

NOVAGOLD RESOURCES INC
Form SC 14D9
August 02, 2006

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

SCHEDULE 14D-9

Solicitation/Recommendation Statement under Section 14(d)(4) of the Securities Exchange Act of 1934

(Amendment No. ____)

NOVAGOLD RESOURCES INC.

(Name of Subject Company)

NovaGold Resources Inc.

(Name of Persons Filing Statement)

Common Shares

(Title of Class of Securities)

66987E206

(CUSIP Number of Class of Securities)

**Rick Van Nieuwenhuysse
NovaGold Resources Inc.
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Canada**

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(Name, address, and telephone numbers of person
authorized to receive notices and communications
on behalf of the persons filing statement)

Copy to:

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[x] Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Legend

*NovaGold will file a directors' circular with Canadian securities regulatory authorities and a recommendation statement with United States Securities and Exchange Commission with the respect to the offer. Investors and shareholders are strongly advised to read the directors' circular and recommendation statement when they become available, as well as any amendments and supplements to those documents, because they will contain important information. Investors and shareholders may obtain a free copy of the directors' circular at www.sedar.com or the recommendation statement from the Securities and Exchange Commission's website at www.sec.gov. Free copies of these documents can also be obtained by directing a request to NovaGold at the address referred to below. **YOU SHOULD READ THE TAKE-OVER BID CIRCULAR AND DIRECTORS' CIRCULAR CAREFULLY BEFORE MAKING A DECISION CONCERNING THE OFFER.***

Forward-Looking Statements

This presentation includes certain forward -looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding potential mineralization and resources, exploration results, production, cost estimates and future plans and objectives of the Company, are forward -looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed under the heading "Risk Factors" and elsewhere in the Company's Annual Information Form for the year ended November 30, 2005, filed with the Canadian securities regulatory authorities and the Company's annual report on Form 40-F filed with the Securities and Exchange Commission.

NovaGold (AMEX,TSX: NG)

Shares (millions)

| | |
|-----------------------------------|-----------------------|
| Issued & Outstanding | 89.1 |
| Fully Diluted | 104.2 |
| Average Daily Volume (AMEX + TSX) | ~1 Million shares/day |

Management/Directors Ownership 10%

Market Capitalization (Fully Diluted) US\$1.8 B (C\$2.0 B)

Cash + Securities (June 2006) US\$210 M (C\$240 M)*

In-the-Money Warrants/Options US\$105 M (C\$120 M)*

2006 US\$176 Million Equity Financing led by: Citigroup, RBC and Bear Stearns Funds for Construction of Rock Creek Mine and Galore Feasibility and Permitting to make Construction decision

* Calculated using exchange rate of 1.14 US\$ to 1.00 C\$.

Key Investment Highlights and Strategy

- Ø Pipeline of world class, long-lived advanced exploration stage projects in North America
- Ø Goal to achieve initial annual gold production in 2007 of 100,000 oz/yr, growing to ~1.0 million⁽¹⁾ oz/yr Mid-tier level by 2011
- Ø Management team with proven exploration, development, construction and operating expertise
- Ø Strong balance sheet, unhedged and debt-free

(1) Assumes NovaGold 70% ownership of Donlin Creek.

Summary Terms of the Unsolicited Offer

| | |
|-------------------|---|
| Barrick Offer | <ul style="list-style-type: none">Ø On July 24, 2006, Barrick Gold announced its intention to launch a US\$14.50 per share unsolicited Take-Over Bid for NovaGoldØ Implies NovaGold equity value of US\$1.5 billion and Enterprise Value of US\$1.29 billion |
| Implied Valuation | <ul style="list-style-type: none">Ø Enterprise Value / Resources⁽¹⁾ US\$33 / oz of GoldØ Implied Premiums⁽²⁾ 1-day: 24.3% / 1-month: 13.9%Ø 35-day Take-Over Bid begins once formal offer has commenced |
| Structure | <ul style="list-style-type: none">• Barrick has not yet filed/mailed its take-over bid circularØ Deal will be financed from existing cash and available credit facilitiesØ Receipt of all necessary regulatory clearances |
| Conditions | <ul style="list-style-type: none">Ø Absence of material adverse changeØ Minimum 75% tender on fully-diluted basisØ Special committee has been formedØ RBC and Citigroup retained as financial advisors |
| Company Response | <ul style="list-style-type: none">Ø Authorized to enter into discussions with 3rd partiesØ Numerous expressions of interest in the past and since the Barrick offerØ Committed to maximizing Shareholder value |

(1) Assumes NovaGold 70% ownership of Donlin Creek.

