



McQUESTEN PROJECT

1999 EXPLORATION PROGRESS REPORT

Doug 001-004 YB28942-45
Doug 005-008 YB28998-29001
Doug 009 YB29395
Jarrett 001 YB29440
Mary 001-004 YB29002-005
Mary 005, 006 YB29393, 94
Lakehead 001,002 YB64184, 85
Lakehead 003, 004 YB64192, 93
Lakehead 005-010 YB64186-191
Lakehead 011-013 YB64194-96
Park Fr YC01211
South Fr YC01212
Hoito 1-8
Twins 1-7

April 26, 2000

Mayo Mining District
NTS Sheet 105M/13

Latitude: 63°53' North
Longitude: 135°40' West

Owner: NovaGold Resources Inc.

094162

Author: Carl Schulze

Date of Work: August, September 1999

This report has been examined by
the Geological Evaluation Unit
under Section 53 (4) Yukon Quartz
Mining Act and is allowed as
representation work in the amount
of \$ 7000.

fu *M.B.K.*
Regional Manager, Exploration and
Geological Services for Commissioner
of Yukon Territory.

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SUMMARY

The McQuesten Project, held jointly by NovaGold Resources and Eagle Plains Resources, consists of 31 contiguous quartz mining claims and 15 additional claims within a three kilometre radius. The project is located 40 km northeast of Mayo, central Yukon, on NTS sheet 105M/13.

The McQuesten Project is located within the Tintina Gold Belt, along the western margin of the Keno Hill Mining District. This occurs within the Paleozoic Selwyn Basin, comprised primarily of shallow marine shelf and off-shelf sediments derived from the ancient North American Platform. The Selwyn Basin extends along the north flank of the Tintina Fault from the Alaskan border to just east of the Yukon-Northwest Territories border. This sequence has been intruded by the late Cretaceous Tombstone-Tungsten Intrusive Suite, extending from Fairbanks, Alaska to the Northwest Territories. The project itself occurs along the south flank of the McQuesten Antiform, along the east-west trending, gently south-dipping Robert Service Thrust. This separates obducted late Precambrian Hyland Group phyllite, calcareous phyllite and limestone, called the "Upper Schists" from underlying Mississippian Keno Hill Quartzite thick-bedded quartzite with minor phyllite and calcareous sandstone. The Keno Hill Quartzite overlies Devonian-Mississippian Earn group "Lower Schists", comprised of felsic metavolcanics, phyllites, and carbonaceous sandstone.

Two major zones within the western area of the property have been the subject of intensive mechanized trenching, diamond and reverse circulation drilling: the West and East Zones. The West Zone consists of interbedded quartzite, variably calcareous phyllite and schist, and limestone. This package has been intruded by a major subvertical quartz monzonite dike, which has intruded a structure relating to the pervasive fabric caused by thrust fault-related imbrication. Significant gold mineralization occurs both within the dike and sedimentary wallrock, resulting in wide zones of dike and adjacent replacement-style sediment-hosted mineralization. Intense structural deformation, resulting in a well developed stockwork system within the dike, is associated with increased gold values to 5.18 g/t Au over 10.0 meters, part of a broad mineralized unit of dike and calcareous host rock returning 2.05 g/t Au across 36 meters. The dike also appears to control adjacent footwall mineralization,

The East Zone consists of a 100-meter thick sequence containing at least four mineralized zones. This sequence extends for at least 500 meters, is open to the east, west, and at depth, and consists of broader but lower grade mineralized zones than the West Zone. Results obtained include values of 0.92 g/t Au over 45.7 meters from 1997 reverse-circulation drilling, and 2.19 g/t Au over 16.3 meters, and to 0.82 g/t Au over 98 meters from bulldozer trenching.

Favourable results were returned in 1999 from two of three soil sampling traverses. A value of 63 ppb Au/ 200 metres was returned from the north property boundary area, 0.5 km north of the East Zone. A value of 27 ppb Au/ 300 metres, with elevated arsenic values to 318 ppm As, was returned from the Thompson Creek traverse. In both cases silver values were low, suggesting a source similar to the East and West Zone mineralization.

A total of \$12,300 in applicable assessment expenditures was incurred in 1999.

The 2000 exploration program will consist of a systematic drilling program to establish gold resources within the West and East Zones. Exploration-style drilling is also recommended for areas outside of the major zones, particularly along the coincident magnetic – HLEM conductor extending from the East Zone to extreme eastern trenching near Thompson Creek.

CHAPTER ONE: INTRODUCTION

1.1 Introductory Statement

The McQuesten Project, formerly called the "Wayne Property", is located northeast of Mayo, central Yukon on NTS Sheet 105M/13 (Figure 1). The property consists of 31 contiguous Yukon quartz mining claims, the DOUG 1-9 claims, the MARY 1-6 claims, the JARRETT 1 claim, the LAKEHEAD 1-13 claims, and the SOUTH FR and PARK FR, covering 2400 acres (970 hectares). In December 1999 the HOITO 1-8 and TWINS 1-7 claims covering open ground within three kilometres of the property were added; these occur as five separate holdings not contiguous with the main property (Figure 2). The property is held jointly by NovaGold Resources Inc. and Eagle Plains / Miner River Resources Inc.

This report covers the 1999 NovaGold exploration program, incorporating results from work by previous holders, particularly Viceroy Exploration (Canada) Inc. The project has received a full 5-year Class III exploration permit, allowing for unlimited drilling and trenching on the property.

1.2 Location and Access

The McQuesten Property is located at 63°53' North latitude, 135°40' West longitude, within NTS Map Sheet 105M/13, roughly 40 kilometres (25 miles) northeast of Mayo, Yukon. The all-weather Silver Trail Highway (Yukon Highway 11) passes through a corner of the property. A high-voltage power line originating from the Wareham Dam, with a generating capacity of roughly 5 Megawatts (Yukon Energy Corporation), parallels the highway. The presence of nearby year-round accommodations and easy access make the property conducive to year-round exploration. Permission to conduct surface exploration, including trenching, across an abandoned airstrip in west-central areas was granted by Transport Canada.

Mayo is a full service community with an available work force and some contracting facilities.

