



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Natural Resources

Division of Mining, Land & Water
Mining Resources Section

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October 15, 2012

Ron Rimelman
Vice President
NovaGold Resources Inc.
201 South Main Street, Suite 400.
Salt Lake City, UT 84111

Re: Response to Request for Verification of Rock Creek Mine Phase I Completion and Financial Assurance Release

Dear Mr. Rimelman:

The Alaska Department of Natural Resources, Division of Mining, Land and Water (ADNR) is in receipt of your October 10, 2012 letter, and attached Final Rock Creek Closure Cost Estimate and TSF Reclamation Plan Figure 1, in which you request verification for the completion of the Rock Creek Mine Phase I reclamation.

On July 19, 2012, ADNR was notified that Alaska Gold Company LLC (AGC) was considering a sale agreement with Bering Straits Native Corporation (BSNC) for the Rock Creek Mine after the successful completion of Phase I reclamation and closure activities. Correspondence from AGC on August 31, 2012 notified the ADNR of the anticipated completion of Phase I reclamation and closure activities. On September 27, 2012, the Alaska Departments of Environmental Conservation, Fish & Game and ADNR inspected the Rock Creek Mine site and observed the completion of Phase I reclamation activities, as described in the **Rock Creek Mine Reclamation and Closure Plan (October 2011)** and subsequent approved modifications and amendments. The submittal of the Rock Creek Mine Phase I Completion Documents on October 10, 2012 fulfilled outstanding obligations for the Phase I reclamation.

ADNR inspected the Rock Creek Mine site, reviewed the submitted Phase I reclamation and closure documents and evaluated the remaining reclamation costs for the Phase II activities. We agree with the proposed updated financial assurance amount of \$13,505,832. The Irrevocable Standby Letter of Credit Number NZS578405 may be reduced by \$6,766,168 from \$20,272,000 to \$13,505,832 reflecting the current closure costs for Phase II reclamation.

ADNR concludes that AGC has completed all Phase I reclamation obligations within compliance of the approved reclamation plan.

If you have further questions please contact me at (907) 269-8621, 550 West 7th Avenue, Suite 900D, Anchorage, Alaska 99501-3577 or scott.pexton@alaska.gov.

Sincerely,



Scott Pexton
Mining Section Chief
Department of Natural Resources

Cc: Gil Leathley, NovaGold Resources Inc. (gil.leathley@novagold.net)
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