(2) 1-day premium calculation based on July 21st closing price of US\$11.67. 1-month premium calculation based on June 23rd closing price of US\$12.73.

Why Barrick's Unsolicited Bid for NG Now?

NovaGold's Management Believes Barrick:

- Ø Will not meet its timeline to earn an extra 40% at Donlin Creek
- Ø Wants to acquire NovaGold before the company revalues with permits in place and production coming on stream
- Ø Needs new large deposits to maintain future production levels
- Ø Wants to improve its political risk profile with North American based assets

Enterprise Value/Ounce of Total Gold Resource

Source: Minerals Economics Group. NovaGold is not yet in production. Assumes valuation Enterprise Value = Market Cap - Cash + Debt. Updated as of July 21, 2006. NovaGold calculated using US\$ 14.50 offer price and fully - diluted shares outstanding. NovaGold valuation attributes no value to any additional metal (Copper, Silver or Zinc) besides Gold. Assumes 70% of Donlin Creek.

Precedent Transaction Analysis

(1) Adjusted price is equal to equity price paid plus debt less cash

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Pipeline of World Class Mining Projects

- Ø **Donlin Creek, Alaska, USA (70% ownership)**
 - Largest undeveloped Gold deposit in North America*
 - Joint venture with Barrick Gold (30%) with option for Barrick to earn additional 40% interest
 - Native American partners Calista Corporation has the option to acquire 15% interest
- Ø **Nome Gold Mines, Alaska, USA (Rock Creek, Big Hurrah & Nome Gold) (100% ownership)**
 - Rock Creek will be Company's first Gold mine to begin operations
 - Permitting and construction in 2006, initial production 2007
 - Native American Partners Bering Straits Native Corporation and Sitnasauk Corporation
- Ø **Ambler, Alaska, USA (51% ownership)**
 - One of the world's largest high-grade undeveloped Copper-Zinc-Gold-Silver deposits*
 - Earning 51% joint venture interest with Rio Tinto
 - Native American Partner Nana Regional Corporation
- Ø **Galore Creek, British Columbia, Canada (100% ownership)**
 - One of the world's largest undeveloped Copper-Gold deposits*
 - Buy-in agreement for 100% ownership on principal property
 - Feasibility Study completed in second half 2006, start construction in 2007
 - First Nations Partner Tahltan Central Council

* Source: Minerals Economics Group

Project Locations: Alaska / Western Canada

Donlin Creek: Project Overview

- Ø Native Corporation and State of Alaska support for project
- Ø One of the Largest undeveloped Gold deposits in the world
 - Measured & Indicated Gold Resource: 14.8 M ozs / Inferred Resource: 13.6 M ozs
 - Sulfide mineralization grading ~ 3 g/t with ~ 90% recovery using pressure oxidation
- Ø NovaGold (70%) and Barrick (30%) joint venture
- Ø To earn an additional 40% interest in the project Barrick must:
 - Fund or advance all costs to complete Feasibility Study
 - Bankable Feasibility Study by November 2007
 - Board of Directors to Approve Construction by November 2007
 - Construction Budget in place by March 2008
- Ø 17 year mine life with annual gold production of 1.0 - 1.3 M ozs from open pit mine in first 5 years
- Ø Exploration Program Expanded to \$57 Million, 80,000 meter Drill Program (May 2006)

Ownership of Donlin Creek

- Ø NovaGold management believes Barrick will not achieve milestones
 - Pre-Feasibility Study is required to initiate permitting
 - re-Feasibility for Donlin is not targeted until the end of March 2007
 - After permits have been submitted, it will take at least 2 years to approve
 - We believe permits (including the completion of an Environmental Impact Statement) would be required for a final Bankable Feasibility Study and a valid Board construction decision

 - Ø Barrick / NovaGold initiated strategic discussions in February 2006
 - Modification of Donlin Creek agreement to allow Barrick to earn its additional 40% interest under a modified timeline
 - Potential joint venture on Galore Creek project
 - No discussion of corporate acquisition occurred at any time

