his, her, or its overall transactions in common stock during the Class Period.

Distributions will be made to Authorized Claimants after all Proofs of Claim have been processed and after the Courts have finally approved the Settlement. No distributions to Authorized Claimants who would receive less than C\$10.00 (US\$9.52) will be made, given the administrative expenses of processing and mailing such checks. All checks shall become stale 90 days from the date of issuance. All funds remaining for such stale checks shall be irrevocably

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<sup>4</sup> The "Total Purchase Amount" is the total amount the claimant paid for all NovaGold common stock purchased during the Class Period.

<sup>5</sup> The Claims Administrator shall match any sales of NovaGold common stock during the Class Period and sales during the PSLRA 90-day look-back period first against the claimant's opening position in NovaGold common stock (the proceeds of those sales will not be considered for purposes of calculating gains or losses). The total amount received for sales of the remaining NovaGold common stock during the Class Period and sales during the PSLRA 90-day look-back period that may be matched against Class Period purchases is the "Sales Proceeds."

<sup>6</sup> The Claims Administrator shall ascribe a holding price for shares purchased during the Class Period and still held at the end of the PSLRA 90-day look-back period, with such holding price being US\$9.89 per share for shares purchased on the AMEX and C\$9.91 for shares purchased on the TSX (the "Holding Value").

forfeited, and, if cost effective and efficient, such funds will be redistributed to Authorized Claimants who cashed their distribution checks; if it is not cost effective and efficient to redistribute those funds, they will be donated to non-sectarian, not-for-profit organizations, as provided in the Stipulation.

Payment pursuant to the Plan of Allocation set forth below shall be conclusive against all Authorized Claimants. No Class Member shall have any claim against U.S. Lead Counsel, Canadian Class Counsel, or against any of the Defendants, the Released Parties, or their counsel based on the investments, costs, expenses, administration, allocations, payments, and distributions that are made substantially in accordance with the Stipulation, the Plan of Allocation, or further order of the Courts. Each Court has the ability to allow, disallow, or adjust on equitable grounds the claim of any Class Member over which it presides. If you are a member of more than one of the Classes, you will have to choose on your Proof of Claim which Court will have jurisdiction over your claim. If you do not make a choice, the U.S. Court will have jurisdiction over your claim.

A Recognized Loss will be calculated as follows:

#### **Plan of Allocation for Purchases on the AMEX**

- I. For shares of common stock purchased between October 25, 2005 and November 23, 2007:
  - A. For shares held at the end of trading on April 14, 2008, the Recognized Loss shall be that number of shares multiplied by the lesser of:
    - (1) US\$9.92; or
    - (2) the difference between the purchase price per share and US\$9.89.<sup>7</sup>
  - B. For shares sold between October 25, 2005 and November 23, 2007, the Recognized Loss shall be zero.
  - C. For shares sold between November 26, 2007 and January 15, 2008, the Recognized Loss shall be that number of shares multiplied by the lesser of:
    - (1) US\$9.92; or
    - (2) the difference between the purchase price per share and the sales price.

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<sup>7</sup> Pursuant to Section 21(D)(e)(1) of the PSLRA, “in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated.” US\$9.89 was the mean closing price of NovaGold common stock on the AMEX during the 90-day period beginning on January 16, 2008 and ending on April 14, 2008.

- D. For shares sold between January 16, 2008 and April 14, 2008, the Recognized Loss shall be the lesser of:
- (1) US\$9.92; or
  - (2) the difference between the purchase price per share and the average closing price of NovaGold common stock between January 16, 2008 and the date of sale, to be calculated by the Claims Administrator using pricing data in Table 1, available at [www.gardencitygroup.com](http://www.gardencitygroup.com).<sup>8</sup>
- II. For shares of common stock purchased between November 26, 2007 and January 15, 2008, the Recognized Loss shall be zero.

### **Plan of Allocation for Purchases on the Toronto Stock Exchange**

- I. For shares of common stock purchased between October 25, 2005 and November 23, 2007:
- A. For shares held at the end of trading on April 14, 2008, the Recognized Loss shall be that number of shares multiplied by the lesser of:
    - (1) C\$9.78; or
    - (2) the difference between the purchase price per share and C\$9.91.<sup>9</sup>
  - B. For shares sold between October 25, 2005 and November 23, 2007, the Recognized Loss shall be zero.
  - C. For shares sold between November 26, 2007 and January 15, 2008, the Recognized Loss shall be that number of shares multiplied by the lesser of:
    - (1) C\$9.78; or
    - (2) the difference between the purchase price per share and the sales price.

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<sup>8</sup> Pursuant to Section 21(D)(e)(2) of the PSLRA, “in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, if the plaintiff sells or repurchases the subject security prior to the expiration of the 90-day period described in paragraph (1), the plaintiff’s damages shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the security and the mean trading price of the security during the period beginning immediately after dissemination of information correcting the misstatement or omission and ending on the date on which the plaintiff sells or repurchases the security.”

<sup>9</sup> Pursuant to Section 21(D)(e)(1) of the PSLRA, “in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated.” C\$9.91 was the mean closing price of NovaGold common stock on the TSX during the 90-day period beginning on January 16, 2008 and ending on April 14, 2008.

D. For shares sold between January 16, 2008 and April 14, 2008, the Recognized Loss shall be the lesser of:

- (1) C\$9.78; or
- (2) the difference between the purchase price per share and the average closing price of NovaGold common stock between January 16, 2008 and the date of sale, to be calculated by the Claims Administrator using pricing data in Table 1, available at [www.gardencitygroup.com](http://www.gardencitygroup.com).<sup>10</sup>

II. For shares of common stock purchased between November 26, 2007 and January 15, 2008, the Recognized Loss shall be zero.

### **SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

If you purchased or otherwise acquired NovaGold shares for the beneficial interest of a person or organization other than yourself, the Courts have directed that WITHIN SEVEN (7) CALENDAR DAYS OF YOUR RECEIPT OF THIS NOTICE you must either: (1) send a copy of this Notice and Proof of Claim by first class mail, e-mail, or facsimile to all such persons; or (2) provide a list of the names and addresses of such persons to the Claims Administrator at:

*NovaGold Resources Inc. Securities Litigation*  
c/o The Garden City Group, Inc.  
Claims Administrator  
PO Box 9299  
Dublin, OH 43017-4699  
(Toll Free) 866-887-1306  
**[www.gardencitygroup.com](http://www.gardencitygroup.com)**

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing. Upon such mailing, you are directed to send a statement to the Claims Administrator confirming that the mailing was made. Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for reasonable administrative costs actually incurred in connection with forwarding the Notice and Proof of Claim or ascertaining the names and addresses of beneficial owners after submission to the Claims Administrator of appropriate documentation.

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<sup>10</sup> Pursuant to Section 21(D)(e)(2) of the PSLRA, “in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, if the plaintiff sells or repurchases the subject security prior to the expiration of the 90-day period described in paragraph (1), the plaintiff’s damages shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the security and the mean trading price of the security during the period beginning immediately after dissemination of information correcting the misstatement or omission and ending on the date on which the plaintiff sells or repurchases the security.”

