

# P. ZIHLMANN INVESTMENT • MANAGEMENT AG

Your independent **Swiss** asset manager

THE TIMELESS PRECIOUS METAL FUND

NOVAGOLD RESOURCES (TSX/AMEX:NG): FOLLOW-UP NO 15 / AUGUST 4, 2005

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<b>NOVAGOLD: RETURN ON CAD 10,000 INVESTMENT</b>					
Purchase Date	No. of Shares	Purchase Price	Cost (CAD)	Price Today	Value Today
February 4, 2002	3'000	3.16	9'480.00		
<b>Total</b>	<b>3'000</b>	<b>3.16</b>	<b>9'480.00</b>	<b>19.04</b>	<b>57'120.00</b>
<b>Profit</b>					<b>47'640.00</b>
<b>Profit (in %)</b>					<b>502%</b>



<b>SHARES OUTSTANDING</b>	<b>MARKET CAP</b>
88.1 million (issued) / 102.3 million (diluted)	CAD 1.7 Billion
<b>52 WEEK LOW / HIGH</b>	<b>AVERAGE VOLUME TSX / AMEX (200 days)</b>
CAD 8.13 / 19.20	360,000 / 710,000
<b>RECOMMENDATION</b>	<b>RISK RATING</b>
BUY	BELOW AVERAGE

## MORE GOLD RESOURCES THAN ANY OTHER JUNIOR GOLD MINING COMPANY

### Business Summary

**NovaGold Resources Inc** strives to add shareholder value by leveraging the exploration and development expertise to make new exploration discoveries and by advancing the existing quality development stage projects to production. **The Company is actively advancing three of the largest undeveloped gold and copper deposits in North America: the 25 million ounce Donlin Creek Project in joint venture with Placer Dome, the Galore Creek project containing 13.7 million ounces of gold plus 12 billion pounds of copper, the high-grade Ambler Project in partnership with Rio Tinto, and the Company's Nome Operations including Rock Creek, Big Hurrah and Nome Gold located in Nome, Alaska.**

**NovaGold's current Measured and Indicated Resources is 18.1 million ounces of gold, 75.4 million ounces of silver and 6.8 billion pounds of copper with additional Inferred Resources of 19.3 million ounces of gold, 106.1 million ounces of silver, 6.6 billion pounds of copper and 2.2 billion pounds of zinc.** This is one of the largest resource bases of any exploration or development stage precious metals company. NovaGold strongly believes that exploration success is one of the best ways to create new shareholder value and since 1998 has added an average of over 2 million ounces in new gold resources to the inventory each year.

With the diversification of 4 separate multi-million-ounce quality projects advancing toward production, NovaGold has **one of the strongest production growth profiles in the sector.** With a target to start production by the end of 2006 with the Rock Creek Project, NovaGold anticipates bringing on-stream (either directly or with a partner) several new mines by 2010/11 when the Donlin Creek and Galore

Creek projects are fully producing - giving NovaGold an estimated total share of annual production of more than 700,000 ounces of gold, 2 million ounces of silver and 200 million pounds of copper per year at a total cash cost of less than \$100/ounce of gold net of copper credits.

**NovaGold is rapidly transforming from a highly successful pure exploration/development company to an exploration focused, quality gold, silver and copper producer.**



**Donlin Creek**

is an intrusive related gold deposit with **over 25 million ounces in resource** and is **one of the largest undeveloped gold deposits in the world**. As currently envisioned, Donlin Creek would be one of only a handful of gold mines world-wide that produce over one million ounces of gold per year - making it a **true world class asset**. The project is a joint venture between NovaGold (70%) and Placer Dome (30%) with Placer Dome managing and operating the development of the project. In November 2002, NovaGold earned title to a 70% interest in Donlin Creek, subject to a back-in right by Placer Dome on the project. In February 2003, based on NovaGold's successful exploration work on the property, Placer Dome elected to become manager of the Donlin Creek Joint Venture and to initiate development work to be able to make a positive mine construction decision by November 2007 which would earn them a total 70% interest in the project.

**The Galore Creek**

**copper-gold-silver project is one of NovaGold's most promising advanced stage projects**. The 30,000 hectare (74,000 acre) property is located within the historic Stikine Gold Belt of Northwestern British Columbia, approximately 75 kilometers (46 miles) northwest of Barrick Gold's Eskay Creek gold-silver mine that produces over 300,000 ounces of gold and 10 million ounces of silver annually. The project lies 70 kilometers (43 miles) west of Highway 37 and 150 kilometers (90 miles) northeast of Stewart, British Columbia, the anticipated concentrate shipping port for the project.

