
Interim Report to Shareholders

We are pleased to report the financial statements for the nine month period ended August 31, 2000 with an update of the Company's activities.

During the quarter the Company entered into an agreement with Newmont Exploration whereby Newmont can earn a 51% interest in the McQuesten property by expending a minimum of Cdn \$3.75 million over five years and making payments to NovaGold totaling Cdn \$200,000. The McQuesten property is located in the Keno Hill Mining District, 40 kilometers northeast of Mayo, Yukon Territory. The property consists of 46 quartz mining claims and is accessed via the all-weather Yukon Silver Trail highway with an adjacent hydro-electric power transmission line. NovaGold has the right to earn a 70% interest in the property from Eagle Plains Resources by expending Cdn \$1million. The Newmont Agreement becomes effective upon receipt of consent from Eagle Plains and underlying interest holders.

Newmont recently completed a five hole drill program totaling 883 meters (2900 ft.) to test a 1.2 kilometer (4000 ft.) portion of the McQuesten Mineralized Structural Zone. The Zone is in excess of 3 kilometers in strike length and is defined by surface trenching, auger drilling and a coincident MAG-EM anomaly. Mineralization consists of disseminated and semi-massive sulfides (pyrrhotite, pyrite and arsenopyrite) in quartz-sericite and skarn alteration packages of sedimentary rocks and felsic sills and dikes intruded along a low angle shear zone. Significant results from this program include:

- Hole MQ-00-04 with two intersections: 11.5 meters grading 1.5g/t and 37 meters grading 1.4g/t, including 4.3 meters grading 3.3g/t;
- Hole MQ-00-01 with 2.5 meters grading 3.2g/t and 6.1 meters grading 2.6g/t; MQ-00-02 with 13.5 meters grading 0.65g/t; MQ-00-03 with 3 meters grading 2g/t and 3 meters grading 3g/t;
- Hole MQ-00-05 with 14 meters grading 1.3g/t.

On September 14, 2000 the Company entered into an agreement with Kennecott Exploration Company, whereby Kennecott may earn up to a 70% interest in the Sprogge Property by contributing Cdn \$30 million in exploration expenditures, and/or completing a feasibility study and making a decision to bring the property into production. The Property is located within the Tintina Gold Belt, 175 kilometers north of the town of Watson Lake along Yukon Highway 10, in the Yukon Territory. The property consists of 303 Yukon quartz mining claims covering 15,635 acres (6327 hectares) adjacent to Anglo American's (Hudson Bay Mining) Hit property. The property is jointly held by NovaGold (68%) and Battle Mountain Gold (32%).

The Year 2000 program is currently underway at Sprogge and is being managed by NovaGold. The program includes drill testing of several of the targets as well as detailed geologic mapping and a geophysical program.

NovaGold continues to develop additional markets for its extensive gravel resource located in Nome, Alaska. The company also continues to advance its 100% owned Rock Creek property in Alaska to feasibility.

ON BEHALF OF THE BOARD OF DIRECTORS

[signed: Rick Van Nieuwenhuysse]

Rick Van Nieuwenhuysse
President & Chief Executive Officer

Report to Shareholders

Corporate Information

Directors

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Gerald McConnell
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Clynton Nauman
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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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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 Third Quarter Ended August 31, 2000

NovaGold Resources Inc.

Report to Shareholders

2000 Third Quarter Report

Consolidated Balance Sheet

(Unaudited)

As at August 31,	2000\$	1999\$
Assets		
Current assets		
Cash	250,892	786,550
Amounts receivable	533,035	324,086
Inventory	138,411	203,782
Deposits and prepaid amounts	1,130	12,130
	923,468	1,326,548
Capital assets	248,519	298,863
Long-term investments	77,317	77,317
Reclamation deposit	320,998	893,057
Land and gravel quarries	1,964,214	4,408,934
Mineral properties and related deferred costs	14,524,374	13,865,068
	18,058,890	20,869,787
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	3,322,985	2,299,182
Bridge financing payable	-	1,079,521
Loan payable	200,000	200,000
	3,522,985	3,578,703
Convertible debenture	1,650,000	1,650,000
Convertible royalty	921,500	931,500
Amount payable to Etruscan Resources Inc.	8,206,662	7,367,801
Provision for reclamation costs	1,594,610	2,455,992
	15,895,757	15,983,996
Shareholder's Equity		
Capital stock (issued and outstanding - 21,336,762 ; 1999 - 21,332,762)	68,608,816	68,553,867
Equity portion of convertible debt instruments	900,000	900,000
Deficit	(67,345,683)	(64,568,076)
	2,163,133	4,885,791
	18,058,890	20,869,787

Consolidated Statement of Operations and Deficit

(Unaudited)

For the nine months ended August 31,	2000\$	1999\$
Revenue		
Gain on sale of land	198,345	85,178
Gravel sales	91,075	556,426
Lease and rental revenue	71,410	80,609
Gold production and royalties	30,289	-
Other revenue	23,486	123,574
	414,605	845,787
Expenses		
General and administrative	416,896	442,766
Wages and benefits	329,263	356,517
Interest on long-term debt	90,358	107,568
Professional fees	144,435	131,537
Property investigation	-	15,070
Property tax	129,547	127,060
Depreciation	64,936	32,325
Interest on amount payable to Etruscan Resources Inc.	455,088	338,812
Murray Brook mine site maintenance	71,177	127,497
	1,701,700	1,679,152
Net loss for the period	1,287,095	833,365
Deficit - beginning of period	66,058,588	63,734,711
Deficit - end of period	67,345,683	64,568,076

Consolidated Statement of Cash Flows

(Unaudited)

For the nine months ended August 31,	2000\$	1999\$
Cash Flows From Operating Activities		
Net loss for the period	(1,287,095)	(833,365)
Items not affecting cash -		
Gain on sale of land	(198,345)	(85,178)
Interest on reclamation deposit	-	(20,269)
Gain on the sale of asset	-	(45,644)
Foreign exchange loss	(3,000)	-
Interest on advances from Etruscan Resources Inc.	455,088	338,812
Amortization	154,936	32,325
	(878,416)	(613,319)
Changes in non-cash working capital balances related to operations		
Amounts receivable	38,718	(23,006)
Deposits and prepaid amounts	24,289	295
Gold inventory	320,000	-
Accounts payable and accrued liabilities	784,199	(534,236)
	288,790	(1,170,266)
Cash Flows From Financing Activities		
Net proceeds (repayments) from bridge financing	(1,001,573)	1,079,521
Proceeds from reclamation bond	578,890	-
Proceeds from the issuance of convertible debenture	-	2,000,000
Proceeds from issuance of common shares	1,400	762,394
Advances from Etruscan Resources Inc.	182,624	533,062
	(238,659)	4,374,977
Cash Flows From Investing Activities		
Acquisition of Alaska Gold Inc., net of cash acquired	-	(3,253,338)
Disposal (aquisition) of capital assets	(18,095)	16,659
Proceeds on disposal of land - net	1,932,419	1,265,882
Expenditures on mineral properties and related deferred costs	(754,825)	(514,888)
Expenditures on reclamation	(1,261,382)	-
	(101,883)	(2,485,685)
Decrease in cash during the period	(51,752)	719,026
Cash - beginning of period	302,644	67,524
Cash-end of period	250,892	786,550