**PLEASE DO NOT CONTACT THE COURTS  
REGARDING THIS NOTICE**

Dated: [ ]

BY ORDER OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN  
DISTRICT OF NEW YORK, THE SUPREME COURT OF BRITISH COLUMBIA, AND THE  
ONTARIO SUPERIOR COURT OF JUSTICE

# **Exhibit C-2**



**Must be Postmarked  
No Later Than  
September 15, 2010**

**NovaGold Resources Inc. Securities Litigation  
c/o The Garden City Group, Inc.  
PO Box 9299  
Dublin, OH 43017-4699  
1(866) 887-1306**

NVA



Claim Number:

Control Number:

## **PROOF OF CLAIM AND RELEASE**

**YOU MUST COMPLETE THIS CLAIM FORM BY \_\_\_\_\_, 2010 TO BE ELIGIBLE TO SHARE IN THE  
\$28 MILLION CDN SETTLEMENT.**

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**SECTION A - CLAIMANT INFORMATION****Claimant Full Name(s):****Account Number:** (not required)**Last 4 digits of Claimant Social Security Number/Taxpayer ID Number:****Name of the Person you would like the Claims Administrator to Contact Regarding This Claim** (if different from the Claimant Name(s) listed above):**Claimant or Representative Contact Information:**

The Claims Administrator will use this information for all communications relevant to this Claim (including mailing the check, if eligible for payment). If this information changes, you MUST notify the Claims Administrator in writing at the address above.

**Street Address:****City:****State and Zip Code:****Country:****Daytime Telephone Number:** (     )     -     **Evening Telephone Number:** (     )     -     **Email Address:**  
(PRINT ONLY)

*(Email address is not required, but if you provide it you authorize the Claims Administrator to use it in providing you with information relevant to this claim.)*



Check this box if you wish to receive payment (if you are eligible for a cash award under the Court approved Plan of Allocation) via electronic transfer. Please note: GCG will request your banking information at the appropriate time. If you check this box, you MUST provide your email address above.

**NOTICE REGARDING ELECTRONIC FILES:** Claims with 50 or more transactions, or on behalf of 10 or more different accounts should be submitted electronically and in the required format. To obtain the electronic filing requirements and file layout, you may visit the website at [www.gardencitygroup.com](http://www.gardencitygroup.com) or you may e-mail the Claims Administrator at [eClaim@gardencitygroup.com](mailto:eClaim@gardencitygroup.com). No electronic files will be considered to have been properly submitted unless the Claims Administrator issues an email after processing your file with your claim numbers and respective account information. Do not assume that your file has been received or processed until you receive this email. If you do not receive such an email within 10 days of your submission, you should contact the electronic filing department at [eClaim@gardencitygroup.com](mailto:eClaim@gardencitygroup.com) to inquire about your file and confirm it was received.


**SECTION B - SCHEDULE OF TRANSACTIONS IN NOVAGOLD COMMON STOCK ON THE AMEX**

1. **BEGINNING HOLDINGS:** Number of shares of NovaGold common stock held as of the beginning of trading on **October 25, 2005**. (If none, write "zero" or "0") (If other than zero, must be documented)
2. **PURCHASES/ACQUISITIONS:** List (in chronological order) all purchases/acquisitions of NovaGold common stock made on or after **October 25, 2005** to and including **January 16, 2008**, inclusive.

Date(s) of Purchase/Acquisition (List Chronologically) (Month/Day/Year)	Number of Shares of Common Stock Purchased/Acquired	Purchase/Acquisition Price Per Share	Total Purchase Price (Excluding commissions, transfer taxes, or other fees)
/ /		\$ .	\$ .
/ /		\$ .	\$ .
/ /		\$ .	\$ .
/ /		\$ .	\$ .

3. **PURCHASES:** Please list the number of shares of NovaGold common stock purchased between **January 16, 2008** and **April 14, 2008**, inclusive.
4. **SALES:** List (in chronological order) all sales of NovaGold common stock made on or after **October 25, 2005** to and including **April 14, 2008**, inclusive.

Sale Date(s) (List Chronologically) (Month/Day/Year)	Number of Shares of Common Stock Sold	Sale Price Per Share	Total Sale Price (Excluding commissions, transfer taxes, or other fees)
/ /		\$ .	\$ .
/ /		\$ .	\$ .
/ /		\$ .	\$ .
/ /		\$ .	\$ .

5. **ENDING HOLDINGS:** Number of shares of NovaGold common stock held at the close of trading on **April 14, 2008**. (If none, write "zero" or "0") (If other than zero, must be documented)

**IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS YOU MUST  
PHOTOCOPY THIS PAGE AND CHECK THIS BOX ☐  
IF YOU DO NOT CHECK THIS BOX THESE ADDITIONAL PAGES WILL NOT BE REVIEWED**


**SECTION B - SCHEDULE OF TRANSACTIONS IN NOVAGOLD COMMON STOCK ON THE TSX**

1. **BEGINNING HOLDINGS:** Number of shares of NovaGold common stock held as of the beginning of trading on **October 25, 2005**. (If none, write "zero" or "0") (If other than zero, must be documented)

2. **PURCHASES/ACQUISITIONS:** List (in chronological order) all purchases/acquisitions of NovaGold common stock made on or after **October 25, 2005** to and including **January 16, 2008**, inclusive.

Date(s) of Purchase/Acquisition (List Chronologically) (Month/Day/Year)	Number of Shares of Common Stock Purchased/Acquired	Purchase/Acquisition Price Per Share	Total Purchase Price (Excluding commissions, transfer taxes, or other fees)
/ /		\$ .	\$ .
/ /		\$ .	\$ .
/ /		\$ .	\$ .
/ /		\$ .	\$ .

3. **PURCHASES:** Please list the number of shares of NovaGold common stock purchased between **January 16, 2008 and April 14, 2008**, inclusive.

4. **SALES:** List (in chronological order) all sales of NovaGold common stock made on or after **October 25, 2005** to and including **April 14, 2008**, inclusive.

Sale Date(s) (List Chronologically) (Month/Day/Year)	Number of Shares of Common Stock Sold	Sale Price Per Share	Total Sale Price (Excluding commissions, transfer taxes, or other fees)
/ /		\$ .	\$ .
/ /		\$ .	\$ .
/ /		\$ .	\$ .
/ /		\$ .	\$ .

5. **ENDING HOLDINGS:** Number of shares of NovaGold common stock held at the close of trading on **April 14, 2008**. (If none, write "zero" or "0") (If other than zero, must be documented)

**IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS YOU MUST PHOTOCOPY THIS PAGE AND CHECK THIS BOX ☐**  
**IF YOU DO NOT CHECK THIS BOX THESE ADDITIONAL PAGES WILL NOT BE REVIEWED**



## SECTION B - RELEASE AND SIGNATURE

1. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally and forever settle, release and discharge from the Settled Claims each and all of the Released Parties as those terms and terms related thereto are defined in the accompanying Notice.