 - Ø If Barrick's unsolicited acquisition of NovaGold is successful, it would eliminate any concerns that Barrick may have regarding its ability to meet earn-in milestones at Donlin Creek
-

Donlin Creek, Alaska

Donlin Creek, Alaska
Geologic Cross Section

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Project Locations: Alaska / Western Canada

Nome Gold Mines, Alaska

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Nome Gold Mines (Rock Creek): Project Overview

- Ø Native Corporation and State of Alaska support for project
- Ø Final detailed engineering completed
- Ø First of three permits received
- Ø Construction to start upon receipt of permits in 2006
- Ø Initiate 100,000 oz/yr gold production level in 2007
- Ø Project advantages:
 - State maintained road access
 - Surplus power available
 - Open pit: mineralization starts at surface
 - Free milling gold
 - Project construction being financed from existing cash
- Ø Exploration upside (Big Hurrah, Saddle, Nome District) \$3.5 million budgeted 2006

Nome Gold Mines Equipment
In Port of Nome, Alaska

Project Locations: Alaska / Western Canada

Ambler Project Overview

- Ø Earning 51% under Option Agreement from Rio Tinto
- Ø NovaGold manager of exploration and development through Feasibility
- Ø Inferred Resource 36.3 Million Tonnes (Arctic Deposit)
 - Updated NI-43-101⁽¹⁾ complaint in progress

| | Gold | Silver | Copper | Zinc | Lead |
|-----------------|---------------|---------------|--------------|--------------|--------------|
| Grade | 0.7 g/t | 55 g/t | 4.0% | 5.5% | 0.8% |
| Contained Metal | 0.82 M ozs | 64.1 M ozs | 3.2 B lbs | 4.4 B lbs | 0.6 B lbs |

- Ø 375 square kilometer land position with excellent prospectivity for new discovery of additional deposits

(1) National Instrument 43-101 - Standard of Disclosure for Mineral Projects, which governs disclosure of scientific or technical information in relation to mineral projects by Canadian public companies, requires disclosure of mineral reserves and resources to fall within specifically defined categories. The historic resource for the Ambler deposit set out above, although believed by management of NovaGold to be relevant and reliable, pre-dates NI 43-101 and is not compliant with NI 43-101 resource categories.

Ambler Project, Alaska
VMS District Regional Geology

Project Locations: Alaska / Western Canada

Galore Creek, British Columbia

Galore Creek: Project Overview

- Ø One of North America's Largest Undeveloped Copper-Gold-Silver Deposits
- Ø Signed Participation Agreement with Tahltan First Nation
- Ø Final Feasibility Study underway, target construction in 2007
- Ø Environmental Assessment process scheduled for completion first half 2007
- Ø 65,000 tpd, 20-year mine life, deposits open to further expansion
- Ø High quality concentrate product (30% copper grade)
- Ø Low cost green power available (Coast Mountain Hydro Acquisition closing August 2006)
- Ø Initial 6 year expected production:
 - 300,000 oz gold, 2.25 M oz silver, 370 M lbs copper annually
 - Over \$200 million in annual after-tax cash flow at \$400/oz Gold and \$1/lb Copper
 - Total cash costs (co-product): \$140/oz for gold and \$0.57/lb copper
 - Total cash costs (with by-product credits): -\$300/oz for gold or \$0.36/lb copper
- Ø Rothschilds engaged as advisor for project financing
- Ø Initial 2006 budget of US\$35M to complete Feasibility Study, permitting, expansion drilling and option payment on principal property

Galore Creek Schematic Cross Section

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Galore Creek, British Columbia Mine and Facility Plan

Comparative Gold Resource Base

Source: Metals Economics Group. Includes Proven and Probable Reserves if present plus Measured and Indicated Resources along with Inferred Resources. NovaGold does not have any Proven and Probable Reserves. Assumes NovaGold interest in Donlin is 70%.

