

TRANSBOUNDARY WATERSHED CONSERVATION BRIEFING

Galore Creek Mine Proposal

Winter 2012

Project Basics

The Galore Creek Project is a massive proposed copper-gold-silver mine located in northwestern British Columbia, between the Stikine and Iskut Rivers west of Highway 37. It is one of the world's largest undeveloped copper-gold-silver deposits, owned equally by NovaGold Resources Inc. and Teck Resources Ltd, and managed by the Galore Creek Mining Corporation (GCMC). If put into production as contemplated in the recently completed pre-feasibility study, the Galore Creek mine would be the fourth largest copper mine in North America and the largest in Canada.

The project received an Environmental Assessment Certificate in 2007, but cost estimates for it more than doubled to \$5 billion, and development was suspended in November 2007. While the original mine proposal was for an open-pit mine processing 65,000 tonnes per day with a 20 year mine life, the new pre-feasibility study contemplates "a more realistic and lower risk development alternative." In brief, the revised mine concept includes moving the mill and tailings impoundment away from the proposed open pit at Galore Creek and closer to Highway 37. Processing of ore would be increased to 95,000 tonnes per day, a 45% increase in size from the original design, over an 18 year mine life. A 12 km tunnel on the Galore Creek Road would connect the mine to the proposed new mill site near Round Lake, which would be used as a tailings impoundment. A slurry pipeline may be used to send ore concentrate from the mill to Highway 37, where the concentrate would be trucked to the port at Stewart, BC. A 87 km mine access road for transporting employees, equipment, etc. (40 km of which has already been constructed and is currently in service) would connect the mine to Highway 37. Power for the project would be provided from the Northwest Transmission Line (NTL) currently being constructed by BC Hydro. A 287 kV power line would run adjacent to the access road from the NTL to the plant site. The new pre-feasibility study estimates that construction costs for the revised mine plan would be \$5.2 billion.



The proposed Galore Creek mine project threatens the lower Stikine River, which contains important spawning, rearing and migration habitat for the millions of salmon that return to the Stikine River each year. Photo courtesy of Carr Clifton.

TRANSBOUNDARY WATERSHED CONSERVATION

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About Teck Resources and NovaGold Resources

Headquartered in Vancouver, Teck is Canada's largest diversified mining, mineral processing and metallurgical company. It owns or has interests in 13 mines in Canada, the USA, Chile and Peru.

Founded in 1998, NovaGold is a Vancouver-based publically-traded precious metals company engaged in the exploration and development of mineral properties in Alaska and British Columbia. The company is focused on advancing its flagship property, the Donlin Gold Project in Alaska. NovaGold announced in November 2011 that it has decided to explore opportunities to sell all or part of its 50% share of the Galore Creek Project.

Permitting Status

The proposed Galore Creek mine received an Environmental Assessment Certificate in 2007. However, some components of the revised plan, such as the mill and tailings location, will require new permits or amendments to existing permits. As a whole, the new mine proposal may require a new or amended Environmental Assessment Certificate.

Time Frame

Due to a series of factors, the timeline for the development of the proposed Galore Creek mine is uncertain. A new pre-feasibility study indicates that building the mine will cost about 20% more than some earlier estimates. In addition to financial pressures, new permits or amendments to existing permits will be required for the revised mill and tailings location. The pre-feasibility study estimates that commercial production from the project is unlikely to begin before 2018.

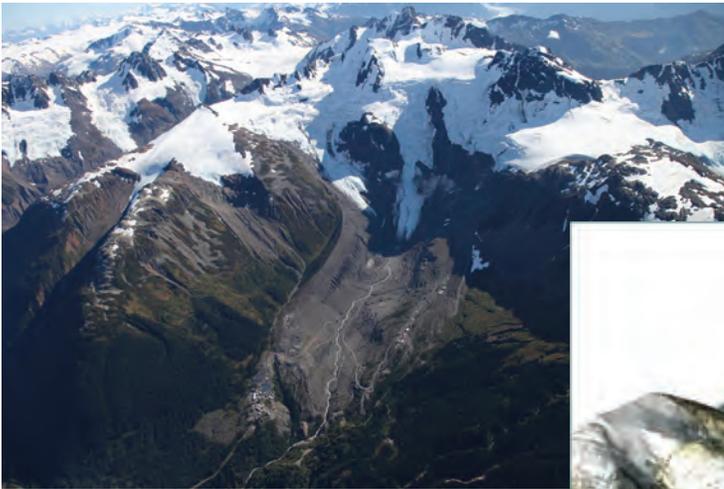
Since NovaGold announced that it intends to sell all or part of the company's 50% stake in the Galore Creek Project, the time frame for the development of Galore Creek may then depend largely on Teck Resources, which holds an earn-back option to control up to 75% of the adjacent Schaft Creek Project, currently owned by Copper Fox. Teck's time-limited option will be triggered by a feasibility study on Schaft Creek, a study expected to be released in the first quarter of 2012. While high mineral prices and the construction of the Northwest Transmission Line (projected to be operational by early 2014) is favorable for both the Galore Creek and Schaft Creek Projects, Schaft Creek is closer to Highway 37, does not require the construction of a tunnel, and may have a comparatively lower amount of acid mine drainage issues to contend with. Teck may choose to invest in developing Schaft Creek before investing in the development of Galore Creek.