"Settled Claims" means any and all claims, rights, causes of action, damages, or liabilities of any kind, nature, and character whatsoever in law, equity, or otherwise, including both known and Unknown Claims, which were, could have been, or could be asserted in any forum by the Class Members against any of the Released Parties, whether under United States or Canadian federal, state, provincial, local, statutory, or common law, or any other law, rule, or regulation, based upon, arising out of or relating to, directly or indirectly, any acts, facts, transactions, occurrences, representations, allegations, or omissions alleged in the Actions.

"Released Parties" means Carl Gagnier, Gregory S. Johnson, Joseph R. Piekenbrock, Elaine M. Sanders, Douglas Nicholson, Defendants and each of their respective present and former parents, subsidiaries, affiliates, officers, directors, employees, general or limited partners or partnerships, foundations, trusts, principals, trustees, attorneys, auditors, accountants, investment bankers, consultants, agents, insurers, co-insurers, heirs, executors, administrators, predecessors, successors, and assigns.

"Unknown Claims" means any and all Settled Claims which any of the U.S. Lead Plaintiff, the Canadian Plaintiffs, or the Class Members do not know or suspect to exist in their favor at the time of the Effective Date and any Settled Defendants' Claims which any Defendant does not know or suspect to exist in his favor, as of the Effective Date, which if known might have affected the decisions with respect to the Settlement and releases therein. With respect to any and all Settled Claims and Settled Defendants' Claims, the parties stipulate and agree that, upon the Effective Date, U.S. Lead Plaintiff, Canadian Plaintiffs, and Defendants shall expressly waive, and each Class Member shall be deemed to have waived, and by operation of the Judgments shall have expressly waived, any and all provisions, rights, and benefits conferred by any law of any state, province, or territory of the United States or Canada, or principle of common law or otherwise, which provides that a general release does not extend to claims which a creditor or releasor does not know or suspect to exist in their favor at the time of executing the release which, if known, might have materially affected their settlement and release of individuals and persons, including any provisions, rights or benefits under California Civil Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

U.S. Lead Plaintiff, Canadian Plaintiffs, and Class Members may hereinafter discover facts in addition to, or different from, those which they know or believe to be true with respect to the subject matter of the Settled Claims, but U.S. Lead Plaintiff and the Canadian Plaintiffs shall expressly fully, finally, and forever settle and release, and each Class Member, upon the Effective Date, shall be deemed to have and, by operation of the Judgments shall have, fully, finally, and forever settled and released any and all Settled Claims. U.S. Lead Plaintiff, Canadian Plaintiffs, and Defendants acknowledge, and Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Settled Claims and Settled Defendants' Claims was separately bargained for and was a key element of the Settlement.

2. This release shall be of no force or effect unless and until the Court approves the Settlement and the Effective Date (as defined in the Settlement Agreement) has occurred.

3. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this release or any other part or portion thereof.

4. I (We) hereby warrant and represent that I (we) have included information about all of my (our) purchases, acquisitions, and sales and other transactions in NovaGold common stock which occurred during the Class Period and the number of shares of NovaGold common stock held by me (us) at the beginning of trading on October 25, 2005, and at the close of trading on April 14, 2008.

5. I (We) hereby warrant and represent that I am (we are) not an Excluded Person as defined herein and in the Notice.

If I (we) purchased shares of NovaGold common stock on both the AMEX and TSX exchanges or if I (we) are residents of Canada and purchased shares of NovaGold common stock on the AMEX, I (we) make the following selection to determine the court that has jurisdiction over my (our) claim (failure to select will give the U.S. Court jurisdiction):

☐ U.S. Court      **or**      ☐ Ontario Court      **or**      ☐ British Columbia Court  
(only for residents of British Columbia)

If I (we) purchased shares on both the AMEX and TSX exchanges, I (we) make the following currency selection in the event that I (we) am (are) entitled to a distribution from the Net Settlement Fund (failure to select will result in payment in Canadian Dollars):

☐ U.S. Dollars      **or**      ☐ Canadian Dollars

I (We) certify, as if sworn under oath pursuant to the laws of Canada or made subject to the penalties of perjury pursuant to 28 U.S.C. § 1746 and the laws of the United States, as applicable, that the foregoing information supplied by the undersigned is true and correct.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ in \_\_\_\_\_, \_\_\_\_\_  
(City) (State/County)

\_\_\_\_\_  
 (Sign your name here)

\_\_\_\_\_  
 (Type or print your name here)

\_\_\_\_\_  
 (Joint owner sign your name here)

\_\_\_\_\_  
 (Joint owner type or print your name here)

\_\_\_\_\_  
 (Capacity of persons signing, e.g., Beneficial Purchaser, Executor or Administrator)



### REMINDER CHECKLIST

1. Please sign the Release Section of the Proof of Claim Form.
2. If this claim is made on behalf of joint claimants, then both must sign.
3. Please remember to attach supporting documents.
4. DO NOT SEND ORIGINALS OF ANY SUPPORTING DOCUMENTS.
5. Keep a copy of your Proof of Claim and Release form and all documentation submitted for your records.
6. The Claims Administrator will acknowledge receipt of your Proof of Claim and Release by mail, within 30 days. Your claim is not deemed filed until you receive an acknowledgment postcard. If you do not receive an acknowledgment postcard within 30 days, please call the Claims Administrator toll free at **1(866) 887-1306**.
7. If you move, please send us your new address.
8. **Do not use highlighter on the Proof of Claim and Release form or supporting documentation.**

THIS PROOF OF CLAIM MUST BE POSTMARKED NO LATER THAN  
**SEPTEMBER 15, 2010** AND MUST BE MAILED TO:

**NovaGold Resources Inc. Securities Litigation**  
**c/o The Garden City Group, Inc.**  
**PO Box 9299**  
**Dublin, OH 43017-4699**

# **Exhibit C-3**

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

IN RE NOVAGOLD RESOURCES INC.	)	
SECURITIES LITIGATION	)	MASTER FILE
	)	
This Document Relates to:	)	1:08-CV-7041 (DLC) (JCF)
	)	
All Actions	)	
	)	

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Court File No.: CV-09-13833

ONTARIO  
SUPERIOR COURT OF JUSTICE

BETWEEN

PHILIP ELLIOTT and WILLIAM KORMOS

Plaintiffs

and

NOVAGOLD RESOURCES INC., et al.

Defendants

Proceeding under the *Class Proceedings Act, 1992*

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Court File No.: VLC-S-S-097866

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

LINDA M. ELLIOTT

Plaintiff

AND:

NOVAGOLD RESOURCES INC., et al.