1.3 Physiography and Vegetation

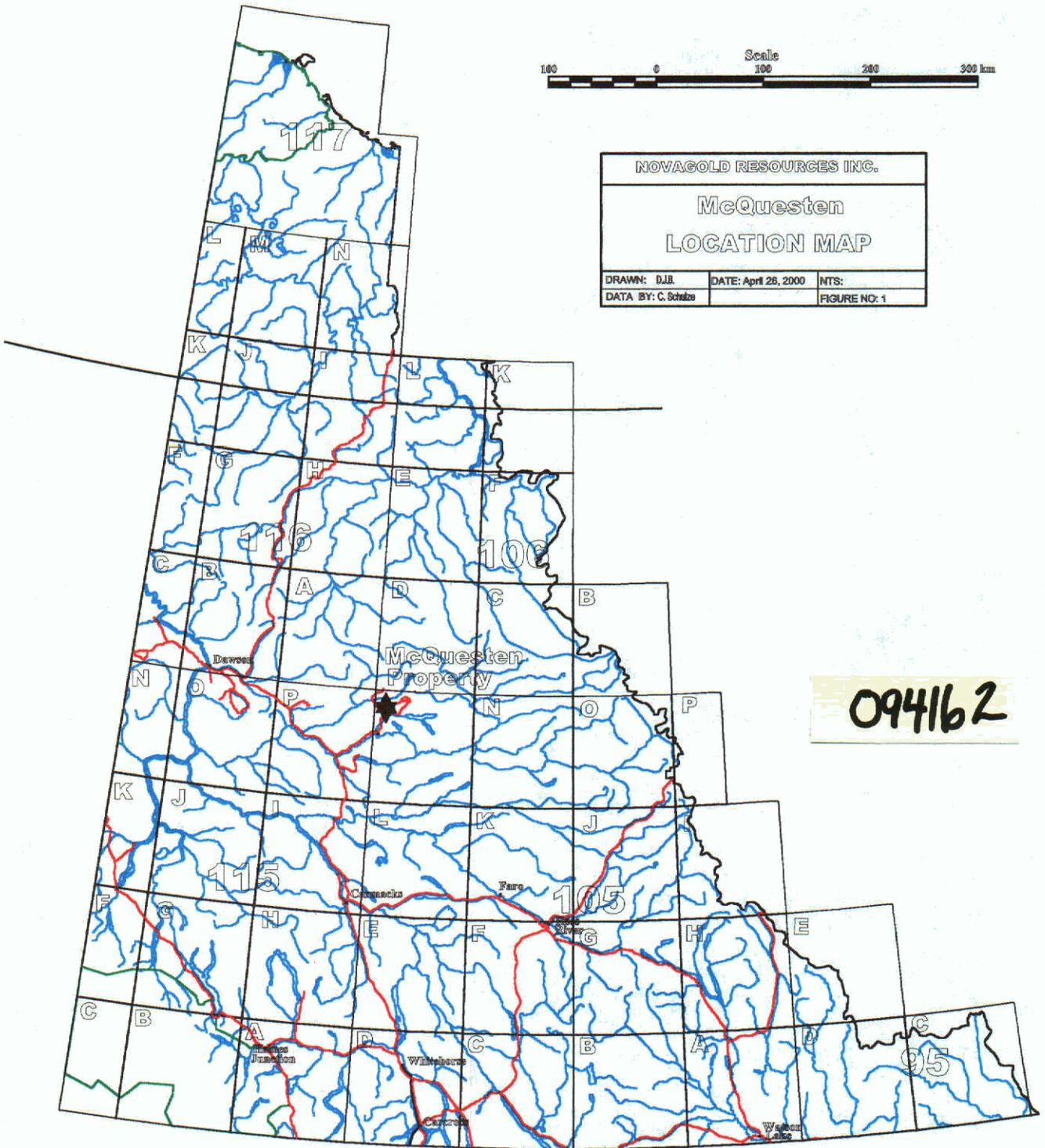
The McQuesten property extends along the gently north-facing, subtly terraced south flank of the broad, glaciated McQuesten River valley. Locally, outcrop-based terraces result in embankments to seven metres in height. Elevation ranges from 2,300 to 3,000 feet (700 to 900 metres). Thin to moderate glacial till with limited outcrop exposure overlies the west-central area; thicker till overlies remaining areas. Outcrop exposure is very limited, although bedrock is accessible by mechanized trenching in western and eastern areas.

Fairly thin black spruce forest covers the entire property, with disturbed areas covered by thick scrub vegetation. Permafrost underlies most of the property, except in western heavily explored areas.



NOVAGOLD RESOURCES INC.		
McQuesten LOCATION MAP		
DRAWN: D.J.B.	DATE: April 26, 2000	NTS:
DATA BY: C. Schulze		FIGURE NO: 1