Galore Creek is one of the largest and highest grade undeveloped porphyry-related gold-silver-copper

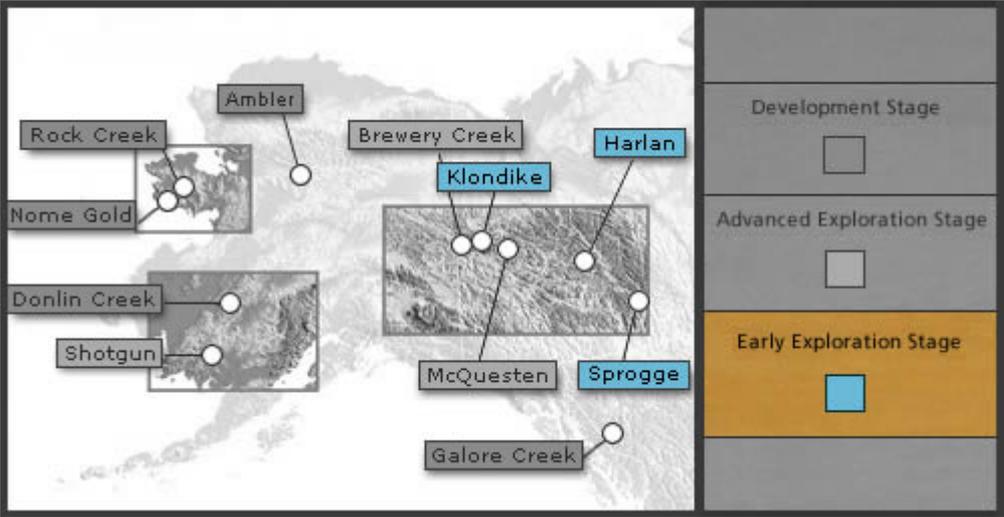
deposits in North America. Extensive historic work was carried out on the project by subsidiaries of Rio Tinto plc. and Anglo American plc. from the early 1960's through 1991. Based on this work and work by NovaGold in 2003, a 385 million metric ton resource containing 5.2 million ounces of gold, 67.3 million ounces of silver and 5.8 billion pounds of copper was defined on the property. **Work by NovaGold in 2004 and 2005 has subsequently expanded the resource by nearly 3-fold 13.75 million ounces of gold, 156.4 million ounces of silver and 12.0 billion pounds of copper - equivalent now in contained metal value to more than 40 million ounces of gold.**

**Rock Creek Project and Nome Gold Project**

The 1999 acquisition of Alaska Gold - with its gold resources, sand-and- gravel business and property holdings in and around Nome Alaska - was the first key business activity of NovaGold following its 1998 reorganization under the current management. Today, **NovaGold's activities in Nome are less prominent with the success of Donlin Creek and Galore Creek but the Company continues to generate revenues from its Nome Operations and is working toward realizing the greater growth potential of its three key interests in the Nome area: the Rock Creek open-pit gold deposit, the Nome gold-in- gravel resource, and the large sand-and-gravel aggregate resource.**

Nome is located on the Bering Sea on the southern shore of the Seward Peninsula which has a relatively dry climate, easily accessible terrain and some of the best infrastructure in the State of Alaska with roads providing year-around access to the property - ideal for mineral exploration and mine development. The City of Nome has a year-around population of approximately 4,000 and serves as the logistical and administrative center for Western Alaska. Nome has daily commercial jet service and large container barge traffic service from June through October. In addition NovaGold's operating sand-and-gravel and land businesses give the Company an important operational presence in the community. The area is characterized by cool summers and cold winters with relatively low annual precipitation averaging less than 16 inches per year, mostly as rain in summer.

**Early Exploration Stage**



**Sprogge**

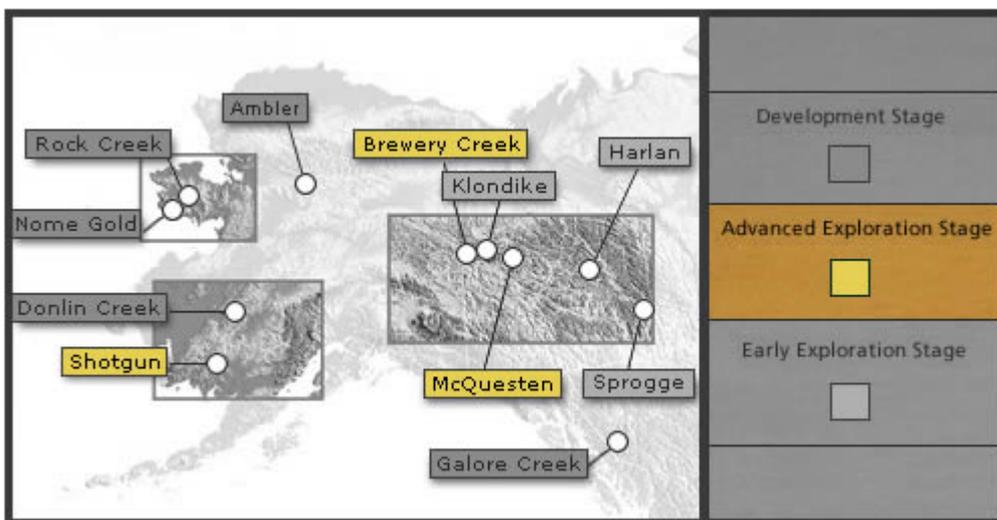
NovaGold's mid-stage Sprogge property is located 175 kilometers north of the town of Watson Lake along Yukon Highway 10. The property covers 15,635 acres (6,327 hectares) and is jointly held by NovaGold Resources Inc. (75%) and Newmont Canada (25%). In 2000, NovaGold completed an initial 775 m (2550 foot) four-hole diamond drill program on the project. Follow-up work is planned on several of the target areas on the project.