Defendants

Proceeding under the *Class Proceedings Act, R.S.B.C. 1996, c.50*



**SUMMARY NOTICE OF PENDENCY AND  
PROPOSED SETTLEMENT OF CLASS ACTIONS**

TO: ALL PERSONS AND ENTITIES THAT:

(1) (i) PURCHASED NOVAGOLD RESOURCES INC. (“NOVAGOLD”) COMMON STOCK ON THE AMERICAN STOCK EXCHANGE (“AMEX”) DURING THE PERIOD FROM OCTOBER 25, 2005 TO AND INCLUDING JANUARY 16, 2008 (THE “CLASS PERIOD”); (ii) ARE UNITED STATES RESIDENTS THAT PURCHASED NOVAGOLD COMMON STOCK ON THE TORONTO STOCK EXCHANGE (“TSX”) DURING THE CLASS PERIOD; OR (iii) ARE UNITED STATES RESIDENTS THAT PURCHASED PUBLICLY TRADED NOVAGOLD COMMON STOCK BY ANY OTHER MEANS DURING THE CLASS PERIOD (THE “U.S. CLASS”);

(2) ARE RESIDENTS OF BRITISH COLUMBIA AND PURCHASED NOVAGOLD COMMON STOCK ON THE TSX OR AMEX DURING THE CLASS PERIOD (THE “BRITISH COLUMBIA CLASS”); AND

(3) PURCHASED NOVAGOLD COMMON STOCK ON THE TSX DURING THE CLASS PERIOD AND ALL PERSONS IN CANADA WHO PURCHASED NOVAGOLD COMMON STOCK ON THE AMEX DURING THE CLASS PERIOD (THE “ONTARIO CLASS”).

YOU ARE HEREBY NOTIFIED, by the Orders of the United States District Court for the Southern District of New York (the “U.S. Court”), the Supreme Court of British Columbia (the “British Columbia Court”) and the Ontario Superior Court of Justice (“the “Ontario Court”) (collectively, the “Courts”) that the above-captioned actions have been certified as class actions for settlement purposes only and that a settlement for C\$28 million (approximately US\$26,600,000) has been proposed by the parties. Settlement Hearings will be held before the U.S. Court, the British Columbia Court and the Ontario Court. The U.S. Settlement Hearing will be held at the Daniel Patrick Moynihan United States Courthouse, Courtroom 11B, of the United States District Court for the Southern District of New York, 500 Pearl Street, New York, NY 10007-1312, at 2:00 p.m., on September 10, 2010. The British Columbia Settlement Hearing will be held at the Supreme Court of British Columbia at 10:00 a.m., on August 6, 2010. The Ontario Settlement Hearing will be held at the Ontario Superior Court of Justice at 1:00 p.m., on

August 4, 2010. Each hearing will determine: whether the proposed settlement should be approved as fair, reasonable, and adequate; whether the Class should be certified and a class representative and class counsel be appointed; whether the request of Counsel for the U.S. Class in the U.S. Action should be approved for an award not to exceed C\$5,975,000 (approximately US\$5,700,000), or approximately 21.3% of the Gross Settlement Fund, plus interest, and reimbursement of litigation expenses incurred in connection with the prosecution of the U.S. Action in an amount not to exceed C\$275,000 (approximately US\$261,700), plus interest; whether the request of Counsel for the British Columbia Class and Counsel for the Ontario Class in the Canadian Actions should be approved for an award of attorneys' fees, not to exceed C\$1,025,000 (approximately US\$975,400), or approximately 3.7% of the Gross Settlement Fund, plus interest and applicable taxes, and reimbursement of litigation disbursements incurred in connection with the prosecution of the Canadian Actions in an amount not to exceed C\$45,000 (approximately US\$43,000), plus interest; and whether the U.S. Lead Plaintiff's request to the U.S. Court to reimburse it for costs and expenses it incurred in representing the U.S. Class should be approved in an amount not to exceed C\$1050.90 (US\$1,000). The Courts may change the dates of the hearings without providing another notice.

IF YOU ARE A MEMBER OF THE CLASSES DESCRIBED ABOVE, YOUR RIGHTS MAY BE AFFECTED AND YOU MAY BE ENTITLED TO SHARE IN THE NET SETTLEMENT FUND. If you have not yet received the full printed Notice of Class Actions and Proposed Settlement and a Proof of Claim and Release form ("Proof of Claim"), you may obtain copies of these documents by contacting the Claims Administrator:

*NovaGold Resources Inc. Securities Litigation,*  
c/o The Garden City Group, Inc.  
Claims Administrator  
PO Box 9299

Dublin, OH 43017-4699  
(Toll Free) (866) 887-1306  
**www.gardencitygroup.com**

Inquiries, other than requests for information about the status of a claim, may be made to U.S.

Lead Counsel, British Columbia Class Counsel, or Ontario Class Counsel:

<i>U.S. Lead Counsel:</i>	<i>Ontario Class Counsel</i>
Joseph A. Fonti, Esq. Labaton Sucharow LLP 140 Broadway New York, NY 10005 888-753-2796  info@labaton.com www.labaton.com	Jay Strosberg, Esq. Sutts, Strosberg LLP 600 - 251 Goyeau Street Windsor, Ontario N9A 6V4 877-214-4517  novagold@strosbergco.com www.novagoldclassaction.com
<i>British Columbia Class Counsel:</i>	
Reidar Mogerman, Esq. Camp Fiorante Matthews 4th Floor, Randall Building 555 West Georgia Street Vancouver, BC Canada V6B 1Z6 604-689-7555  info@cfmlawyers.ca	

To participate in the proposed settlement and be eligible to receive a recovery, you must submit a Proof of Claim postmarked, or received, on or before September 15, 2010. If you are a Class Member and do not exclude yourself from the Class that you are a member of, you will be bound by the Judgments entered by the Courts. To exclude yourself from your Class, you must submit a request for exclusion postmarked, or received, on or before July 14, 2010. (If you are a member of more than one Class, your exclusion request will automatically exclude you from each Class that you are a member of.) Any objections to the Settlement of the U.S. Action must be filed with the U.S. Court and served on U.S. Lead Counsel, on or before July 14, 2010. Any

objections to the settlement of the Canadian Actions must be submitted to the Claims Administrator, on or before July 14, 2010. If you are a Class Member and do not timely submit an acceptable Proof of Claim, you will not share in the Settlement but you nevertheless will be bound by the applicable Judgments of the Courts.

DATED:

By Order of the United States District Court  
for the Southern District of New York, the  
Supreme Court of British Columbia, and the  
Ontario Superior Court of Justice

# **Exhibit C-4**

## **EXHIBIT C-4 - PLAN OF NOTICE**

Within 10 business days after disposition by the Courts of the motions to approve the publication of the Long Form Notice and the Short Form Notice:

### **Canadian Newspaper Publication**

1. The Administrator shall publish the Short Form Notice at least a 1/4 page in size in the business/legal section of the following newspapers: The Vancouver Sun, The Globe and Mail (National Edition), The National Post and La Presse (in French).

### **International Newspaper Publication**

2. The Administrator shall publish the Short Form Notice in at least a 1/8 page in size in the business/legal section of The Wall Street Journal.

### **Internet Publication**

3. Class Counsel shall post the Short Form Notice, the Long Form Notice and the Proof of Claim, in both English and French, on [www.novagoldclassaction.com](http://www.novagoldclassaction.com).

### **Toll Free Message**

4. Class Counsel shall establish a toll free number and email address that will enable Class Members to obtain more information about the settlement, the claims process, and to request that a copy of the Short Form Notice, the Long Form Notice or the Proof of Claim.