Threats to Conservation

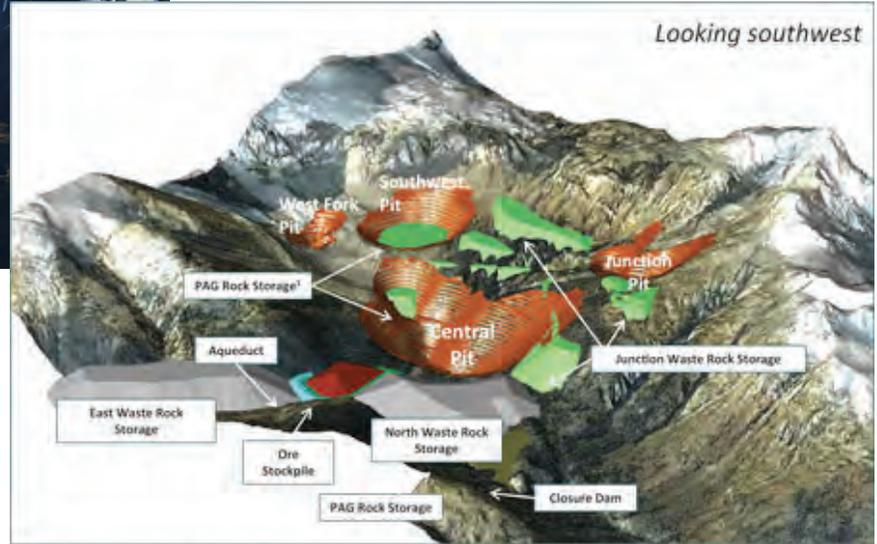
The proposed Galore Creek mine is a source of potential contamination to the Stikine watershed. The proposed mine would impact the Galore, Scud, Scotsimpson, Sphaler, Porcupine, More and Iskut drainages, all of which flow into the Stikine River, an important transboundary system that supports 19 fish species, including all five species of Pacific salmon.

The proposed Galore Creek mine will generate about 1.3 billion tons of waste rock and tailings, with roughly half of that waste rock being potentially acid generating. The mine plan calls for mining and waste rock to be placed in the Galore Creek Valley, raising the threat of acid mine drainage flowing into and polluting the Scud River, an important salmon-bearing tributary of the Stikine River. While the revised mine plan relocates the tailings impoundment and mill site to the adjacent West More Valley, acid mine drainage is still a concern there as well. A mine or tailings impoundment failure in a region prone to avalanches and moderately high seismic activity could be catastrophic. Ore from the open pits at Galore Creek would be conveyed through a 12 km tunnel and along the proposed access road to the processing plant. Tailings would be flooded at Round Lake. Though the lake is not fish bearing, it drains into More Creek, which flows into the Iskut River, a major tributary that contains up to 40% of the spawning, rearing and migration habitat for the millions of salmon that return to the Stikine River each year.

In addition, the proposed mine will fragment outstanding fish and wildlife habitat. The Galore Creek Mine Road will extend deep into the mountains between the Iskut and Stikine Rivers, bringing industrial traffic, transmission lines, waste rock dumps and toxic tailings impoundments to the region. Highway 37 will be the likely route to truck ore concentrate to Stewart, BC.



The proposed Galore Creek mine is located in the Coast Mountains of British Columbia, at the headwaters of Galore Creek which flows into the Stikine River. Photo courtesy of Mike Fay.



Source: NovaGold.com

However, for the Galore Creek Project, the shortest route to tidewater is through the Craig Headwaters Protected Area – a key high value habitat for grizzly, spawning salmon, and old growth Sitka spruce – to the Bradfield Canal in Alaska. An electrical intertie is proposed for this route, a development that could easily lead to the construction of the Bradfield Road crossing the BC-Alaska border, causing major habitat fragmentation and significant cumulative impacts. In the Tongass National Forest in Alaska, the intertie would lead to the construction and development of multiple new transmission lines and hydroelectric projects. On both sides of the border the intertie would precipitate cumulative and profound degradation of key habitat areas and highly productive watershed ecosystems.

