
Interim Report to the Shareholders

We are pleased to report herein the financial statements for the nine month period ended August 31, 1999 together with an update of the company's activities.

During this period NovaGold, through its wholly owned subsidiary, Alaska Gold Company, concluded a joint venture agreement with Viceroy Resource Corporation on the Rock Creek property located on the Seaward Peninsula of Alaska. As part of this agreement Viceroy Resource can earn a 65% interest in the Rock Creek property by expending US\$8,000,000 in exploration over a period of six years, making cash payments of US\$2,000,000 and completing a prefeasibility study. The Rock Creek deposit has an inferred resource of 750,000 ounces (10.2 Mt grading 0.074opt) and consists of a series of sub-parallel shear and quartz vein stockworks zones hosted by metasedimentary rocks. Rock Creek is located immediately adjacent to Alaska Gold's Anvil Creek Deposit which is subject to a joint venture agreement with Kennecott Exploration Company. A three-stage program has been initiated on the Rock Creek deposit beginning with compilation of existing data, trenching, drilling and metallurgical studies.

NovaGold continues to pursue its strategy of acquiring highly prospective properties in Alaska and the Yukon and recently concluded the acquisition of 46 Yukon Quartz Lode mineral claims from Active Assets & Associates (formerly Orinoco Gold Inc.). NovaGold has a 100% interest in these properties with no royalty obligations. The claims are located 50 kilometers east of Dawson City and consist of a large kilometric scale surface gold-arsenic-antimony anomaly measuring 3000 meters by 1500 meters. No drilling has been carried out on the property to date. NovaGold plans to initiate geological, geochemical and geophysical surveys designed to delineate drill targets for next year's field season.

Also during this period the company undertook a review and resource calculation for the alluvial gold deposits located in the Nome Mining District. Using a modified polygonal methodology, as recommended by the United States Department of the Interior, the alluvial deposits were estimated to contain a resource in excess of 2,000,000 ounces. These deposits have been mined over the past 50 years using bulk mining methods and gravity extraction processes with in excess of 4.5 million ounces being recovered. NovaGold believes that alternative stripping and mining methods combined with improvements in fine gold recovery could significantly reduce costs and improve revenues. The company is currently engaging an independent engineering company to review and evaluate options for removing the overburden and determining the most cost effective bulk alluvial mining method.

With respect to the Year 2000 issue the company has implemented a plan to ensure that all the financial 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 more positive results from the Alaska and Yukon properties in the coming months.

ON BEHALF OF THE BOARD OF DIRECTORS

[Signed: Rick Van Nieuwenhuyse]

Rick Van Nieuwenhuyse
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 Nieuwenhuyse
Los Gatos, California

William Young
Toronto, Ontario

Officers

Rick Van Nieuwenhuyse, 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

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Auditors

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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.

(NRI – TSE)

Interim Financial Statements

For The Third Quarter Ended August 31, 1999

NovaGold Resources Inc.

Report to Shareholders

1999 Third Quarter Report

Consolidated Balance Sheet (Unaudited)

As at August 31,	1999\$	1998\$
Assets		
Current assets		
Cash	786,550	277,716
Amounts receivable	324,086	76,979
Deposits and prepaid amounts	215,912	31,709
	1,326,548	386,404
Long-term investments	77,317	137,316
Capital assets	298,863	910,604
Reclamation deposit	893,057	866,078
Land	4,408,934	-
Deferred pre-production costs	-	1,143,106
Mineral properties and related deferred costs	13,865,068	15,541,010
	20,869,788	18,984,518
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	2,299,183	2,186,150
Bridge financing payable	1,079,521	-
Loans payable	200,000	626,973
	3,578,704	2,813,123
Convertible debenture	1,650,000	-
Amount payable to Etruscan Resources Inc.	7,367,801	8,258,806
Royalty payable	1,481,500	-
Provision for reclamation costs	2,455,992	1,012,900
Non-controlling interest in subsidiary company	-	282,980
	16,533,997	12,367,809
Shareholders' Equity		
Capital stock (issued and outstanding- 21,332,762; 1998 - 12,507,245)	68,553,867	63,292,244
Equity portion of convertible debenture	350,000	-
Deficit	(64,568,076)	(56,675,535)
	4,335,791	6,616,709
	20,869,788	18,984,518

Consolidated Statement of Operations and Deficit (Unaudited)

For the nine months ended August 31,	1999\$	1998\$
Revenue		
Gravel sales	556,426	-
Gain on sale of land	85,178	-
Gain on disposal of fixed assets	45,644	-
Other revenue	158,539	22,910
	845,787	22,910
Expenses		
General and administrative	1,269,632	1,338,039
Interest on long-term debt	107,568	35,681
Property investigation	15,070	6,915
Property tax	127,060	31,173
Depreciation	32,325	2,837
Murray Brook property maintenance	127,497	93,656
	1,679,152	1,508,301
Net loss for the period	833,365	1,485,391
Deficit - beginning of period	63,734,711	55,190,144
Deficit - end of period	64,568,076	56,675,535



Consolidated Statement of Cash Flows (Unaudited)

For the nine months ended August 31,	1999\$	1998\$
Cash Flows From Operating Activities		
Net loss for the period	(833,365)	(1,485,391)
Items not affecting cash -		
Gain on sale of land	(85,178)	-
Gain on disposal of fixed assets	(45,644)	-
Interest on reclamation deposit	(20,269)	(19,529)
Interest on advances from Etruscan Resources Inc.	338,812	245,835
Depreciation	32,325	2,837
	(613,319)	(1,256,248)
Changes in non-cash working capital balances related to operations (net of effects of acquisition of subsidiary)		
Amounts receivable	(23,006)	(11,374)
Deposits and prepaid amounts	295	(12,187)
Accounts payable and accrued liabilities	(534,236)	510,842
	(556,947)	487,281
	(1,170,266)	(768,967)
Cash Flows From Financing Activities		
Proceeds from the issuance of convertible debenture	2,000,000	-
Net proceeds from bridge financing	1,079,521	-
Proceeds from issuance of		
common shares	762,394	2,087,899
Advances from Etruscan Resources Inc.	533,062	4,158,339
	4,374,977	6,246,238
Cash Flows From Investing Activities		
Acquisition of Alaska Gold Inc., net of cash acquired	(3,253,338)	-
Proceeds on disposal of land - net	1,265,882	-
Proceeds on disposal of capital assets	50,650	-
Acquisition of capital assets	(33,991)	(12,712)
Expenditures on mineral properties and related deferred costs	(514,888)	(5,306,813)
	(2,485,685)	(5,319,525)
Increase of cash during the period	719,026	157,746
Cash - beginning of period	67,524	119,970
Cash - end of period	786,550	277,716