### **Individual Notice**

5. At any time, Class Counsel will mail and/or email the Long Form Notice and the Proof of Claim to all persons who have provided their postal addresses and /or email addresses to Class Counsel.

### **News wire**

6. The Administrator shall cause the Short Form Notice to be disseminated on PRNewswire.

# **Exhibit D**

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

IN RE NOVAGOLD RESOURCES INC.	)	
SECURITIES LITIGATION	)	MASTER FILE
	)	
This Document Relates to:	)	1:08-CV-7041 (DLC) (JCF)
	)	
All Actions	)	<b>EXHIBIT D</b>
	)	
	)	
	)	

**[PROPOSED] U.S. ORDER AND FINAL JUDGMENT**

WHEREAS, this matter came before the Court for hearing, pursuant to the Order of this Court, on \_\_\_\_\_, 2010, on the application of the parties for approval of the Settlement set forth in the Amended Stipulation and Agreement of Settlement, dated as of April 20, 2010 (the “Stipulation”); and

WHEREAS, certain related actions pending in Canada are being settled or dismissed as contemplated in the Settlement;

NOW, THEREFORE, the Court having considered all matters submitted to it at the Settlement Hearing and all papers filed and proceedings had herein and otherwise being fully informed in the premises and good cause appearing therefor, IT IS HEREBY ORDERED that:

1. The Stipulation is incorporated by reference in this U.S. Order and Final Judgment. All capitalized terms used herein shall have the meanings set forth in the Stipulation.
2. The Court has jurisdiction over the subject matter of this U.S. Action and over all parties to the U.S. Action, including all U.S. Class Members and the Claims Administrator.
3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for the purposes of the Settlement only, the U.S. Action is hereby finally certified as a class action on behalf of all Persons, other than Excluded Persons, who: (i) purchased NovaGold Resources Inc.



(“NovaGold” or the “Company”) common stock on the American Stock Exchange (“AMEX”)<sup>1</sup> during the period from October 25, 2005 to and including January 16, 2008 (the “Class Period”); (ii) are United States residents that purchased NovaGold common stock on the Toronto Stock Exchange (“TSX”) during the Class Period; or (iii) are United States residents that purchased publicly traded NovaGold common stock by any other means during the Class Period, and were allegedly damaged thereby. Excluded Persons are: (i) current or former defendants in the Actions; (ii) members of the immediate family of each current or former individual defendant in the Actions; (iii) any entity in which NovaGold or one of the current or former individual defendants has a controlling interest; (iv) any parent, subsidiary, or affiliate of NovaGold; (v) any person who was an officer or director of NovaGold or any of its subsidiaries or affiliates during the Class Period; (vi) the legal representatives, heirs, predecessors, successors, or assigns of any current or former defendant in the Actions; (vii) Electrum Strategic Resources LLC and (viii) any member of the U.S. Class who timely and validly requested exclusion as listed on Exhibit A hereto.

4. The Court finds, for the purposes of the Settlement only, that the prerequisites for a class action under Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure have been satisfied in that: (a) the number of U.S. Class Members is so numerous that joinder of all members thereof is impracticable; (b) there are questions of law and fact common to the U.S. Class; (c) the claims of the named representative, U.S. Lead Plaintiff, typical of the claims of the U.S. Class it seeks to represent; (d) the U.S. Lead Plaintiff will fairly and adequately represent the interests of the U.S. Class; (e) the questions of law and fact common to the members of the

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<sup>1</sup> AMEX refers to the stock exchange formerly known as the American Stock Exchange, now known as NYSE Amex Equities.

U.S. Class predominate over any questions affecting only individual members of the U.S. Class; and (f) a class action is superior to other available methods for the fair and efficient adjudication of the controversy. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for the purposes of the Settlement only, U.S. Lead Plaintiff, the New Orleans Employees' Retirement System, is finally certified as U.S. Class Representative and the law firm of Labaton Sucharow LLP is finally appointed U.S. Class Counsel.

5. The Notice of Pendency and Proposed Settlement of Class Actions was given to all U.S. Class Members who could be identified with reasonable effort, as required by the U.S. Preliminary Approval Order. The form and method of notifying the U.S. Class of the pendency of this U.S. Action as a class action and of the terms and conditions of the proposed Settlement met the requirements of Rule 23 of the Federal Rules of Civil Procedure, Section 21D(a)(7) of the Securities Exchange Act of 1934, 15 U.S.C. 78u-4(a)(7), as amended by the Private Securities Litigation Reform Act of 1995 (the "PSLRA") and other applicable law in the United States. Such notice constituted the best notice practicable under the circumstances, and constituted due and sufficient notice to all persons and entities entitled thereto.

6. Pursuant to Federal Rule of Civil Procedure 23, the Court hereby finally approves the Stipulation and Settlement and finds that the Settlement is fair, reasonable and adequate. Subject to the terms and provisions of the Stipulation and the conditions therein being satisfied, the parties are directed to consummate the Settlement.

7. The U.S. Action and all claims contained therein are dismissed with prejudice and without costs.

8. Upon the Effective Date, each Releasor, including each U.S. Class Member who has not validly and timely requested exclusion from the U.S. Class, whether or not such U.S.

Class Member executes and delivers a Proof of Claim and Release form, shall be deemed to have, and by operation of this U.S. Order and Final Judgment (the “U.S. Judgment”) shall have, released and forever discharged each and every Settled Claim, and is forever barred and enjoined from instituting, commencing, or prosecuting, directly, indirectly, or in any other capacity, any Settled Claim against any of the Released Parties. Upon the Effective Date, the Settled Claims are compromised, settled, released, discharged, and dismissed on the merits and with prejudice.

9. To the maximum extent allowed by law and statute, upon the Effective Date, the Released Parties are released and forever discharged from all claims, cross-claims, or third-party claims arising out of or relating to the Actions in the nature of or for contribution, indemnification, or reimbursement, and the Released Parties are forever barred and enjoined from commencing, prosecuting, or asserting any claim, cross-claim, or third-party claim arising out of or relating to the Actions in any forum against each other for or in the nature of contribution, indemnification, or reimbursement.

10. Upon the Effective Date, each Defendant Releasor shall be deemed to have, and by operation of this U.S. Judgment shall have, released and forever discharged each and every Settled Defendants’ Claim, and is forever barred and enjoined from prosecuting any Settled Defendants’ Claim against any of the Released Plaintiff Parties. Upon the Effective Date, the Settled Defendants’ Claims are compromised, settled, released, discharged, and dismissed on the merits and with prejudice.

11. The Court finds that all parties to the U.S. Action and their counsel have complied with the requirements of the Federal Rule of Civil Procedure 11 as to all proceedings herein.