NovaGold Management Team

| | | | | |
|---|---|---|---|--|
| Rick Van Nieuwenhuys President & Chief Executive Officer | Don MacDonald SVP & Chief Financial Officer | Peter Harris SVP & Chief Operating Officer | | |
| Greg Johnson VP Corp Communications & Strategic Development | Doug Brown VP Business Development & Special Projects | Nome Gold Mines Operations Team Doug Nicholson VP/General Manager Alaska Gold | Galore Creek Mine Operations Team Carl Gagnier VP/General Manager NovaGold Canada | Galore Creek Mine Construction Team Martin Creaney Project Design and Construction Consultant |
| | Joe Piekenbrock VP Exploration | Ken Pohle Construction Manager | Dean Lindsay Senior Projects Engineer | Curtis Williams Project Manager |
| Galore Creek Exploration Team | Alaska Projects Exploration Team | Warren Woods Mine Manager | Alberto Chang Chief Mining Engineer | Alex Argus Construction Manager |
| Scott Petsel Exploration Manager Canada | Jerry Zieg Exploration Manager Alaska | Keith Lee Mill Manager Charlotte MacCay Environmental Manager | Susan Craig Environmental Manager | Paul Cocklin Asst Construction Manager Gary McFtridge Earthworks Manager |
| Jim Muntzert Senior Project Manager | Stan Dodd Senior Project Geologist | Human Resources Management Sacha Iley Human Resources Manager | | Brad Osaduik Const. Controls Manager Andrea Zaradic Engineering Manager |
| Alexco/Yukon Projects | John Odden Senior Project Geologist | Resource & Technology Management | | Forrest Kerr Hydroelectric |
| Mike Stammers Senior Project Geologist | Don Penner Senior Project Geologist | Kevin Francis Resource Manager | Jack Cote IT Manager | |

NovaGold's Depth in Construction Management

Galore Creek Construction Team

Curtis Williams

Galore Creek Construction
Manager

| Galore Construction | Role | Experience Years | Major Projects |
|---------------------|-------------------------------|------------------|--|
| C. Williams | Project Manager | 30 | Zaldivar , Musselwhite, Porgera , Other |
| C. Creaney | Site Engineering | 25 | South Deep , Musselwhite, Diavik Diamond, Zaldivar , Other |
| M. Creaney | Project Consultant | 30 | Pueblo Viejo, South Deep , Zaldivar , Porgera , Other |
| A. Argus | Construction Manager | 35 | Pueblo Viejo, South Deep , Zaldivar , Musselwhite , Porgera , Burdekin Falls Dam, Other |
| P. Cocklin | Asst. Construction Manager | 25 | Porgera , Granny Smith, Musselwhite , Zaldivar , Other |
| J. Morrison | Sen. Area Manager - Tunneling | 25 | Pogo Gold, Kensington, Greens Creek , Nome Marine Placer, Other |
| G. McFtridge | Area Manager - Earthworks | 30 | Dona Lake, Bulyanhula Gold , Musselwhite , Campbell, Other |
| L. Chevalier | Area Manager - Earthworks | 35 | Pogo Gold , Pokrovskoye Gold, Coquihalla Construction , Brenda Mines, Other |
| B. Osaduik | Controls Manager | 26 | Snap Lake, Pueblo Viejo, Pamour Expansion, Red Dog , Other |
| I. McNaughton | Contract Management | 30 | South Deep , Granny Smith, Porgera , Big Bell, Other |
| G. Leck | Contract Management | 35 | Porgera , Las Cristinas, Zaldivar , Misima , Other |
| B. Callaghan | Safety Manager | 35 | Weyerhaeuser Grande Prairie Pulp Mill, Dow Chemical Hydrocarbons, Shell Caroline Gas Plant, Syncrude Canada , Other |
| K. Dawson | Aviation Management | 27 | Red Mountain, Ministry of Forest, New Zealand Helicopter Logging, Helicopter Audits, Other |
| Candidate Selected | Environmental/Sustainability | 20 | Pueblo Viejo, La Coipa , Zaldivar , Cerro Casale, Other |
| Candidate Selected | Design Manager | 20 | Pueblo Viejo, Porgera , Lihir , Other |

