
Interim Report to the Shareholders

July 1999

We are pleased to report herein the financial statements for the six month period ended May 31, 1999 together with an update of the companies activities.

With the acquisition of Alaska Gold Company earlier this year as well as the acquisition of 22 exploration properties from Viceroy Resource Capital, NovaGold now holds a dominant land position in Alaska and the Yukon, two areas which are once again becoming exciting frontiers for gold exploration in North America. In Alaska, the company has initiated a 6,500 meter reverse circulation drilling program at the Anvil Creek property located in the Nome mining district. This drilling program is designed to test a major flexure along the Anvil Creek shear zone and is expected to be completed within three months. Kennecott may earn up to 70% of the Anvil Creek property by making initial cash payments and private placements totaling US\$2,700,000 and funding US\$5,000,000 in exploration.

NovaGold also concluded a second agreement with Kennecott on the Caribou Project located in the highly prospective Tintina Gold Belt of east central Alaska. Kennecott may earn up to a 70% interest by expending US\$5,000,000 in exploration, completing a feasibility study, and providing project financing. A field campaign has been initiated to identify potential drill targets and it is anticipated that a drilling program could commence by late summer.

NovaGold also reached agreement with a private Alaskan company to option lands surrounding Alaska Gold's land holdings. This agreement gives NovaGold control over most of the Nome district.

During this period Clynton Nauman and Rick Van Nieuwenhuysse were appointed to the Board of Directors of NovaGold. Mr. Nauman is President and CEO of Viceroy Resource Corporation and has twenty five years of mineral exploration and business development experience. As well, Rick Van Nieuwenhuysse has been appointed President and Chief Executive Officer and Glenn Holmes has been appointed Secretary- Treasurer for the coming year.

With respect to the Year 2000 issue the Company has implemented a plan to ensure that all the financial and operating systems for NovaGold Resources Inc. and its subsidiaries are Year 2000 ready. To date, an assessment has been made of the Year 2000 issue and software is being upgraded where necessary.

We look forward to reporting positive results from the Alaskan and Yukon exploration programs in the months ahead.

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

The Toronto Stock Exchange
(Trading Symbol: NRI)

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Legal Counsel

Patterson Palmer Hunt Murphy
Halifax, Nova Scotia

Auditors

PricewaterhouseCoopers LLP
Halifax, Nova Scotia

Bankers

The Toronto-Dominion Bank
Royal Bank of Canada
Halifax, Nova Scotia

Registrar & Transfer Agent

Montreal Trust Company
Halifax, Nova Scotia

NovaGold Resources Inc.

NovaGold Resources Inc.

(NRI – TSE)

Interim Financial Statements

For The Second Quarter Ended May 31, 1999

Report to Shareholders

1999 Second Quarter Report

Consolidated Balance Sheet (Unaudited)

As at May 31,	1999\$	1998\$
Assets		
Current assets		
Cash	511,784	237,929
Amounts receivable	369,992	153,911
Deposits and prepaid amounts	211,868	12,758
	1,093,644	404,598
Long-term investments	77,317	137,316
Capital assets	294,846	899,209
Reclamation deposit	886,205	859,568
Land	5,537,885	-
Deferred pre-production costs	-	1,143,106
Mineral properties and related deferred costs	13,601,275	11,467,591
	21,491,172	14,911,388
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	2,760,586	1,947,989
Bridge financing payable	1,504,742	-
Loans payable	200,000	626,973
	4,465,328	2,574,962
Convertible debenture	1,650,000	-
Amount payable to Etruscan Resources Inc.	7,170,157	4,923,294
Royalty payable	1,481,500	-
Provision for reclamation costs	2,455,992	1,012,900
Non-controlling interest in subsidiary company	-	900,530
	17,222,977	9,411,686
Shareholders' Equity		
Capital stock (issued and outstanding - 20,326,372; 1998 - 11,607,245)	68,150,478	61,639,624
Equity portion of convertible debenture	350,000	-
Deficit	(64,232,283)	(56,139,922)
	4,268,195	5,499,702
	21,491,172	14,911,388

Consolidated Statement of Operations and Deficit (Unaudited)

For the six months ended May 31,	1999\$	1998\$
Revenue		
Gain on sale of land	112,542	-
Lease and rental revenue	50,358	-
Other revenue	33,900	11,632
	196,800	11,632
Expenses		
General and administrative	545,220	856,941
Depreciation	2,351	1,520
Interest on long-term debt	35,052	25,610
Property investigation	11,631	6,375
Murray Brook property maintenance	47,528	49,791
Property tax	52,590	21,173
	694,372	961,410
Net loss for the period	497,572	949,778
Deficit - beginning of period	63,734,711	55,190,144
Deficit - end of period	64,232,283	56,139,922

Consolidated Statement of Cash Flows (Unaudited)

For the six months ended May 31,	1999\$	1998\$
Cash Flows From Operating Activities		
Net loss for the period	(497,572)	(949,778)
Items not affecting cash -		
Gain on sale of land	(112,542)	-
Interest on reclamation deposit	(13,417)	(13,019)
Gain on disposal of fixed assets	(9,992)	-
Interest on advances from Etruscan Resources Inc.	263,812	140,835
Depreciation	2,351	1,520
	(367,360)	(820,442)
Changes in non-cash working capital balances related to operations (net of effects of acquisition of subsidiary)		
Amounts receivable	(68,912)	(88,306)
Deposits and prepaid amounts	4,339	6,764
Accounts payable and accrued liabilities	(72,835)	272,681
	(137,408)	191,139
	(504,768)	(629,303)
Cash Flows From Financing Activities		
Proceeds from the issuance of convertible debenture	2,000,000	-
Net proceeds from bridge financing	1,504,742	-
Proceeds from issuance of common shares	395,460	1,160,279
Advances from Etruscan Resources Inc.	410,418	927,827
	4,310,620	2,088,106
Cash Flows From Investing Activities		
Acquisition of Alaska Gold Inc., net of cash acquired	(3,253,338)	-
Proceeds on disposal of capital assets	15,000	-
Proceeds on disposal of land - net	164,294	-
Expenditures on mineral properties and related deferred costs	(287,548)	(1,340,844)
	(3,361,592)	(1,340,844)
Increase in cash during the period	444,260	117,959
Cash - beginning of period	67,524	119,970
Cash - end of period	511,784	237,929