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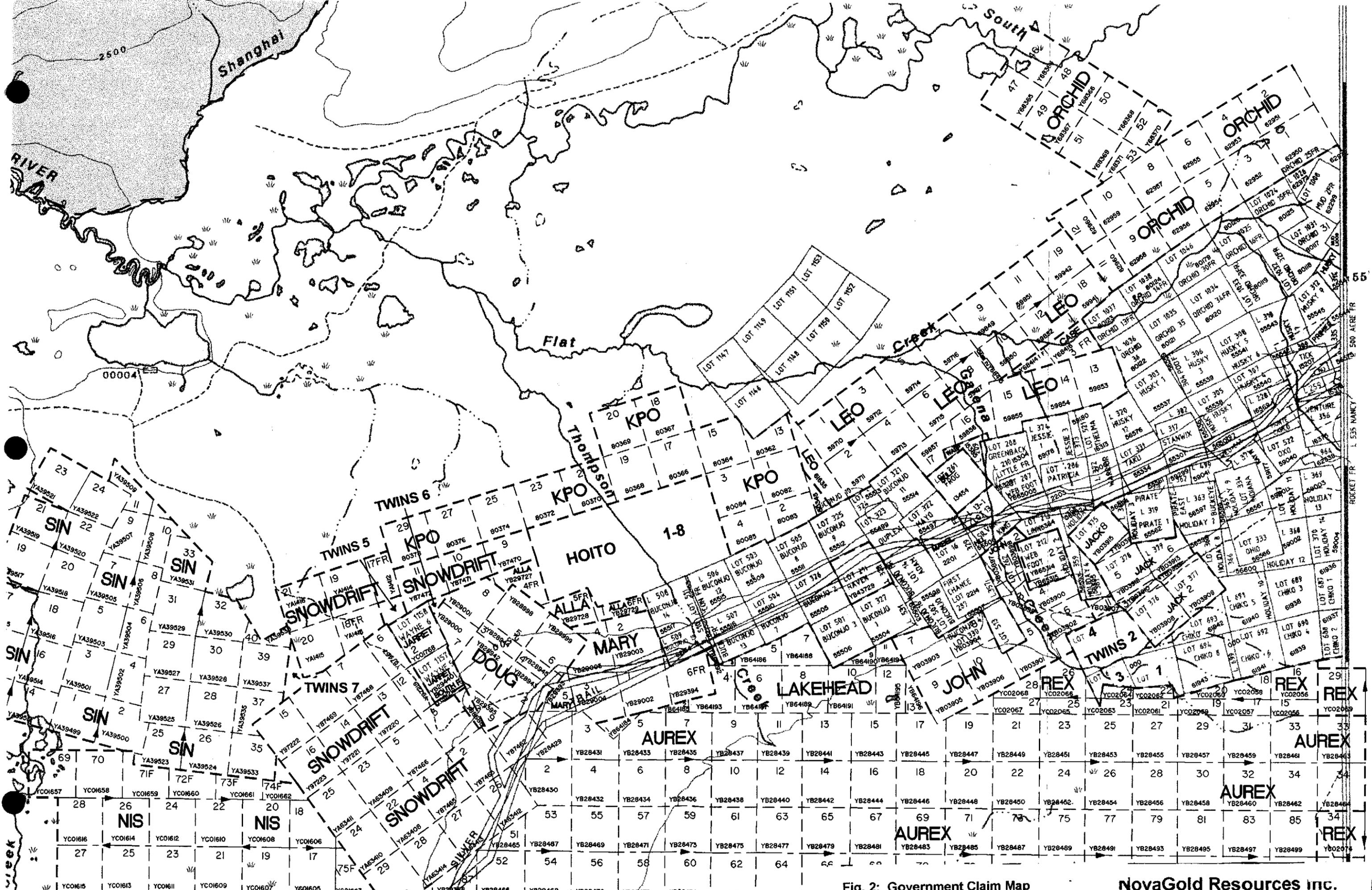


Fig. 2: Government Claim Map

1.4 Regional Exploration History

The McQuesten Project is located along the western margin of the Keno Hill Mining District, formerly a "world-class" silver producing district. Silver mining began in the early 1900s, resulting in construction of the towns of Keno City and Wernecke. United Keno Hill Mines (UKHM), formed in 1946, began major silver mining operations shortly thereafter, and built the towns of Elsa and Calumet, both now abandoned. UKHM, currently facing bankruptcy, still retains mineral rights to a large irregular block of "Crown Grants" and mining claims extending eastwards from the McQuesten property, as well as the SNOWDRIFT claims adjoining the property to the west.

Placer gold mining operations first began in the Dublin Gulch area north of the project in 1898, soon extending to Haggart and Lynx Creeks. The Dublin Gulch "Fort Knox-style" gold deposit was delineated at Dublin Gulch by 1991. Placer operations continue along much of Duncan Creek and several tributaries south of the McQuesten Project.

1.5 Property Exploration History

The present McQuesten property was first staked as the Wayne in 1955. Several option agreements, followed by surface exploration, trenching and limited drilling, were finalized with various interests from 1956 to 1970. Exploration during this period focused on Keno Hill-style lead-zinc-silver veins.

In 1980 the property was optioned to Island Mining and Exploration Co. Ltd., which drilled 14 diamond drill holes across a lead-zinc-silver vein in the western part of the property in 1981. Several zones of highly anomalous gold mineralization were intersected including 8.17 g/t Au over 4.5 m, 6.55 g/t Au over 3.2 m, 3.52 g/t Au over 11.8 m and 3.85 g/t Au over 6.0 meters. With these encouraging results the focus of exploration shifted to potential sediment-hosted gold mineralization. In 1983, seven additional holes were drilled roughly 600 meters further east with additional encouraging results including 2.87 g/t over 9.6 m and 2.19 g/t over 16.3 meters.

In 1992, the property was re-staked by Mr. B. Kreft of Whitehorse, Yukon, who mined roughly 17 tons of high-grade limonitic gold ore grading 1.29 opt Au. In 1995, Hemlo Gold Mines Inc. optioned the property and conducted surface geophysical and geological exploration programs.

In 1997, the property was optioned to equal partners Eagle Plains Resources (EPL) and Miner River Resources (MRG), which drilled six reverse-circulation holes that tested the east-west oriented mineralization. These drill holes returned excellent values including 3.74 g/t Au over 18.3 m, 2.16 g/t Au over 24 m, and 3.12 over 6.1 meters.

In October 1997 an option agreement was signed by Viceroy International Exploration to earn a 70% interest in the property in exchange for annual cash payments and work commitments. A bulldozer trenching program late in 1997 returned more favourable results including 2.67 g/t Au over 16.0 m and 1.69 over 27.0 meters. In 1998, Viceroy undertook a more intensive trenching program that returning values including 2.05 g/t Au over 36 meters and 0.82 g/t Au over 98 meters.

Table 1: McQuesten Property Claim Status after 1999 Assessment Filing

Claims	Grant No.	Expiry Date	No. of Claims	Ownership
Doug 001-004	YB28942-45	04-Mar-2012	4	EPL-MRG option
Doug 005-008	YB28998-29001	04-Mar-2012	4	EPL-MRG option
Doug 009	YB29395	04-Mar-2012	1	EPL-MRG option
Jarret 001	YB29440	04-Mar-2012	1	EPL-MRG option
Mary 001, 002, 004	YB29002, 003, 005	04-Mar-2009	3	EPL-MRG option
Mary 003	YB29004	04-Mar-2012	1	EPL-MRG option
Mary 005	YB29393	04-Mar-2012	2	EPL-MRG option
Mary 006	YB29394	04-Mar-2009	1	EPL-MRG option
Lakehead 001	YB64184	04-Mar-2012	1	EPL-MRG option
Lakehead 002	YB64185	04-Mar-2009	1	EPL-MRG option
Lakehead 005-010	YB64186-191	04-Mar-2009	6	EPL-MRG option
Lakehead 003-004	YB64192-93	04-Mar-2009	2	EPL-MRG option
Lakehead 011-013	YB64194-96	04-Mar-2009	3	EPL-MRG option
South Fr	YC01212	04-Mar-2008	1	100 % NRI
Hoito 1-4		11-Dec. 2000	4	100 % NRI
Hoito 5-8		12-Dec. 2000	4	100 % NRI
Twins 1-4		13-Dec. 2000	4	100 % NRI
Twins 5-7		14-Dec. 2000	3	100 % NRI
			46	

In mid-1999 Viceroy sold its 100 percent interest in the property to NovaGold Resources Inc., which also assumed all option agreement obligations. Table 1 lists current claim status and expiry dates.

