

BUSINESS

Investors to sue NovaGold

By The Canadian Press
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TORONTO — NovaGold Resources Inc. is facing a Canadian shareholder lawsuit seeking more than \$100 million in damages for allegedly misrepresenting the true cost of its now-stalled Galore Creek copper-gold project in British Columbia.

The suit, which contains allegations similar to those contained in a prior U.S. shareholder action, was filed Wednesday in Ontario Superior Court on behalf of all Canadian investors who acquired NovaGold shares from Oct. 25, 2006 to Jan. 16, 2008.

Besides NovaGold, the defendants include the consulting firm that provided a 2006 feasibility study that said the mine could be built for about US\$1.8 billion, and several individuals including NovaGold's CEO and directors at the time.

"Such claims allowed NovaGold to raise hundreds of millions of dollars in the capital markets," Sutts, Strosberg LLP said in announcing the suit Wednesday.

The lead plaintiff, a retail investor who lives in Windsor, Ont., alleges that the defendants made public statements that were "untrue, inaccurate and misleading" when they were made at various times during the 15-month period.

"She's suffered a loss as a result of investing in the shares and she's understandably upset about it," said lawyer Jay Strosberg, who is representing Vijay Goyal and any others in Canada who bought NovaGold shares.

Goyal continues to own shares in NovaGold, he said.

Galore Creek is now a 50-50 joint venture with Teck Resources Ltd, which became a partner in 2007 when it agreed to share the cost of developing the copper-gold deposit.

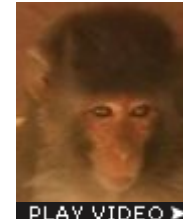
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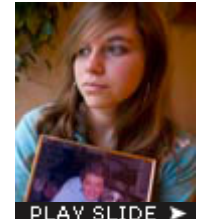
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Teck is not listed as a defendant.

Novagold said in Oct. 17, 2007, that it expected a "significant" increase to the estimated capital cost of Galore Creek and the following month the project was halted when a review found the project could cost up to \$5 billion.

On Jan. 16, 2008, Novagold and Teck announced the appointment of a new management team for Galore Creek.

The suit is claiming \$100 million in special and general damages plus related costs and interest as well as \$10 million in punitive damages.

Strosberg declined to disclose how much Goyal had personally invested or lost and said the overall claim was an approximation because it's never possible to know how much the plaintiffs may have lost.

"What we do is just start it and then we can amend the number as we go forward," Strosberg said in an interview.

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