12. This U.S. Judgment, the Stipulation, any negotiations or proceedings in connection herewith, and/or any orders of any Court relating to it shall:

- a. not constitute and will not be construed as, or be deemed to be, evidence or an admission or concession on the part of the Defendants of any liability or wrongdoing whatsoever or of the appropriateness of certifying a class other than for settlement purposes, or on the part of U.S. Lead Plaintiff, the Canadian Plaintiffs, Plaintiffs' Counsel, or any of the Class Members of any lack of merit to the Actions;
- b. not be construed as evidence or an admission or concession that the consideration to be given hereunder represents the amount that could or would have been recovered after trial;
- c. not be offered or received in evidence in the Actions, or in any other action or proceeding for any purpose, except to enforce their terms;
- d. not be deemed to be, or offered by any Settling Party to be received in evidence in any civil, criminal, administrative, or other proceeding, or utilized in any manner whatsoever as, a presumption, a concession, or an admission of any fault, wrongdoing, or liability whatsoever on the part of any Defendant or other Released Parties; provided, however, that nothing shall prevent the Settlement (or any agreement or order relating thereto) from being used, offered, or received in evidence in any proceeding to approve, enforce, or otherwise effectuate the Settlement (or any agreement or order relating thereto), or in which the reasonableness, fairness, or good faith of Defendants in participating in the Settlement (or any agreement or order relating thereto) is in issue, or to enforce or effectuate provisions of this Settlement, the U.S. Judgment, or the Proofs of Claim and Release as to the Defendants, Released Parties, U.S. Lead Plaintiff, or the Class Members; except to be filed and used in other proceedings, where relevant, to demonstrate the fact of its

existence and of this Settlement, including, but not limited to, any Defendant filing the Stipulation and/or the U.S. Judgment in any other action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

13. No U.S. Class Member shall have any claim against U.S. Lead Plaintiff, U.S. Lead Counsel, Canadian Representative Plaintiffs, Canadian Class Counsel, or against any of the Defendants, the Released Parties or Defendants' Counsel based on the investments, costs, expenses, administration, allocations, payments, and distributions that are made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation approved by the Courts, or further order of the Courts.

14. Any appeal or any challenge affecting the approval of (a) the Plan of Allocation; (b) the application for an award of attorneys' fees and expenses; or (c) the application by the Class Representative for reimbursement of its costs and expenses shall in no way disturb or affect the finality of the other provisions of this U.S. Judgment or the Effective Date of the Settlement.

15. Without affecting the finality of this U.S. Judgment in any way, jurisdiction is hereby retained over the U.S. Defendants, the U.S. Lead Plaintiff, and the U.S. Class Members (other than those who are also members of one of the Canadian Classes and have elected that one of the Canadian Courts exercise jurisdiction over their claim) for all matters relating to the administration, interpretation, implementation or enforcement of the Stipulation and this U.S.

Judgment, including any application for fees and expenses incurred in connection with administering and distributing the settlement proceeds to the members of the U.S. Class.

16. In the event that the Settlement does not become Final in accordance with the terms of the Stipulation, or is terminated pursuant to the Stipulation, this U.S. Judgment shall be rendered null and void as provided by and in accordance with the Stipulation and shall be vacated, and, in such event, all orders entered and releases delivered in connection herewith shall be null and void as provided by and in accordance with the Stipulation.

17. Without further order of the Court, the parties may agree to reasonable extensions of time to carry out any of the provisions of the Stipulation.

18. There is no just reason for delay in the entry of this U.S. Judgment and immediate entry by the Clerk of the Court is expressly directed.

19. The Defendants have provided notifications to all appropriate federal and state officials regarding the Settlement as required by 28 U.S.C. § 1715.

Dated: \_\_\_\_\_, 2010

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Honorable Denise Cote  
UNITED STATES DISTRICT JUDGE

## **EXHIBIT A**

# **Exhibit E**



[EXHIBIT E]

Court File No.: CV-09-13833

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE JUSTICE	)	TUESDAY, THE ● DAY
	)	
LEITCH	)	OF ●, 2010

B E T W E E N

PHILIP ELLIOTT and WILLIAM KORMOS

Plaintiffs

and

NOVAGOLD RESOURCES INC., RICK VAN NIEUWENHUYSE,  
GEORGE L. BRACK, MICHAEL H. HALVORSON,  
GERALD J. MCCONNELL, CLYNTON R. NAUMAN,  
JAMES L. PHILIP, ROBERT J. MACDONALD and HATCH LTD.

Defendants

Proceedings under the *Class Proceedings Act, 1992*

**JUDGMENT**

THIS MOTION, made:

- (a) by the plaintiffs for judgment pursuant to subsection 29(2) of the *Class Proceedings Act, 1992*, S.O. 1992, c. 6 in accordance with the terms of the Stipulation; and

- (b) by Ontario Class Counsel for and order fixing their fees, disbursements and taxes in accordance with section 32 of the *Class Proceedings Act*, 1992, S.O. 1992, c. 6;

was heard on ●, 2010 at Windsor, Ontario.

ON READING the following:

- (a) the notice of motion;
- (b) the Stipulation, including the schedules thereto;
- (c) the affidavits of:
  - (i) Philip Elliott sworn on ●, 2010;
  - (ii) William Kormos sworn on ●, 2010;
  - (iii) Andrew Morganti sworn on ●, 2010;
  - (iv) ● sworn on ●, 2010; and
  - (v) Sharon Strosberg sworn ●, 2010.

AND ON HEARING the submissions of counsel for the parties,

AND THERE BEING ● OBJECTORS,

AND ON BEING ADVISED that:

- (a) the plaintiffs in the Ontario Action consent to this judgment;
- (b) the defendants in the Ontario Action consent to this judgment; and
- (c) there have been ● written objections to the proposed settlement.

AND having reviewed the April Order,

AND without any admission of liability on the part of any of the defendants, all defendants having denied liability.

1. THIS COURT ORDERS AND DECLARES that for the purposes of this judgment, the definitions in the Stipulation apply to and are incorporated into this judgment provided however that the following definitions shall have the meanings indicated below:

- (a) “Approval Notice” means the notice attached at Schedule 3;
- (b) “April Order” means the order signed by Justice Leitch on April ●, 2010 certifying the Ontario Action as a class proceeding, establishing the procedure to object to the proposed settlement and fixing the date of the motion to approve the proposed settlement;
- (c) “Notice Plan” means the plan attached at Schedule 2; and
- (d) “Objectors” means those Ontario Class members who objected to the proposed settlement in accordance with the April Order.

2. THIS COURT ORDERS that the Stipulation, without schedules ●, attached as schedule 1 to this judgment, is incorporated by reference into this judgment and is hereby approved and shall be implemented in accordance with its terms.

3. THIS COURT ORDERS AND ADJUDGES that the proposed settlement of the Ontario Action, as set out in the Stipulation, is fair and reasonable and in the best interests of the Ontario Class members and is hereby approved provided that the Stipulation is approved in the British Columbia Action and the U.S. Action.

4. THIS COURT DECLARES that:

- (a) ● shall continue as the Administrator;
- (b) the Plan of Allocation and the Proof of Claim are confirmed;
- (c) the Administrator shall continue its implementation of the Plan of Allocation;
- (d) in order to receive any payment from the settlement, an Ontario Class member must file a Proof of Claim with the Administrator on or before ●, 2010 at 5:00 p.m. eastern time; and
- (e) Ontario Class Members may not opt out of the Ontario Acton unless they are an Objector.

