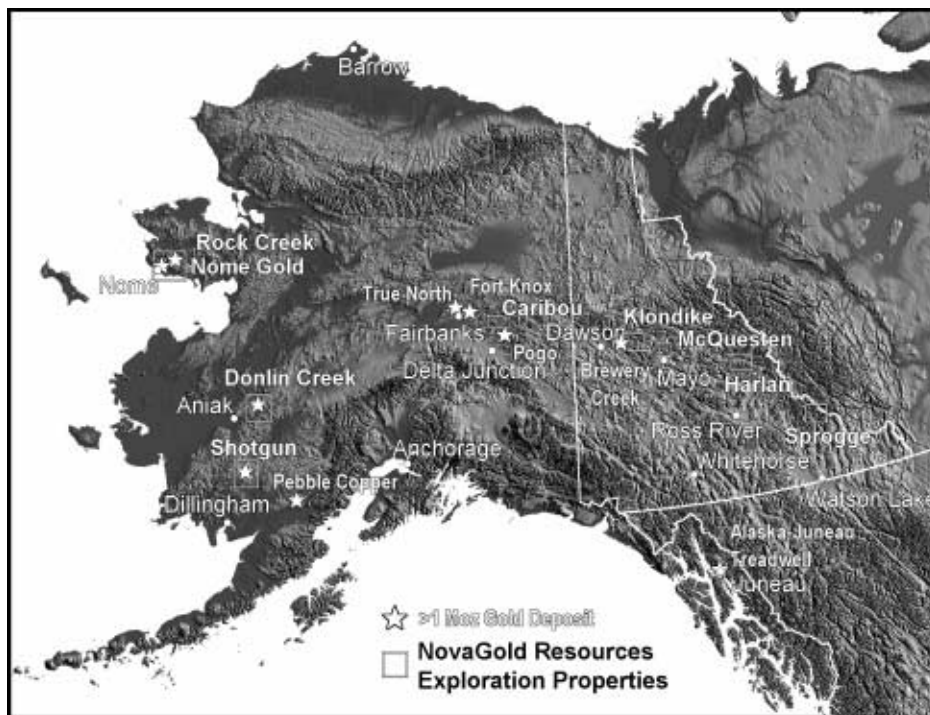


NovaGold continues to pursue its strategy of discovery, acquisition and development of high-quality mineral properties in North America for gold, platinum and palladium, high-tech metals and construction aggregates. This diversified strategy is focused in highly prospective regions that have demonstrated significant historic production and resources - a time proven method of reducing risk and increasing exploration success. NovaGold's strength lies in the management team's strong background in exploration from grass roots discoveries to the completion of mine feasibility studies. With this experience the company is well positioned to capitalize on the present favorable environment for the acquisition of high-quality exploration properties. This will significantly increase shareholder value as precious metal prices return to their long-term equilibrium levels and above.

Over the past three years NovaGold has assembled a high-quality portfolio of properties within Alaska and the Yukon Territory that now contains potential for more than 17 million ounces<sup>1</sup> in total defined gold resources. This is one of the largest resource bases of any listed junior mining company with over an ounce of gold for every two issued shares. Management is pleased to announce the recent signing of an option agreement with Placer Dome Inc. to acquire a 70% interest in the world-class Donlin Creek Deposit located in southwestern Alaska. With the addition of the Donlin Creek Deposit, NovaGold is now advancing four multi-million ounce gold deposits: Donlin Creek with potential for over 13 million ounces of gold, the Nome Project with potential for



over 2.24 million ounces of gold contained within 295 million cubic yards of sand and gravel aggregate co-product, Rock Creek with potential for over 1 million ounces and the Shotgun Deposit with potential for over 1 million ounces<sup>1</sup>.

NovaGold has also continued to advance its early stage exploration properties through the participation of strategic joint venture partners. Recent joint venture agreements with Placer Dome, Newmont, and Kennecott/Rio Tinto have demonstrated NovaGold's ability to work with global mining companies. This past year Kennecott and Newmont funded exploration and drilling programs on NovaGold's McQuesten and Spragge properties in the Yukon Territory. The company is currently in discussions with other major mining companies on three other drill-ready projects: Caribou, located near the 5.6 million ounce Pogo Deposit in Central Alaska, and

the Harlan and Klondike properties in the Yukon Territory.

Management recognizes the need for NovaGold to generate cash flow without the aid of the equity markets to pay for on-going exploration and evaluation efforts. To meet this need NovaGold acquired Alaska Gold Company in 1999. The acquisition of Alaska Gold Company brought substantial real estate, gold royalties, and construction aggregate assets into the company. These assets generated in excess of Cdn\$6,100,000 in revenues (Cdn\$0.28/share) in 1999 and 2000. For 2001, revenues in excess of Cdn\$4,000,000 (Cdn\$0.17/share) from gold production royalties, and sales of real estate and construction aggregates are projected. These revenues will continue funding exploration and acquisition of high quality mineral properties well into the new millennium. To further strengthen the corporate balance sheet, NovaGold

# Report of Directors to Shareholders



concluded an agreement with Etruscan Resources Inc. in November 2000 to restructure its long-term corporate debt of approximately Cdn\$8,000,000. This debt settlement agreement greatly improves the financial position of the NovaGold and readies the company for significant growth.

In its commitment to add shareholder value, NovaGold also continues to develop its large-scale sand and gravel resources to further generate additional near-term cash flow for the company. Management is in negotiations with several of the largest

global construction aggregate companies to deliver sand and gravel aggregate products to the large and growing markets along the west coast of the United States, and to other important Pacific Rim markets such as Japan.

We also continue to advance our Rock Creek and Nome Gold projects towards production through discussions with joint venture partners. In addition, NovaGold continues to capitalize on the favorable acquisition market for high-quality exploration properties in Alaska and the Yukon Territories. With our philosophy of “buy low and sell high”, management be-

lieves the current depressed gold market has made it attractive to acquire quality properties. We are focused on only high quality assets with identified resources that would be profitable below a US\$250 gold price. Our objective remains to advance all of our advanced-stage projects - Donlin Creek, Nome Gold, and Rock Creek, through to production. In particular, at Donlin Creek we look forward to working closely with the land owner Calista Corporation, Placer Dome and the State of Alaska to develop the deposit into a premier operation that brings substantial positive economic benefits to the Kuskokwim region of Alaska.

First and foremost our team strives to maximize shareholder value. I invite you to read through the 2000 Annual Report and would be happy to answer any questions you may have. Please contact us by phone or by electronic mail.

On behalf of the Board of Directors,  
NovaGold Resources, Inc.

[signed: Rick Van Nieuwenhuyse]

Rick Van Nieuwenhuyse  
President and CEO

April 11, 2001

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