1.6 1999 NovaGold Work Program

In August 1999, NovaGold undertook a soil orientation survey and sampling program, designed to test for geochemical anomalies along the combined "VLF" and "HLEM" geophysical conductors extending east from the East Zone. The program involved a two-person crew utilizing power-driven soil augers in order to penetrate the frozen surface till. Several test sites were sampled along pre-established backhoe trenches, involving soil sampling at various depths of the soil profile. The objective was to test for metal enrichment at various distances and depths from mineralized bedrock, and to use these results during data interpretation of sampling east of the main trenched area.

NovaGold also conducted limited mapping and analysis of the main trenched areas, and soil sampling across central areas. A total of 36 soil samples and one rock sample were taken in 1999. All applicable assessment work was conducted by the following personnel:

Rick VanNieuwenhuysse:	President
Greg Johnson:	Regional Exploration Manager
Carl Schulze:	Project Manager
Stephen Erdman:	Field Technician
Mark Hedenstrom:	Field Technician

1.6.1 Sample Preparation and Assay Procedure

All 1997 and 1998 samples were sent to Chemex Labs in North Vancouver. Soil sample preparation involved screening of a 100-gram sub-sample of -80 mesh material. Rock sample preparation consisted of crushing the sample to > 70% -10 mesh, followed by gold fire assaying of a 30 gram subsumable and 32-element ICP analysis of a 10 gram subsumable. ICP analysis was done using a standard aqua regia digestion of all elements except mercury. Samples taken in 1999 were sent to NAL Laboratories of Whitehorse for gold fire assay analysis, and then sent to IPL Laboratories in Vancouver for 30-element ICP analysis.

All rock, soil and silt sampling was quantifiably recorded in the field to ensure a high degree of quality control, and entered into standardized spreadsheet programs. Criteria for each sample included: sample type, width of chip sampling, lithology, alteration and mineralization, and "UTM" location.

CHAPTER 2: GEOLOGY

2.1: Regional Geology

The McQuesten Project is located within the Tintina Gold Belt, along the western margin of the Keno Hill Mining District. This occurs within the Paleozoic Selwyn Basin, comprised primarily of shallow marine shelf and off-shelf sediments derived from the ancient North American Platform. Deposition occurred from Late Precambrian to Permian time. The Selwyn Basin extends along the north flank of the Tintina Fault from the Alaskan border to just east of the Yukon-Northwest Territories border. This sequence has been intruded by the late Cretaceous Tombstone-Tungsten Intrusive Suite, which extends from the Fairbanks, Alaska area to just within the Northwest Territories. This suite hosts or controls much of the mineralization within the Tintina Gold Belt.

The McQuesten Project occurs along the south flank of the McQuesten Antiform, along the east-west trending, gently south-dipping Robert Service Thrust. This separates obducted late Precambrian Hyland Group phyllite, calcareous phyllite and limestone, called the "Upper Schists" from underlying Mississippian Keno Hill Quartzite thick-bedded quartzite with minor phyllite and calcareous sandstone. The Keno Hill Quartzite, which hosts most of the Keno District lead-zinc-silver veins, overlies Devonian-Mississippian Earn group "Lower Schists", comprised of felsic metavolcanics, phyllites, and carbonaceous sandstone. This sequence is repeated along the north limb of the McQuesten Antiform, where the Robert Service thrust fault has a gentle north-facing dip.