5. THIS COURT ORDERS that the Ontario Class members shall be given notice of this judgment substantially in the form of the Notice Plan attached as Schedule 2.

6. THIS COURT ORDERS that within 30 days of compliance with the Notice Plan, Ontario Class Counsel and the Administrator shall each file with the Ontario Court an affidavit confirming compliance with the Notice Plan.

7. THIS COURT ORDERS that Objectors may not opt out of the Ontario Action unless he, she or it sends to the Administrator at one of the Administrator's Addresses, on or before ●, 2010 at 5:00 p.m. eastern time a written election to opt out, signed by him/her/it containing the following information:

- (a) name, address and contact information of the Objector;

- (b) the number of NovaGold shares acquired during the Class Period;
- (c) copies of trade confirmation(s) evidencing the acquisition of NovaGold shares during the Class Period;
- (d) the number of NovaGold shares sold during the Class Period; and
- (e) copies of trade confirmation(s) evidencing the sale of NovaGold shares during the Class Period.

8. THIS COURT ORDERS that, on or before ● 2010, the Administrator shall report to the Ontario Court, the defendants and Ontario Class Counsel the names of those Objectors, if any, who have opted out of the Ontario Action in accordance with this judgment, the number of NovaGold shares held by each Objector who opted out, and a summary of the information delivered by each Objector who opted out.

9. THIS COURT ORDERS AND DECLARES that this judgment, including the Stipulation are binding upon each Ontario Class member who does not opt out of the Ontario Action in accordance with the terms of the April Order or this judgment, including those persons who are minors or are mentally incapable, and the requirements of Rules 7.04(1) and 7.08(4) of the *Rules of Civil Procedure* are dispensed with. For greater certainty, each Ontario Class member who does not opt out in accordance with the terms of the April Order or this judgment is bound by the April Order and this judgment, whether or not such person submits a claim to the Administrator in accordance with the terms of this judgment, whether or not such person is determined to be eligible to receive a distribution, and whether the claim is accepted by the Administrator in whole or in part.

10. THIS COURT ORDERS AND DECLARES that each Releasor has released and shall be conclusively deemed to have fully, finally and forever released the Released Parties as particularized in paragraphs 2, 3, 4, 5 and 6 of the Stipulation.

11. THIS COURT ORDERS that the representative plaintiffs, Ontario Class Counsel, or the Administrator may apply to the Ontario Court for directions in respect of the implementation and/or the administration of the Stipulation or relating to any other matter.

12. THIS COURT ORDERS that any one of the plaintiffs or the defendants may apply to the Ontario Court for directions in respect of the termination of the Stipulation or any matter relating thereto.

13. THIS COURT ORDERS that no person may bring any action or take any proceedings against the Administrator, or its employees, agents, partners, associates, representatives, successors or assigns for any matter in any way relating to the administration of the settlement or the implementation of this judgment except with leave of the Ontario Court.

14. THIS COURT ORDERS that, in accordance with section 32 of the *Class Proceedings Act, 1992*:

- (a) the fees of Ontario Class Counsel are fixed at \$● plus GST of \$●; and
- (b) Ontario Class Counsel's disbursements and taxes are fixed at \$●,  
for a total \$●.

15. THIS COURT ORDERS that, provided both the British Columbia Court and the U.S. Court approve the Stipulation, the Ontario Action, except as provided in this judgment, is dismissed against the defendants without costs and with prejudice as of the date this judgment is made.

16. THIS COURT ORDERS that should the British Columbia Court or the U.S. Court fail to approve the Stipulation, this judgment may be set aside, *nunc pro tunc*, by the motion by the defendants seeking such relief.

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JUSTICE

## **SCHEDULE 2—NOTICE PLAN**

Within 10 days after disposition by the Courts of the motions to approve this settlement:

### **Canadian Newspaper Publication**

1. The Administrator shall publish the Approval Notice at least a 1/4 page in size in the business/legal section of The Globe and Mail (National Edition) in English and in La Presse in French.

### **Direct Mail**

2. The Administrator shall mail or email or fax the Approval Notice to each Objector who provided their contact particulars.

### **Internet Publication**

3. Ontario Class Counsel shall post the Approval Notice in both English and French, on [www.novagoldclassaction.com](http://www.novagoldclassaction.com).

### **Individual Notice**

4. At any time, Ontario Class Counsel will mail and/or email the Approval Notice, the Proof of Claim and the Plan of Allocation to any person who requests it from Ontario Class Counsel.



ELLIOTT et al.

Plaintiffs

vs. NOVAGOLD RESOURCES INC. et al.

Defendants

Court File No. CV-09-13833

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding under the *Class Proceedings Act, 1992*

PROCEEDINGS COMMENCED AT WINDSOR

**JUDGMENT**

**SUTTS, STROSBERG LLP**

Lawyers  
600 Westcourt Place  
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Windsor, ON N9A 6V4

HARVEY T. STROSBERG, Q.C.

LSUC #: 126400

PATRICIA SPEIGHT

LSUC #: 263803

JAY STROSBERG

LSUC #: 47288F

ANDREW MORTANTI

LSUC #: 57895E

Tel: 519.561.6285

Fax: 519.561.6203

LAWYERS FOR THE PLAINTIFFS

FILE: 70.097.000

REF: HTS/sw

# **Exhibit F**

[EXHIBIT F]

No. VLC-S-S-097866  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**BETWEEN:**

LINDA M. ELLIOTT

Plaintiff

**AND:**

NOVAGOLD RESOURCES INC., RICK VAN  
NIEUWENHUYSE, GEORGE L. BRACK, MICHAEL H.  
HALVORSON, GERALD J. MCCONNELL, CLYNTON R.  
NAUMAN, JAMES L. PHILIP, ROBERT J. MACDONALD and  
HATCH LTD.

Defendants

BROUGHT UNDER THE *CLASS PROCEEDINGS ACT*, R.S.B.C. 1996, c. 50

**ORDER**

BEFORE THE HONOURABLE	)	◆ DAY, THE ◆ TH
	)	
MADAM JUSTICE BROWN	)	DAY OF APRIL, 2010

THE APPLICATION of the plaintiff coming on for hearing on ◆, for an order pursuant to section 35 and 38 of the *Class Proceedings Act*, R.S.B.C. 1996, c.50 (the “*Act*”) and on hearing counsel for the plaintiff and counsel for the defendants, AND ON READING the materials filed herein, AND ON HEARING the submissions of counsel for the parties;

AND THERE BEING ◆ OBJECTORS;

AND ON BEING ADVISED that:

- (a) the plaintiff in the British Columbia Action consent to this judgment;
- (b) the defendants in the British Columbia Action consent to this judgment; and

- (c) there have been ♦ written objections to the proposed settlement.

AND having reviewed the April Order;

AND without any admission of liability on the part of any of the defendants, all defendants having denied liability.

