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*Attorney for Defendants Alaska Gold Co.  
and NovaGold Resources, Inc.*

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ALASKA

UNITED STATES OF AMERICA,  
  
Plaintiff,  
  
v.  
  
ALASKA GOLD CO. and  
NOVAGOLD RESOURCES, INC.,  
  
Defendants.

No. 3:09-cv-00090-TMB

STIPULATION OF SETTLEMENT  
AND JUDGMENT

*WHEREAS* the United States of America, acting at the request of the Administrator of the United States Environmental Protection Agency (“EPA”), commenced this action by filing a STIPULATION OF SETTLEMENT AND JUDGMENT

Complaint for Civil Penalties and Injunctive Relief (“Complaint”) alleging violations, beginning in 2007, by Alaska Gold Co. (“AGC”) and NovaGold Resources, Inc. (“NovaGold”) (collectively, “Defendants”) of Section 301 of the Clean Water Act (“Act”), 33 U.S.C. § 1311, or of conditions or limitations of National Pollutant Discharge Elimination System Construction General Permit No. AK-R10-BT00 (“Permit”) issued by EPA under Section 402 of the Act, 33 U.S.C. § 1342, for discharges to Rock Creek, Lindblom Creek, and Glacier Creek from the Rock Creek Mine;

*WHEREAS* Defendants were authorized to construct the Rock Creek Mine by the Permit and began construction near Nome, Alaska in October, 2006;

*WHEREAS* the Rock Creek Mine construction site experienced numerous discharges of sediment and other alleged violations of the Permit between April 2007 and September 2008;

*WHEREAS* the United States and Defendants (the “Parties”) agree that it is in the public interest to resolve this matter without litigation and have negotiated this Stipulation of Settlement and Judgment in good faith to avoid litigation and the risks inherent therein;

*NOW THEREFORE*, before the taking of any testimony, without adjudication or admission of any issue of fact or law and with the consent of the Parties,

IT IS HEREBY ADJUDGED, ORDERED, and DECREED as follows:

A. This Court has jurisdiction over the subject matter of this action, pursuant to 28 U.S.C. §§ 1331, 1345 and 1355 and 33 U.S.C. §§ 1311 and 1319(b), and over the Parties. Venue lies in this District pursuant to Section 309(b) of the Act, 33 U.S.C. § 1319(b), and 28 U.S.C. §§ 1391(b) and © and 1395(a), because the events or omissions that gave rise to the claims in the Complaint, or a substantial part of them, occurred in this District and because the Defendants are located or reside or are doing business in this District. For the purposes of this Stipulation of Settlement and Judgment, or any action to enforce it, Defendants consent to the Court’s jurisdiction over this Stipulation of Settlement and Judgment and any such action and over Defendants and consent to venue in this judicial district.

B. For purposes of this Stipulation of Settlement and Judgment, Defendants agree that the

STIPULATION OF SETTLEMENT AND JUDGMENT

Complaint states a claim upon which relief may be granted pursuant to Section 301, 309, and 402 of the Act, 33 U.S.C. §§ 1311, 1319, and 1342.

C. The obligations of this Stipulation of Settlement and Judgment apply to and are binding upon the United States and upon Defendants and their successors. Any change in the ownership or corporate status of Defendants shall not alter their obligations hereunder.

D. Within thirty (30) days of entry by the Court of this Stipulation of Settlement and Judgment, Defendants shall pay to the United States via electronic funds transfer ("EFT") a civil penalty of \$883,628.00 (EIGHT HUNDRED EIGHTY THREE THOUSAND SIX HUNDRED TWENTY EIGHT DOLLARS AND NO CENTS) in accordance with instructions provided by the Financial Litigation Unit of the Office of the United States Attorney for the District of Alaska. The EFT documents shall refer to U.S.A.O. file number 2009V00043 and DOJ case number 90-5-1-1-09621. Payments by EFT must be received at the Department of Justice lockbox bank by 4:00 P.M. (Eastern Time) to be credited on that day. Copies of the payment and transmittal documents shall be mailed to:

Chief, Environmental Enforcement Section  
Environmental Enforcement Section  
Environment & Natural Resources Division  
United States Department of Justice  
P.O. Box 7611 Ben Franklin Station  
Washington, D.C. 20044-7611

and

Eva DeMaria  
U.S.E.P.A. Region 10  
1200 Sixth Avenue, Suite 900, M/S OCE-133  
Seattle, Washington 98101

E. Interest shall accrue on the unpaid balance of civil penalties in accordance with 28 U.S.C. § 1961 commencing on the date that such penalties are due and continuing until paid. If payment specified in Paragraph D is not made when due, then, in addition to other remedies herein, the United States reserves the right to move this Court to vacate this Stipulation of Settlement and Judgment

STIPULATION OF SETTLEMENT AND JUDGMENT

and reinstate this action.

F. Within ten business days of receipt of all amounts due under this Stipulation of Settlement and Judgment, the United States shall file with the Court a Satisfaction of Judgment notifying the Court that full payment has been made.

G. Defendants' payment of the civil penalty identified in Paragraph D above and any interest required by Paragraph E above shall constitute a complete settlement and shall be in full satisfaction of the United States' claims for civil penalties for the violations of the Clean Water Act alleged in the Complaint. This Stipulation of Settlement and Judgment is limited to the civil claims under the Clean Water Act that are expressly alleged in the Complaint. This Stipulation of Settlement and Judgment is not intended to, nor shall it be construed to, operate in any way to resolve any civil claims other than those expressly alleged in the Complaint or any criminal liability of Defendants.

H. Nothing in this Stipulation of Settlement and Judgment shall be construed to release Defendants or their agents, successors, or assigns from their respective obligations to comply with any applicable Federal, State, or local law, regulation, or permit. Nothing contained herein shall be construed to prevent or limit the United States' rights to obtain penalties or injunctive relief under the Clean Water Act, 33 U.S.C. §§ 1251 *et seq.*, or any other law for other alleged violations.

I. Defendants shall not deduct any penalties paid pursuant to this Stipulation of Settlement and Judgment in calculating their federal income tax payable to the United States Treasury, if any.

J. This Stipulation of Settlement and Judgment shall be lodged with the Court for a period of not less than thirty (30) days for public notice and comment pursuant to 28 C.F.R. § 50.7. The United States reserves the right to withdraw or withhold its consent if the comments regarding the Stipulation of Settlement and Judgment disclose facts or considerations indicating that the Stipulation of Settlement and Judgment is inappropriate, improper, or inadequate. Defendants consent to the entry of this Stipulation of Settlement and Judgment without further notice and agree not to withdraw from or oppose its entry by the Court or to challenge any provision herein, unless the United States has notified Defendants in writing that it no longer supports entry of this

Stipulation of Settlement and Judgment.

K. The Court shall retain jurisdiction for the purposes of interpreting and enforcing this Stipulation of Settlement and Judgment through the date that payment is made in accordance with the provisions herein.

L. This Stipulation of Settlement and Judgment shall be considered an enforceable judgment solely for purposes of post-judgment collection of any unpaid civil penalties and interest referred to in Paragraphs D and E above, in accordance with Rule 69 of the Federal Rules of Civil Procedure, the Federal Debt Collection Procedures Act, 28 U.S.C. §§ 3001-3008, and any other applicable statutory authority without further order of this Court. In the event all or any portion of the civil penalty amount referred to in Paragraph D above is not paid in accordance with the provisions of this Stipulation of Settlement and Judgment, Defendants shall be liable for attorneys' fees and costs incurred by the United States in collecting any amounts due thereunder.

M. Nothing in this Stipulation of Settlement and Judgment creates, nor shall it be construed as creating, any rights or claims in favor of any person not a Party to this Stipulation of Settlement and Judgment of Settlement.