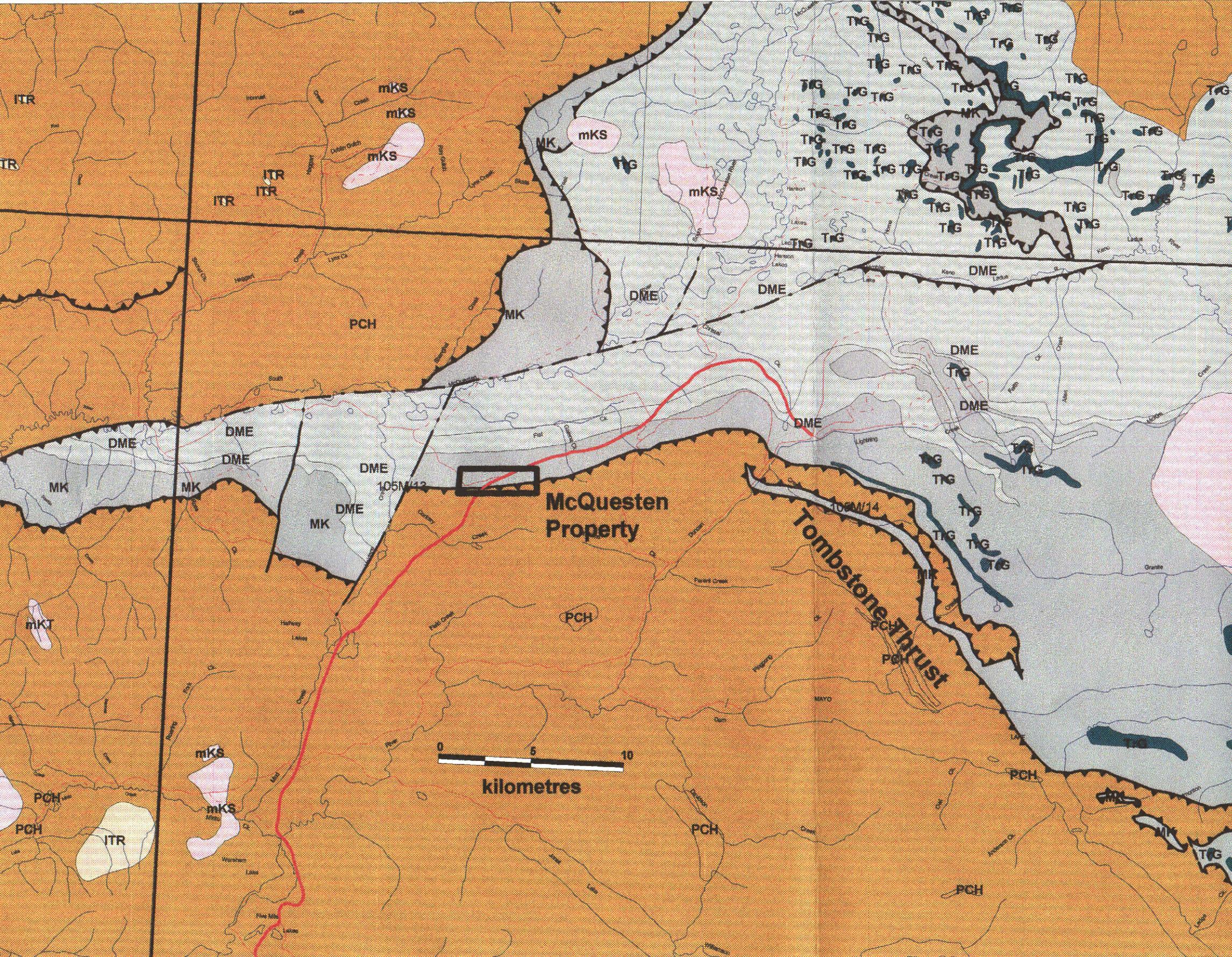
This entire package has been affected by the Tombstone Strain Zone (dated at 142 +/- 6 Ma, K-Ar dating), extending from the underlying, non-exposed Tombstone Thrust. Rock within this zone is typically well foliated and lineated, with a lenticular rather than bedded fabric, isoclinal folding and a slight increase in metamorphism. The Tombstone Strain Zone has caused the surface trace of the Robert Service thrust to be repeated several times in the region, either through isoclinal folding or fault imbrication.

A series of stocks, dikes and sills of the 90-105 million year old Tombstone-Tungsten Intrusive Suite occur in the Keno Hill Mining District. These underlie much of Mt. Haldane to the west, and are interpreted to underlie parts of the McQuesten and Aurex property to the south. The Fort Knox-style Dublin Gulch Deposit to the north is hosted by a Tombstone Suite granodiorite stock.

2.2 Property Geology

The McQuesten Project occurs along the interpreted surface expression of the Robert Service Thrust within the Tombstone Strain Zone. The property is underlain primarily by metaclastic sediments of the Yusezyu Formation of the Late Proterozoic Hyland Group thrust over Mississippian Keno Hill Quartzite Group thick-bedded quartzite along the Robert Service Thrust (Gordey and Anderson, 1993). Northern areas of the property are underlain by Keno Hill Quartzite. Thick members of overlying Yusezyu Formation interbedded impure limestone, calcareous phyllite, phyllite and schist host the main mineralized zones, called the West and East Zones respectively. Movement of the Yusezyu Formation sediments along splays of the

138°00' W



NovaGold Resources Inc.

Regional Geology McQuesten Property

Legend

- Lower Tertiary
- ITR Ross mixed bimodal volc.
- Upper Cretaceous
- mKS Selwyn Suite intermediate plutonic suite
- Triassic
- TrG Galena Suite medium grained diorite, gabbro sills & greenstones
- Mississippian
- MK Keno Hill massive quartzite
- Upper Proterozoic to Lower Cambrian
- PCH Hyland clastics and limestone

- — Fault
- ▲▲▲▲ Thrust Fault



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Robert Service Thrust has resulted in a compressional setting, with imbrication of these overlying sediments.

An altered, mineralized Late Cretaceous Tombstone Suite dike extends at roughly 70° within the West Zone. This is typically fine to medium grained, and is buff-white with limonitic weathering. Quartz-feldspar porphyritic zones are common, with 1-5% sub-rounded to rounded clear quartz phenocrysts up to five millimetres wide and subhedral white plagioclase crystals to three millimetres wide. The moderately calcareous matrix consists of quartz and feldspar, with rare mafic minerals. Sulphide content typically ranges from 1 to 5 %, consisting of pyrrhotite, arsenopyrite and pyrite that is locally completely oxidized. Intense surface argillic alteration occurs locally, as well as areas of well developed foliation with a similar orientation to sediment-hosted foliation. Minor similar sub-parallel dikes occur within the western property area. The dike extends along stratigraphy in some areas, and elsewhere at a slight angle to it.

Several north-northwest trending tectonic faults, including the Thompson Creek Fault within eastern project area, extend across the property; one of which hosts the lead-zinc-silver vein first identified in 1955.

Stratigraphy extends roughly parallel to the McQuesten Antiform at about 110° degrees, with dips ranging from 30° – 50° to the south-southwest. To the east, stratigraphy “bends” to the north, averaging 70° with similar dip angles. The Tombstone Strain Zone extends from the unexposed underlying Early Cretaceous Tombstone thrust upwards through the Robert Service Thrust into the obducted Yusezyu Formation sediments. It has resulted in greenschist facies regional metamorphism, and a pervasive east-west trending foliation, dipping to the south somewhat more steeply than bedding.