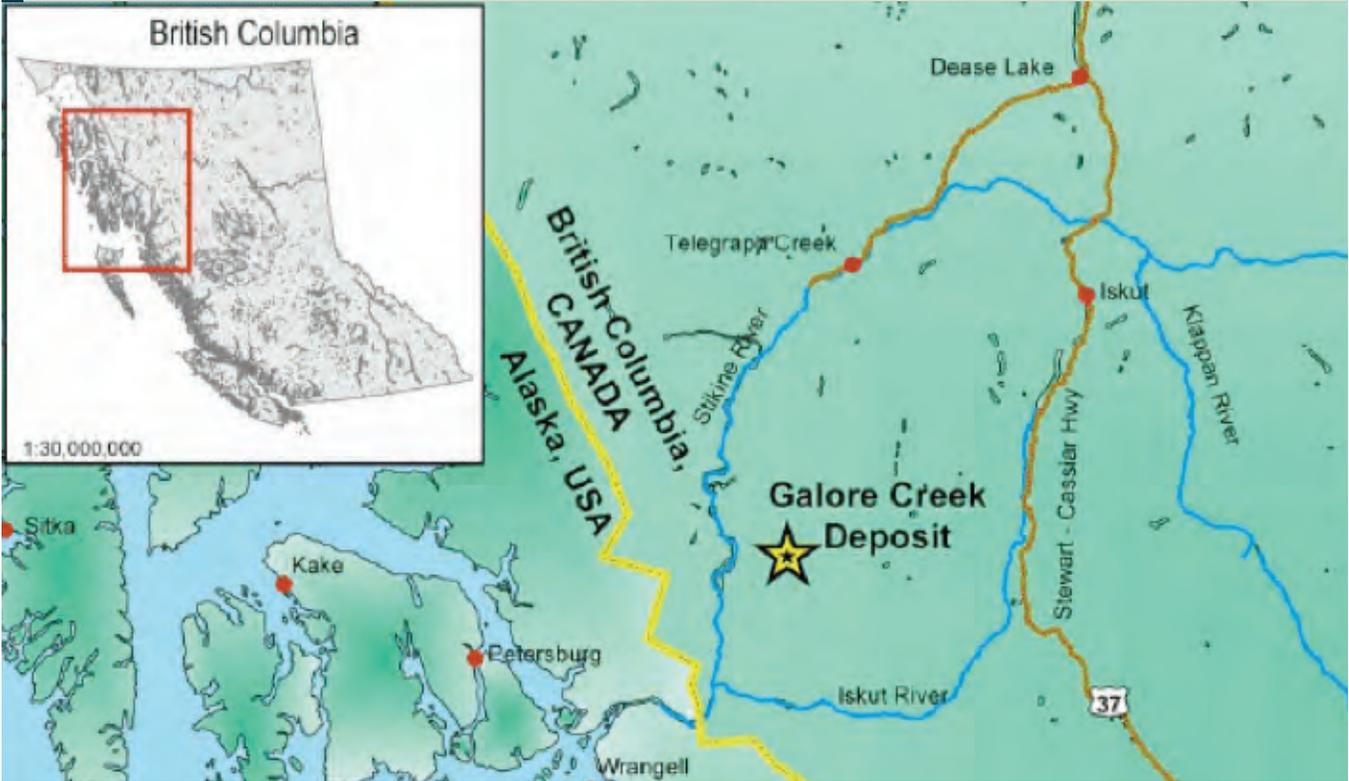
First Nations Positions

The Galore Creek Project is situated within the traditional territory of the Tahltan First Nation. In February 2006, NovaGold entered into a comprehensive Participation Agreement with the Tahltan Nation, ensuring collaboration between both parties for mine planning and operation. Since construction on the project was suspended in November 2007, GCMC has continued a “care and maintenance” program on the road and mine site that provides some employment and contracting opportunities for Tahltan members.

Summary

The proposed Galore Creek Project is a massive open-pit copper-gold-silver mine. It would generate approximately 650 million tonnes of potentially acid generating waste rock that could impact a number of creeks and rivers that drain into the Stikine River. The construction of industrial roads and infrastructure would degrade salmon and wildlife habitat within a very wild, remote part of the transboundary region. While a preliminary mine plan has already been permitted, amendments will likely be required for the new mine plan. The project has substantial potential environmental impacts to the region’s wildlife and fish populations. It will also contribute to the cumulative environmental impacts of the Northwest Transmission Line, and could lead to the construction of the Bradfield Road crossing the border into Alaska, bringing additional development pressures.

Galore Creek Mine Proposal – Regional Location



Source: Infomine.com

Galore Creek Mine Road – Proposed and Completed



Source: NovaGold.com

Contacts

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Resources

Teck Resources – www.teck.com

NovaGold Resources – www.novagold.com

Galore Creek Pre-Feasibility Study, including maps –
http://www.novagold.com/upload/technical_reports/Galore_Creek_NI_43-101_2011_Final.pdf

NovaGold Galore Creek corporate presentation as of October 2011 –
http://www.novagold.com/upload/investor_corppresentations/2011-10-17_NGPPT_Q3webcast.pdf

Galore Creek Mine Project – Environmental Assessment, 2007
http://a100.gov.bc.ca/appsdata/epic/html/deploy/epic_project_home_239.html

Tahltan Central Council – <http://www.tahltan.org/s/Home.asp>