N. Except as to those civil claims expressly alleged in the Complaint and resolved in this Stipulation of Settlement and Judgment, in any subsequent administrative or judicial proceeding initiated by the United States for injunctive relief, civil penalties or other appropriate relief relating to the Rock Creek Mine, Defendants shall not assert, and may not maintain, any defense or claim based upon the principles of waiver, res judicata, collateral estoppel, issue preclusion, claim-splitting, or other defenses based upon any contention that the claims raised by the United States in the subsequent proceeding were or should have been brought in the instant case.

O. The undersigned representatives of AGC, NovaGold, the Chief of the Environmental Enforcement Section, and the Acting Assistant Administrator of the Office of Enforcement and Compliance Assurance certify that each is fully authorized to enter into the terms and conditions of this Stipulation of Settlement and Judgment and to bind legally the party he or she represents to this

document.

P. Except as set forth in Paragraph L of this Stipulation of Settlement and Judgment, each party shall bear its own costs and attorneys' fees in this action.

Q. There are no separate agreements or understandings with respect to this matter that have not been set forth in this Stipulation of Settlement and Judgment.

R. Defendants do not admit any liability to the United States arising out of the transactions or occurrences alleged in the Complaint.

S. This Stipulation of Settlement and Judgment may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2009.

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United States District Judge

**FOR THE UNITED STATES:**

JOHN C. CRUDEN  
Acting Assistant Attorney General  
Environment & Natural Resources Division

DATED: \_\_\_\_\_

5/1/09

\_\_\_\_\_  
BRUCE S. GELBER  
Section Chief  
Environmental Enforcement Section  
Environment & Natural Resources Division  
United States Department of Justice  
Washington, D.C. 20044-7611

DATED: \_\_\_\_\_

5-4-09

\_\_\_\_\_  
Patrick M. Casey, Senior Counsel  
Environmental Enforcement Section  
Environment & Natural Resources Division  
United States Department of Justice  
P.O. Box 7611  
Washington, D.C. 20044-7611

**FOR THE UNITED STATES:**

DATED: 5/7/09

~~\_\_\_\_\_  
CATHERINE R. MCCABE~~  
Acting Assistant Administrator  
Office of Enforcement and Compliance Assurance  
U.S. Environmental Agency  
1200 Pennsylvania Ave., NW  
Suite 3204  
Washington, DC 20460  
(202) 564-2440  
(202) 501-3842 (fax)



**FOR ALASKA GOLD CO.**

DATED: \_\_\_\_\_

\_\_\_\_\_  
Rick Van Nieuwenhuyse  
President & CEO  
Alaska Gold Company  
P.O. Box 640  
Nome, Alaska  
99762-0640

Agent authorized to accept service for Alaska Gold Co.

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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**FOR NOVAGOLD RESOURCES, INC.**

DATED: \_\_\_\_\_

\_\_\_\_\_  
Rick Van Nieuwenhuyse  
President and CEO  
NovaGold Resources Inc.  
2300 - 200 Granville St.  
Vancouver, BC V6C 1S4

Agent authorized to accept service for NovaGold Resources, Inc.

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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**FOR ALASKA GOLD CO.**

DATED: April 2, 2009

Rick Van Nieuwenhuyse  
President & CEO  
Alaska Gold Company  
P.O. Box 640  
Nome, Alaska  
99762-0640

Agent authorized to accept service for Alaska Gold Co.

James Lynch  
K&L Gates LLP  
925 Fourth Avenue, Suite 2900  
Seattle, Washington 98104-1158

**FOR NOVAGOLD RESOURCES, INC.**

DATED: April 2, 2009

Rick Van Nieuwenhuyse  
President and CEO  
NovaGold Resources Inc.  
2300 - 200 Granville St.  
Vancouver, BC V6C 1S4

Agent authorized to accept service for NovaGold Resources, Inc.

James Lynch  
K&L Gates LLP  
925 Fourth Avenue, Suite 2900  
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