
Interim Report to Shareholders

We are pleased to report herein the financial statements for the six month period ended May 31, 2000 together with an update of the company's activities.

As previously reported, excellent drill results continue to be received from NovaGold's Rock Creek Property located in the Nome mining district of Alaska, 15 kilometers north of the city of Nome. Rock Creek is NovaGold's most advanced project and management is committed to advancing the property to feasibility and production.

Based on the results of a drilling program completed in the fall of 1999, NovaGold has estimated a measured, indicated and inferred resource of 740,000 ounces of gold with an additional inferred resource of 260,000 ounces at the adjacent Saddle deposit. A preliminary economic scoping study indicates that a 3500 tpd gravity/cyanide milling operation will produce 100,000 ounces of gold annually with a cumulative project cash flow of US\$86 million and an IRR of 37%.

An 8,800 meter two-phase drilling program was initiated in April of 2000 and was designed to define a measured and indicated resource in excess of one million ounces. The 30-hole Phase I portion of this drilling campaign was recently completed with encouraging results. Significant intercepts include:

- 4.3 g/t over 30.5 meters (RR-011)
- 5.1 g/t over 29.5 meters (RR-015)
- 2.7 g/t over 36.0 meters (RR-008)
- 3.0 g/t over 16.8 meters (RR-017)
- 2.3 g/t over 29.0 meters (RR-028)

The Phase II portion of this drilling program is scheduled to begin later this summer and will expand the known resource along strike on the Main Rock Creek target as well as to define additional resources at the nearby Saddle-Bonanza target. Numerous other targets have yet to be drill tested in this large and under-explored property. Management believes the company's extensive land holdings in the Nome mining district have the potential of hosting a multi-million ounce gold deposit. The on-going drilling program will allow the further definition of measured and indicated resources and subsequently an estimation of a proven and probable mining reserve, thereby readying the project for a feasibility study.

NovaGold also continues to explore new marketing opportunities for its vast gravel resource of over 250,000,000 metric tonnes. This gravel resource contains over 2 million ounces of co-product gold. Particular attention is being focused on developing the Japanese and Californian markets. The revenues generated by gravel sales provide cash flow necessary for funding the on-going exploration of the Rock Creek property as well as NovaGold's other highly prospective properties in Alaska and the Yukon.

The company is also pleased to report that Newmont has completed a property-wide auger drilling program and airborne geophysical survey. Newmont plans to drill test the main anomaly later this season as part of its 2000 exploration program.

NovaGold is committed to advancing its Rock Creek project towards production and increasing the market for our gravel resources. We look forward to reporting on positive developments from these projects in the coming months.

ON BEHALF OF THE BOARD OF DIRECTORS

[signed: Rick Van Nieuwenhuysse]

Rick Van Nieuwenhuysse
President & Chief Executive Officer

Report to Shareholders

Corporate Information

Directors

Pierre Besuchet
Geneva, Switzerland

Fred Knight
Toronto, Ontario

Angus MacIsaac
Dartmouth, Nova Scotia

Gerald McConnell
Dartmouth, Nova Scotia

Clynton Nauman
Vancouver, British Columbia

Rick Van Nieuwenhuysse
Los Gatos, California

William Young
Toronto, Ontario

Officers

Rick Van Nieuwenhuysse, M.Sc.
President & CEO

Glenn Holmes, C.A.
Secretary-Treasurer

Stock Listing

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Halifax, Nova Scotia
National Bank of Alaska
Nome, Alaska

Registrar & Transfer Agent

Montreal Trust Company
Halifax, Nova Scotia

NovaGold Resources Inc.

(NRI - TSE)

Interim Financial Statements

For The Second Quarter Ended May 31, 2000

NovaGold Resources Inc.

