



BEACON ROCK RESEARCH

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RESEARCH NOTE

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Disclosures 1,2,3,4

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NovaGold Resources Inc. (AMEX, TSX: NG, US\$16.02)

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Barrick Acquires Only 12% of NovaGold

Barrick Gold Corporation (NYSE: ABX) announced it has accepted 13.2 million common shares, representing 12.3% of NovaGold Resource Inc.'s (AMEX,TSX: NG) fully diluted common stock. ABX subsequently extended its tender offer at US\$16.00 per share to December 6, 2006. This is the sixth extension of its all-cash tender offer, initiated on July 24, 2006 at a price of US\$14.50 per share.

Clearly the hostile takeover contemplated by ABX has failed. The original tender offer at a price of US\$14.50 per share as originally structured by ABX was rejected by investors. Furthermore, even with NG suspending its shareholder's rights plan and ABX its requirement for 50.1% of NG's stock, they now have accepted 13.2 million shares at an increased price of US\$16.00 per share after five extensions. ABX might be complimented for their timing of their offer, near the 6 month low price for NG, but their efforts to convince NG shareholders to sell have not been well received with 88% rejecting their offer to date.

ABX has acquired sufficient shares to be identified as an insider of NG, but it is difficult to qualify ABX's achievements to date as a success. In addition, while acquiring about 12% of NG's shares, the acceptance of shares by ABX may have complicated ABX's situation as they may now fall under rules which govern insiders. We have difficulty postulating in what manner ABX may succeed in acquiring the balance of shares of NG without increasing its tender offer price. The tendered shares, acquired at market, have moved out of "weak" hands and out of the public float. In addition, the routine nature of extensions places the all-cash offer now only two extensions away from commencement of a new tax year, and we suspect remaining shares are in "strong" hands.

Fundamentally more important, NG continues to advance its projects in a focused and professional manner which increases the likelihood that the remaining shareholders will stand pat. We see several important milestones in the next 6 to 12 months that should attract and keep investor interest. These include updated resources at Galore Creek and Donlin Creek, receipt of permits and start of construction at Galore Creek, the start of production at Rock Creek and the culmination of legal action on the 70% ownership question at Donlin Creek.

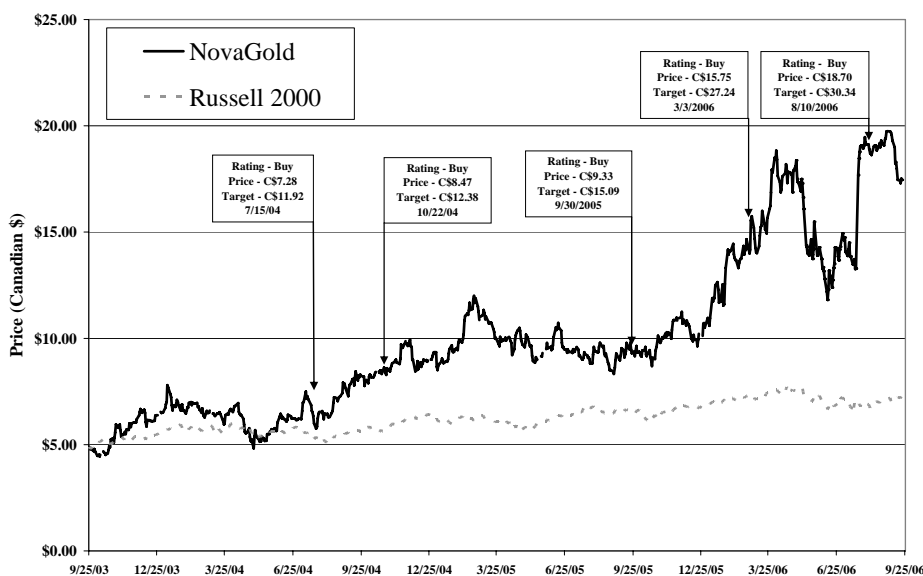
NovaGold Continues to Advance All Projects on Schedule:

Our review of NG's schedule remains consistent with our recommendation and 12-month target price of **US\$27.00** per share. It appears to us that there are no new challenges presented to NG that were not known at the time of the tender offer by ABX. In fact, NG continues to make progress.

- In late December of this year regulators are scheduled to provide a report to the BC Minister of Mines for permitting of Galore Creek. This is an important milestone and should result in a decision on NG's Environmental Assessment Certificate within 45 days of issuance of the report. We understand important permits under consideration are for power, roads, and the tunnel. Permits for surface rights over Pioneer Metals Corporation's (TXS: PSM) mineral rights should follow.
- We believe NG is making progress regarding financing Galore Creek. Our conversations with Rothschild cause us to believe the resignation was to avoid a potential conflict of interest. Rothschild appeared supportive of NG and speaks well of the NG management team and the prospects for the Galore project. We also confirmed that Citigroup is working toward successful financing of Galore Creek. With sustained record copper prices and lack of new world-class projects we continue to believe a number of smelters or major operators continue to have interest in Galore Creek.
- Construction continues at Rock Creek. It would appear that the lawsuit against NG was brought by the same individuals who contested the project permits issued by the State of Alaska during the 30 day appeal period. We understand that the State of Alaska reviewed the appeal and kept the permits in good standing. We understand that since no objections were raised during the appeal period with the US Army Corps of Engineers following issuance of the federal permits and that construction may have already proceeded beyond the point which this lawsuit against the Corps sought to halt. We do not anticipate this matter should delay construction of Rock Creek at this time.
- Litigation by NG against ABX regarding ownership and fiduciary duty continues. Despite not knowing the outcome, ABX must continue to spend resources to advance the project to complete requirements by the November 2007 deadline which includes ongoing responsibilities of disclosing project developments.

Conclusion:

We are becoming more confident that ABX will need to increase its tender offer to obtain additional shares. Time appears to be on NG's side as they continue to advance projects and the metals markets have rebounded. In addition, investors have rejected the tender offer at US\$16.00 per share. We suspect that ABX would have simply dropped to hostile takeover by now if not for NG's lawsuits surrounding questionable progress at Donlin Creek and fiduciary duty. The environment is improving for the two management teams to reconcile which should be greeted by applause by shareholders of both companies. We don't expect this to occur in 2006, nor do we foresee ABX acquiring a significant number of shares at US\$16.00 per share during this same period.



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