1. THIS COURT ORDERS AND DECLARES that for the purposes of this order, the definitions in the Stipulation apply to and are incorporated into this order provided however that the following definitions shall have the meanings indicated below:
  - (a) “Approval Notice” means the notice attached at Schedule 3;
  - (b) “April Order” means the order signed by Madam Justice Brown on April ♦, 2010 certifying the British Columbia Action as a class proceeding, establishing the procedure to object to the proposed settlement and fixing the date of the motion to approve the proposed settlement;
  - (c) “Notice Plan” means the plan attached at Schedule 2; and
  - (d) “Objectors” means those British Columbia Class members who objected to the proposed settlement in accordance with the April Order.
2. THIS COURT ORDERS that the Stipulation, without schedules ♦, attached as schedule 1 to this order, is incorporated by reference into this order and is hereby approved and shall be implemented in accordance with its terms.
3. THIS COURT ORDERS AND ADJUDGES that the proposed settlement of the British Columbia Action, as set out in the Stipulation, is fair and reasonable and in the best interest of the British Columbia Class members and is hereby approved provided that the Stipulation is approved in the Ontario Action and the U.S. Action.
4. THIS COURT DECLARES that:
  - (a) ♦ shall continue as the Administrator;

- (b) the Plan of Allocation and the Proof of Claim are confirmed;
  - (c) the Administrator shall continue its implementation of the Plan of Allocation;
  - (d) in order to receive any payment from the settlement, a British Columbia Class member must file a Proof of Claim with the Administrator on or before ♦; and
  - (e) British Columbia Class Members may not opt out of the British Columbia Action unless they are an Objector.
5. THIS COURT ORDERS that the British Columbia Class members shall be given notice of this judgment substantially in the form of the Notice Plan attached as Schedule 2.
6. THIS COURT ORDERS that within 30 days of compliance with the Notice Plan, British Columbia Class Counsel and the Administrator shall each file with the Supreme Court of British Columbia an affidavit confirming compliance with the Notice Plan.
7. THIS COURT ORDERS that Objectors may not opt out of the British Columbia Action unless he, she or it sends to the Administrator at one of the Administrator's Addresses, on or before ♦ a written election to opt out, signed by him/her/it containing the following information:
- (a) name, address and contact information of the Objector;
  - (b) the number of NovaGold shares acquired during the Class Period;
  - (c) copies of trade confirmation(s) evidencing the acquisition of NovaGold shares during the Class Period;
  - (d) the number of NovaGold shares sold during the Class Period; and
  - (e) copies of trade confirmation(s) evidencing the sale of NovaGold shares during the Class Period.
8. THIS COURT ORDERS that, on or before ♦, the Administrator shall report to the British Columbia Court, the defendants and British Columbia Class Counsel the names of

those Objectors, if any, who have opted out of the British Columbia Action in accordance with this order, the number of NovaGold shares held by each Objector who opted out, and a summary of the information delivered by each Objector who opted out.

9. THIS COURT ORDERS AND DECLARES that this order, including the Stipulation are binding upon each British Columbia Class member who does not opt out of the British Columbia Action in accordance with the terms of the April Order or this order, including those persons who are minors or are mentally incapable, and the requirements of Rule 6 of the *Rules of Court* are dispensed with. For greater certainty, each British Columbia Class member who does not opt out in accordance with the terms of the April Order or this order is bound by the April Order and this order, whether or not such person submits a claim to the Administrator in accordance with the terms of this order, whether or not such person is determined to be eligible to receive a distribution, and whether the claim is accepted by the Administrator in whole or in part.
10. THIS COURT ORDERS AND DECLARES that each Releasor has released and shall be conclusively deemed to have fully, finally and forever released the Released Parties as particularized in paragraphs 2, 3, 4, 5 and 6 of the Stipulation.
11. THIS COURT ORDERS that the representative plaintiff, British Columbia Class Counsel, or the Administrator may apply to the British Columbia Court for directions in respect of the implementation and/or the administration of the Stipulation or relating to any other matter.
12. THIS COURT ORDERS that the plaintiff or any one of the defendants may apply to the British Columbia Court for directions in respect of the termination of the Stipulation or any matter relating thereto.
13. THIS COURT ORDERS that no person may bring any action or take any proceedings against the Administrator, or its employees, agents, partners, associates, representatives, successors or assigns for any matter in any way relating to the administration of the settlement or the implementation of this judgment except with leave of the British Columbia Court.

14. THIS COURT ORDERS that, in accordance with section 38 of the *Class Proceedings Act, 1996*:
- (a) the fees of British Columbia Class Counsel are fixed at \$◆ plus GST of \$◆; and
  - (b) British Columbia Class Counsel's disbursements and taxes are fixed at \$◆, for a total \$◆.
15. THIS COURT ORDERS that, provided both the Ontario Court and the U.S. Court approve the Stipulation, the British Columbia Action, except as provided in this order, is dismissed against the defendants without costs and with prejudice as of the date this order is made.
16. THIS COURT ORDERS that should the Ontario Court or the U.S. Court fail to approve the Stipulation, this order may be set aside, *nunc pro tunc*, by the motion by the defendants seeking such relief.

BY THE COURT

DEPUTY DISTRICT REGISTRAR

APPROVED AS TO FORM:

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Counsel for the Plaintiff

---

Counsel for the Defendants, Novagold Resources Inc.,  
Rick Van Nieuwenhuyse, George L. Brack,  
Michael H. Halvorson, Gerald J. McConnell,  
Cole E. McFarland, Clynton R. Nauman, James L. Philip,  
Robert J. MacDonald and Douglas Brown

---

Counsel for the Defendant, Hatch

## **SCHEDULE 2—NOTICE PLAN**

Within 10 days after disposition by the Courts of the motions to approve this settlement:

### **Canadian Newspaper Publication**

1. The Administrator shall publish the Approval Notice at least a 1/4 page in size in the business/legal section of The Globe and Mail (National Edition) in English and in La Presse in French.

### **Direct Mail**

2. The Administrator shall mail or email or fax the Approval Notice to each Objector who provided their contact particulars.

### **Internet Publication**

3. Ontario Class Counsel shall post the Approval Notice in both English and French, on [www.novagoldclassaction.com](http://www.novagoldclassaction.com).

### **Individual Notice**

4. At any time, Ontario Class Counsel will mail and/or email the Approval Notice, the Proof of Claim and the Plan of Allocation to any person who requests it from Ontario Class Counsel.



**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**BETWEEN:**

LINDA M. ELLIOTT

Plaintiff

**AND:**

NOVAGOLD RESOURCES INC., RICK VAN NIEUWENHUYSE,  
GEORGE L. BRACK, MICHAEL H. HALVORSON, GERALD J.  
MCCONNELL, CLYNTON R. NAUMAN, JAMES L. PHILIP,  
ROBERT J. MACDONALD and HATCH LTD.

Defendants

BROUGHT UNDER THE *CLASS PROCEEDINGS ACT*, R.S.B.C. 1996, c. 50

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**ORDER**

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**CAMP FIORANTE MATTHEWS**

Barristers & Solicitors  
#400 - 856 Homer Street  
Vancouver, BC V6B 2W5

Attention: Reidar Mogerman

Tel: 604-689-7555