TABLE 2: STRATIGRAPHIC COLUMN; McQUESTEN PROJECT, YUKON

Age	Group	Formation	Geology Map Designation	Rock Code	Description
Mid-Cretaceous (91 Ma)	Tombstone - Tungsten Plutonic Suite	Quartz Monzonite (Aplite)	Kqm	QM GRNT	Quartz Monzonite High level quartz monzonitic sills, aplitic, previously described as "Rhyolite". Moderate - strong argillic, phyllic and carbonate alteration. Weak fine grained, locally coarse grained pyrite, weakly limonitic. 1-5% quartz porphyries, lesser feldspar porphyries, 1-5 % disseminated pyrrhotite, minor arsenopyrite, pyrite.
Mississippian	Keno Hill Quartzite		MK	QZTE QTZT	Keno Hill Quartzite Thick bedded to nearly massive, brittle, grey to grey-blue quartzite, minor interbedded calcareous sandstone and phyllite and quartzitic phyllite. Local white quartz stockwork.
Late Precambrian- Early Cambrian	Hyland group	Yusezyu Formation	PrCh	EQZT, SQZT QZTE	Quartzite Blue-grey quartzite distinguishable from MK due to 10-30% clear blue-grey quartz crystals. Poorly to well developed foliation. SQZT consists of blue grey phyllite to semi-massive quartzite, often with striped fabric due to inter-layered pelitic material and quartzite. Generally on-calcareous and unmineralized
Late Precambrian- Early Cambrian	Hyland group	Yusezyu Formation	PrCh	GQZT, GFLT	Graphitic Schist, Graphitic Quartzite Dark grey to black well foliated and lineated graphitic quartzite and graphitic schist. Common buff quartz "sweats". Unit is believed to have partial structural origin. GFLT consists of intensely foliated graphitic schist, with gouge zones to 1.0m in width. It is believed to be the surface expression of thrust fault or "detachment zone".
Late Precambrian- Early Cambrian	Hyland Group	Yusezyu Formation	PrCh	MQST, LMST	Calcareous Phyllite, Limestone Intercalated well foliated buff to medium grey phyllitic quartzite and buff to tan coloured sericitic schist. Variably calcareous, increasing towards limestone units. Mineralization, where present, consists of disseminated to banded pyrrhotite, with minor chalcopyrite and arsenopyrite. LMST: medium to dark grey, locally light grey to buff meta-limestone, including silty limestone. Contacts usually sharp, frequently "skarned"
Late Precambrian- Early Cambrian	Hyland Group	Yusezyu Formation	PrCh	SKARN LMSK, SKMQ	Calc-silicate altered Limestone, Calcareous Phyllite Largely mineralized, calc-silicate altered MQST, LMST. SKARN contains chlorite, actinolite, siderite, calcite, epidote, locally siliceous. Variably mineralized, trace -3% disseminated to banded pyrrhotite, trace arsenopyrite and chalcopyrite. Mineralized layers range from several cm's to several metres wide. SKMQ: Intercalated sericite schist, phyllitic quartzite, "skarn", and meta-limestone. LMSK: Intercalated meta-limestone and "skarn".

CHAPTER 3: MINERALIZATION

3.1 Property Mineralization

Two major zones within the western area of the property have been the subject of intensive mechanized trenching, diamond and reverse circulation drilling: the West and East Zones. The major diagnostic feature is an east-northeast trending dike within altered calcareous sediments of the West Zone; the East Zone, which is centred roughly 600 meters to the east-southeast, lacks the presence of any significant intrusive rocks.

The West Zone consists of interbedded quartzite, variably calcareous phyllite and schist, and limestone. This package has been intruded by the main subvertical quartz monzonite dike, which has intruded a structure relating to the pervasive fabric caused by thrust fault-related imbrication. The hanging wall along the south side has undergone five to ten meters of uplift.

Significant gold mineralization occurs both within the dike and wallrock sedimentary rock. The altered dike contains disseminated fine-grained pyrite and pyrrhotite, localized coarse-grained oxidized pyrite, and quartz and quartz-arsenopyrite stringer zones. Intense structural deformation, resulting in a well developed stockwork, is associated with increased gold values to 5.18 g/t Au over 10.0 meters. This value is part of a broad mineralized unit consisting of both dike and calcareous sedimentary rock returning 2.05 g/t Au over 36 meters, along the eastern extension of the dike. The dike also appears to control adjacent footwall mineralization, resulting in wide zones of dike and adjacent replacement-style mineralization. A value of 3.85 g/t Au over 6.0 meters in footwall mineralization is contiguous with a zone returning 1.6 g/t Au over 9.6 meters within the dike, resulting in a combined zone returning 2.47 g/t Au over 15.6 meters. This also suggests dikes may be mapping mineralized structures or conduits.