Report to Shareholders

2000 Second Quarter Report

Consolidated Balance Sheet

(Unaudited)

As at May 31,	2000\$	1999\$
Assets		
Current assets		
Cash	368,101	511,784
Amounts receivable	350,662	369,992
Gold inventory	109,920	-
Inventory	138,411	203,782
Deposits and prepaid amounts	10,331	8,086
	<u>977,425</u>	<u>1,093,644</u>
Capital assets	268,960	294,846
Long-term investments	77,317	77,317
Reclamation deposit	927,898	886,205
Land and gravel quarries	2,054,214	5,537,885
Mineral properties and related deferred costs	14,410,115	13,601,275
	<u>18,715,929</u>	<u>21,491,172</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	2,643,878	2,760,586
Bridge financing payable	-	1,504,742
Loan payable	200,000	200,000
	<u>2,843,878</u>	<u>4,465,328</u>
Convertible debenture	1,650,000	1,650,000
Convertible royalty	946,500	931,500
Amount payable to Etruscan Resources Inc.	7,977,940	7,170,157
Provision for reclamation costs	2,703,121	2,455,992
	<u>16,121,439</u>	<u>16,672,977</u>
Shareholder's Equity		
Capital stock (issued and outstanding - 21,336,762 1999 - 20,326,372)	68,608,816	68,150,478
Equity portion of convertible debt instruments	900,000	900,000
Deficit	(66,914,326)	(64,232,283)
	<u>2,594,490</u>	<u>4,818,195</u>
	<u>18,715,929</u>	<u>21,491,172</u>

Consolidated Statement of Operations and Deficit

(Unaudited)

For the six months ended May 31,	2000\$	1999\$
Revenue		
Gain on sale of land	194,973	112,542
Gravel sales	57,203	-
Lease and rental revenue	38,783	50,358
Gold production and royalties	16,535	-
Other revenue	10,188	33,900
	<u>317,682</u>	<u>196,800</u>
Expenses		
General and administrative	297,673	103,559
Wages and benefits	213,147	125,229
Interest on long-term debt	62,857	35,052
Professional fees	105,450	52,620
Property investigation	-	11,631
Property tax	99,466	52,590
Depreciation	44,495	2,351
Interest on amount payable to Etruscan Resources Inc.	298,378	263,812
Murray Brook mine site maintenance	51,954	47,528
	<u>1,173,420</u>	<u>694,372</u>
Net loss for the period	855,738	497,572
Deficit - beginning of period	66,058,588	63,734,711
Deficit - end of period	66,914,326	64,232,283

Consolidated Statement of Cash Flows

(Unaudited)

For the six months ended May 31,	2000\$	1999\$
Cash Flows From Operating Activities		
Net loss for the period	(855,738)	(497,572)
Items not affecting cash -		
Gain on sale of land	(194,973)	(112,542)
Interest on reclamation deposit	(28,010)	(13,417)
Gain on the sale of assets	-	(9,992)
Foreign exchange loss	22,000	-
Interest on advances from Etruscan Resources Inc.	298,378	263,812
Depreciation	44,495	2,351
	<u>(713,848)</u>	<u>(367,360)</u>
Changes in non-cash working capital balances related to operations		
Amounts receivable	221,091	(68,912)
Deposits and prepaid amounts	15,088	4,339
Gold inventories	210,080	-
Accounts payable and accrued liabilities	105,092	(72,835)
	<u>(162,497)</u>	<u>(504,768)</u>
Cash Flows From Financing Activities		
(Repayments) net proceeds of bridge financing	(1,001,573)	1,504,742
Proceeds from the issuance of convertible debenture	-	2,000,000
Proceeds from issuance of common shares	1,400	395,460
Advances from Etruscan Resources Inc.	110,612	410,418
	<u>(889,561)</u>	<u>4,310,620</u>
Cash Flows From Investing Activities		
Acquisition of Alaska Gold Inc., net of cash acquired	-	(3,253,338)
Purchase/disposal of capital assets	(18,095)	15,000
Proceeds on disposal of land - net	1,929,047	164,294
Expenditures on mineral properties and related deferred costs	(640,566)	(287,548)
Expenditures on reclamation	(152,871)	-
	<u>1,117,515</u>	<u>(3,361,592)</u>
Decrease in cash during the period	65,457	444,260
Cash - beginning of period	302,644	67,524
Cash - end of period	368,101	511,784