NovaGold's Depth in Operations

Carl Gagnier

VP/General Manager

NovaGold Canada

| Galore Operations | Role | Experience Years | Major Projects |
|----------------------------------|-------------------------------|-------------------------|---|
| D. Lindsay | Senior Projects Engineer | 37 | Pueblo Viejo, Zaldivar , Gibraltar , Endako , Other |
| A. Chang | Chief Mine Engineer | 22 | Yanacocha , Dome, Mt. Milligan, Kemess, Gibraltar , Zaldivar , Other |
| S. Petsel | Canada Manager of Exploration | 18 | Red Diamond, Dolores, Kingking, Sunnyside, Other |
| S. Craig | Environmental Manager | 20 | Brewery Creek, Castle Mountain, Ministry of Energy |
| D. Stoopnikoff | Environmental Superintendent | 13 | Terasen (Gas Pipeline), Premier Gold, Myra Falls, Other |
| J. Muntzert | Sr. Project Manager | 30 | Cripple Creek, Donlin Creek, Freeport , Arctic, Other |
| F. Gish | Sr. Project Geologist | 25 | Casino Project, MARG, Cash Resources |
| S. Morris | Project Geologist | 29 | Campbell, A-J Mining, Big Horn, Miami East , Other |
| J. Mallory | PA Implementation Manager | 29 | Zaldivar , La Coipa , Gibraltar |
| Forrest Kerr Construction | | Years | |
| A. Zaradic | Engineering Manager | 18 | Oyu Tolgoi, Onca Puma Nickel, Ekati , Other |
| Candidate Selected | Manager Green Power | 14 | Forrest Kerr, Mclymont Creek, More Creek, Copper Mountain, Other |
| N. Brazier | Electrical Design | 30 | South Deep , Zaldivar , Las Cristinas, Porgera |

Nome Project Team

Doug Nicholson

VP/General Manager

Alaska Gold

| Nome Construction | Role | Experience Years | Major Projects |
|--------------------------|--------------------------------------|-------------------------|--|
| K. Pohle | Construction Manager | 31 | Nixon Fork, Fort Knox, Copper Range, Round Mountain , Other |
| W. Woods | Mine Manager | 27 | Eagle Pitcher Filtration and Minerals, Fort Knox Mine, Round Mountain |
| K. Lee | Mill Manager | 25 | Red Dog , Grant, Independence, McGrath Municipal Water Treatment, Other |
| C. MacCay | Environmental Manager | 20 | Red Dog , Bema Gold Dredge |
| T. Martinson | HR Superintendent | 7 | Norton Sound Hospital |
| R. Manes | Project Manager/Construction Manager | 25 | Anatolia Minerals, Power Plant, San Cristobal, Kori Kollo , Other |
| D. Weber | Project Cost Controls Manager | 20 | Anatolia Minerals, Power Plant, San Cristobal, Kori Kollo , Other |
| L. Wallin | Commissioning Manager | 30 | Leeville Project |
| I. Alexander | Instrument Field Engineer | 12 | Anatolia Minerals, Nixon Fork, Greater Natural Buttes Processing |
| J. Rankin | Area Manager Piping | 30 | Power Plant, Greater Natural Buttes Processing |
| R. Foltyn | Area Manager Mechanical | 35 | Anatolia Minerals, San Cristobal, Kori Kollo , Nixon Fork |
| | | | |
| Nome Operations | Role | Experience Years | Major Projects |
| W. Woods | Mine Manager | 27 | Eagle Pitcher Filtration and Minerals, Fort Knox Mine , Round Mountain |
| K. Lee | Mill Manager | 25 | Red Dog , Grant Mine, Independence Mine, McGrath Municipal Water Treatment, Other |
| J. Odden | Chief Geologist | 15 | Fort Knox |
| T. Martinson | HR Superintendent | 7 | Norton Sound Hospital |

Track Record of Consistent and Superior Shareholder Returns

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Conclusion

- Ø NovaGold has consistently delivered value to shareholders (2000-2006 YTD CAGR: ~70%)
- Ø The Board and Management are focused on optimizing our world class assets to maximize shareholder value
- Ø Construction and operating management teams are in place to reach full producer status
- Ø NovaGold currently owns 70% of Donlin Creek
- Ø Management believes it is not possible for Barrick to meet the terms necessary for them to earn additional 40% interest in Donlin Creek
- Ø Recent exploration and/or development stage acquisitions are valued at approximately \$80/ounce of Gold Resource
- Ø Mid-tier producer s average valuation is over \$200/ounce of Gold Resource

Cautionary Note to United States Investors

This presentation uses the terms measured , indicated and inferred resources. United States investors are advised that while such terms are recognized and required by Canadian securities laws, the United States Securities and Exchange Commission (the SEC) does not recognize them. Under United States standards, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. United States investors are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into reserves. Further, inferred resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred resources will ever be upgraded to a higher category. Therefore, United States investors are also cautioned not to assume that all or any part of the inferred resources exist, or that they can be mined legally or economically.