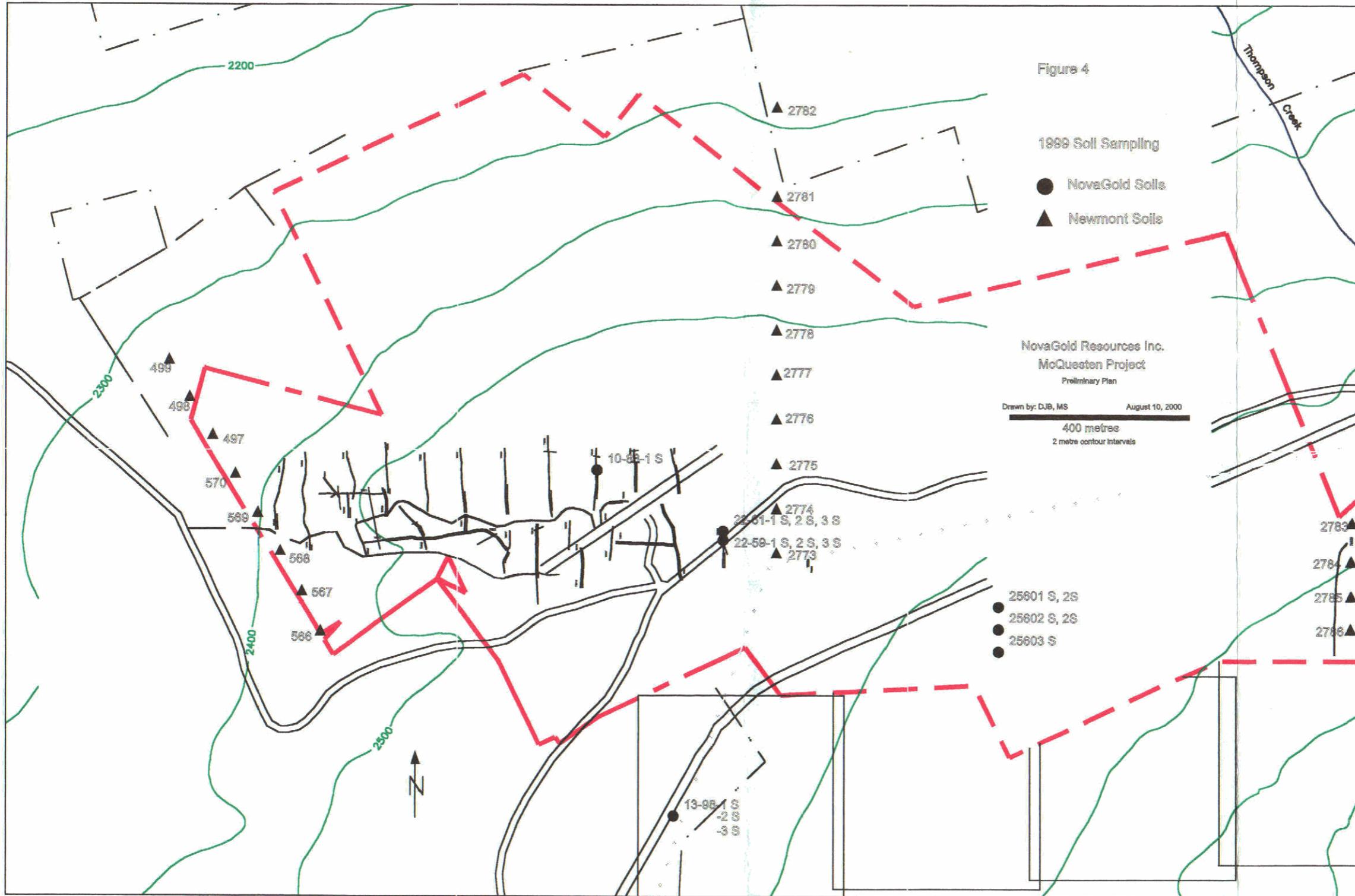
The East Zone is comprised of a 100 meter thick sequence containing at least four mineralized and altered zones. This sequence extends for at least 500 meters and is open to the east, west, and at depth. This zone is defined by detachment zones and associated intense isoclinal folding within calcareous phyllite and limestone resulting in broader but lower grade mineralized zones than those of the West Zone. Results obtained include values of 0.92 g/t Au over 45.7 meters from 1997 reverse-circulation drilling, to 2.19 g/t Au over 16.3 meters, and to 0.82 g/t Au over 98 meters from bulldozer trenching.

Initial metallurgical bottle-roll cyanide leach tests conducted on three intervals of unoxidized core gave values up to 84.3% gold recovery. This indicates that the mineralization is likely amenable to conventional cyanide leaching.

In 1999 NovaGold embarked on a soil geochemical exploration program, designed to test for geochemical anomalies along the combined "VLF" and "HLEM" conductors extending east from the East Zone. Most of the East and West Zone mineralized horizons are associated with this combined geophysical anomaly. The program involved a two-person crew utilising power-driven soil augers in order to penetrate frozen surface till. Several test sites were sampled along pre-established backhoe trenches, involving soil sampling at various depths of the soil profile. The objective was to test for metal enrichment at various distances from mineralized bedrock, and to use these results during data interpretation of sampling east of the main trenched area.

Values to 108 ppb Au were returned from test site sampling, with weakly anomalous gold values returned from most test sites and depths. A discreet relationship between gold values and depth of sample was not determined; however it is unlikely that these values resulted from till contamination alone. Silver values were at near background values; a "till anomaly" should reflect enriched silver values derived from the Keno Hill Silver District, which is up-ice of the project area. . The auger supported program encountered considerable difficulty penetrating the thick till cover, largely associated with permafrost. Very limited sampling at appropriate depth was accomplished, and the program was discontinued.

Three traverse lines involving B-horizon soil sampling at 100m intervals were conducted in 1999 across extreme western areas, just east of the East Zone and slightly west of the Thompson Creek Fault respectively. A value of 63 ppb Au/ 200 metres was returned from the north property boundary area, 0.5 km north of the East Zone. A value of 27 ppb Au/ 300 metres, with elevated arsenic values to 318 ppm As, was returned from the Thompson Creek traverse, where nearby trenching in 1998 returned values to 2.58 gpt Au/ 2.0 metres. In both cases silver values were low, suggesting a source similar to the East and West Zone mineralization.



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CHAPTER 4: CONCLUSION

The McQuesten Project is located within the Tintina Gold Belt, along the western margin of the Keno Hill Mining District. This occurs within the Paleozoic Selwyn Basin, comprised primarily of shallow marine shelf and off-shelf sediments derived from the ancient North American Platform. The Selwyn Basin extends along the north flank of the Tintina Fault from the Alaskan border to just east of the Yukon-Northwest Territories border. This sequence has been intruded by the late Cretaceous Tombstone-Tungsten Intrusive Suite, extending from Fairbanks, Alaska to the Northwest Territories. The project itself occurs along the south flank of the McQuesten Antiform, along the east-west trending, gently south-dipping Robert Service Thrust. This separates obducted late Precambrian Hyland Group phyllite, calcareous phyllite and limestone, called the "Upper Schists" from underlying Mississippian Keno Hill Quartzite thick-bedded quartzite with minor phyllite and calcareous sandstone. The Keno Hill Quartzite overlies Devonian-Mississippian Earn group "Lower Schists", comprised of felsic metavolcanics, phyllites, and carbonaceous sandstone.

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The West Zone consists of interbedded quartzite, variably calcareous phyllite and schist, and limestone. This package has been intruded by a major subvertical quartz monzonite dike, which has intruded a structure relating to the pervasive fabric caused by thrust fault-related imbrication. Significant gold mineralization occurs both within the dike and wallrock sedimentary rock. Intense structural deformation, resulting in a well developed stockwork system within the dike, is associated with increased gold values to 5.18 g/t Au over 10.0 meters. This value is part of a broad mineralized unit consisting of both dike and calcareous sedimentary rock returning 2.05 g/t Au over 36 meters, along the eastern extension of the dike. The dike also appears to control adjacent footwall mineralization, resulting in wide zones of dike and adjacent replacement-style mineralization.

The East Zone consists of a 100 meter thick sequence containing at least four mineralized zones. This sequence extends for at least 500 meters, is open to the east, west, and at depth, and consists of broader but lower grade mineralized zones than the West Zone. Results obtained include values of 0.92 g/t Au over 45.7 meters from 1997 reverse-circulation drilling, and 2.19 g/t Au over 16.3 meters, and to 0.82 g/t Au over 98 meters from bulldozer trenching.

Initial metallurgical bottle-roll cyanide leach tests conducted on three intervals of unoxidized core gave values up to 84.3% gold recovery. This indicates that the mineralization is likely amenable to conventional cyanide leaching.

Favourable results were returned in 1999 from two of three soil sampling traverses. A value of 63 ppb Au/ 200 metres was returned from the north property boundary area, 0.5 km north of the East Zone. A value of 27 ppb Au/ 300 metres, with elevated arsenic values to 318 ppm As, was returned from the Thompson Creek traverse. In both cases silver values were low, suggesting a source similar to the East and West Zone mineralization.

A total of \$12,300 in applicable assessment expenditures was incurred in 1999.

CHAPTER 5: RECOMMENDATIONS

The 2000 exploration program is currently envisioned to be comprised of a first stage target definition program that will include a detailed airborne geophysical survey over the entire property to further refine drill targets both within and outside of the mineralization currently identified in the East and West Zones. A second phase program will include drill testing of the highest priority targets identified during the first phase program and will have the objective to begin definition of a drill indicated gold resource through a systematic rotary and/or core drill program. Favourable results will be followed-up with further exploration drilling.

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STATEMENT OF QUALIFICATIONS

I, Carl M. Schulze, of the City of Whitehorse, Yukon Territory, Canada, do hereby certify that:

- 1) I held the position of Project Manager with NovaGold Resources Inc. during the 1999 exploration program and continue to function as agent for NovaGold through my consulting firm, Wolf Star Resources.
- 2) I graduated from Lakehead University with a Bachelor of Science Degree in Geology in 1984.
- 3) I have been practising my profession as a geologist since 1984.
- 4) I supervised the exploration program and performed part of the work described in this report.
- 5) I am the immediate past president of the Yukon Chamber of Mines and am a member of the Yukon Prospectors Association.



Carl M. Schulze
Consulting Geologist
Wolf Star Resources

APPENDIX 1
APPLICABLE EXPENDITURES FOR ASSESSMENT CREDITS

McQuesten Property Expenditures	
Description	Expenditure
Labour	* \$ 2,700
Mobe, support	1,400
Geochemical Analyses	650
Compilation, Map. Preparation	700
Report Writing	1,550
Total	\$7,000

* - A significant portion of the labour expenses were incurred during an auger soil program involving extraction of C-horizon soil samples in areas of heavy overburden and permafrost. The program failed in its objective due to difficult ground conditions, and was abandoned after a small number of samples were obtained.

APPENDIX 2

ROCK SAMPLE GEOCHEMICAL RESULTS

1999 Soil Sample results: McQuesten Project

Sample Name	UTM - Easting	UTM-Northing	Zone	Horizon	Slope Angle	Colour	Permafrost (Yes/No)	% Coarse Fragments	Vegetation	Surficial Geology	Frag. Lithology	% Organics	Date	Sampler	Comments
25601 S	468200	7083650	8	C	flat		Yes		Conifers	Till		low	19-08-99	MH/SE	Heavy till east of East Zone, not representative
25601 2S	468200	7083650	8	C	flat		Yes		Conifers	Till		low	19-08-99	MH/SE	Heavy till east of East Zone, not representative
25602 S	468200	7083600	8	C	flat		Yes		Conifers	Till		low	19-08-99	MH/SE	Heavy till east of East Zone, not representative
25602 2S	468200	7083600	8	C	flat		Yes		Conifers	Till		low	19-08-99	MH/SE	Heavy till east of East Zone, not representative
25603 S	468200	7083550	8	C	flat		Yes		Conifers	Till		low	19-08-99	MH/SE	Heavy till east of East Zone, not representative
10-88-1 S	467310	7083956	8	B	flat		No		Mixed	Till		low	17-08-99	SE	Tr. 10, 88m N of S. end
13-98-1 S	467480	7083180	8	B	flat		No		Mixed	Till		low	17-08-99	SE	Tr. 13, 98m N of S end, shallow
13-98-2 S	467480	7083180	8	C	flat		No		Mixed	Till		low	17-08-99	SE	Same loc, approx. 1m depth
13-98-3 S	467480	7083180	8	C	flat		No		Mixed	Till		low	17-08-99	SE	Same loc, approx. 2m depth
22-59-1 S	467590	7083800	8	B	flat		No		Conifers	Till		low	17-08-99	SE	Tr. 22, 59m N. of S. end, shallow
22-59-2 S	467590	7083800	8	C	flat		No		Conifers	Till		low	17-08-99	SE	Same loc. As above, 1m depth
22-59-4 S	467590	7083800	8	C	flat		No		Conifers	Till		low	17-08-99	SE	Same loc. as above, 2m depth
22-61-1 S	407590	7083820	8	B	flat		No		Conifers	Till		low	17-08-99	SE	Tr. 22, 61m N. of S. end, shal
22-61-2 S	407590	7083820	8	C	flat		No		Conifers	Till		low	17-08-99	SE	Same loc. As above, 1m depth
22-61-3 S	407590	7083820	8	C	flat		No		Conifers	Till		low	17-08-99	SE	Same loc. as above, 2m depth
NOT-1			8	C	flat		Yes		Conifers	Till		low	20-08-99	MH/SE	Heavy till east of East Zone, not usable
497														Newmont	samples collected by Newmont
498														Newmont	samples collected by Newmont
499														Newmont	samples collected by Newmont
500														Newmont	samples collected by Newmont
566														Newmont	samples collected by Newmont
567														Newmont	samples collected by Newmont
568														Newmont	samples collected by Newmont
569														Newmont	samples collected by Newmont
570														Newmont	samples collected by Newmont
2773														Newmont	samples collected by Newmont
2774														Newmont	samples collected by Newmont
2775														Newmont	samples collected by Newmont
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2782														Newmont	samples collected by Newmont
2783														Newmont	samples collected by Newmont
2784														Newmont	samples collected by Newmont
2785														Newmont	samples collected by Newmont
2786														Newmont	samples collected by Newmont
Rock-1300														Newmont	samples collected by Newmont