## Klondike

SpectrumGold's 100% owned Klondike early-stage property is located approximately 30 km from the former Brewery Creek Gold Mine east of Dawson City along a major east-northeast trending structural trend. Mineralization is associated with altered intrusive dikes and sills and hosted by siltstones, calcareous siltstones, and cherts.

Klondike has a kilometeric scale gold anomaly measuring 3000 meters by 1500 meters that averages over 200 ppb gold and contains soil values up to 8.5 g/t gold. Over 39-rock chip samples taken along the 3 kilometers of ridge that bisects the anomaly contain multi-gram gold with values as high as 13.4 g/t (0.38 oz/ton). Trenches contain values of **5.9 g/t Au over 8 meters, 3.1 g/t Au over 10 meters, and 3.2 g/t Au over 5m.**

## Advanced Exploration Stage



## The Shotgun

property is located 110 miles (180 kilometers) south of Donlin Creek within the Kuskokwim Gold Belt. **NovaGold has joint ventured the property to TNR Gold Corp. (symbol TNR on the TSX-V) to advance the project.** Under the agreement TNR Gold can earn up to a 50% interest in Shotgun by spending US\$3 million on exploration by May 2006. TNR Gold can earn a further 20% interest in the project by spending an additional US\$6 million toward project development. NovaGold retains a back-in option to regain a 50% interest in the project.

NovaGold previously completed a 3,100 meter diamond drilling program on the Shotgun deposit and outlined an Inferred Resource of 980,000 ounces grading 0.93 g/t at a 0.5 g/t cut-off (See Resource Note 3). The mineralization remains open to the north, west and at depth. Metallurgical tests indicate gold recoveries in excess of 90%. The Shotgun deposit is exposed at the surface and is amenable to open pit mining.

The objective of the current exploration program is to expand the currently known resource by identifying and testing other drill targets. In 2003, TNR Gold completed an airborne geophysical survey and regional surface sampling program and identified several priority exploration targets with similar geophysical and geochemical signatures.

## **Recent News: NovaGold Responds to Unsolicited Take-Over Offer by Barrick Gold**

NovaGold Resources Inc. is responding to Barrick Gold Corporation's announcement Monday that it intends to make **an unsolicited offer to purchase all of the shares of NovaGold for US\$14.50 per share.**

Rick Van Nieuwenhuyse, President and Chief Executive Officer of NovaGold, stated: "We are disappointed that Barrick has announced this unsolicited, opportunistic offer for NovaGold. Beginning this March NovaGold entered into detailed discussions with Barrick on a potential joint venture on NovaGold's Galore Creek copper-gold project along with in-depth discussion regarding modification of the terms of the Donlin Creek agreement to allow Barrick to earn an additional interest in that world-class gold project under a modified timeline."

**At this stage, NovaGold owns 70% of the Donlin Creek project and Barrick owns 30%. NovaGold management believes that it will not be possible for Barrick to meet all of the terms and conditions of the earn-in agreement to obtain an additional 40% interest in the Donlin Creek project. These terms and conditions include Barrick completing a bankable feasibility study and receiving approval of its board of directors to construct a mine by November 2007.**

**NovaGold management believes that the offer proposed by Barrick dramatically undervalues NovaGold's world-class portfolio of gold and copper assets and would not adequately compensate NovaGold's shareholders for the loss of opportunity to participate in the future growth in the value of the Company's assets as they continue to move toward production.**



### **Fundamental Considerations**

**As acknowledged by Barrick's management, Donlin Creek and Galore Creek are two of the largest undeveloped gold and copper resources in the world and are located in the geopolitically stable jurisdictions of Alaska and British Columbia.**

Including NovaGold's Ambler and Nome projects in Alaska, NovaGold has **Measured and Indicated resources totaling 18.1 million ounces of gold, 75.4 million ounces of silver, and 6.8 billion pounds of copper - using NovaGold's current 70% ownership of Donlin Creek.**

**In addition, NovaGold currently has an additional Inferred resource of 19.3 million ounces of gold, 106.1 million ounces of silver, 6.6 billion pounds of copper and 2.2 billion pounds of zinc.**

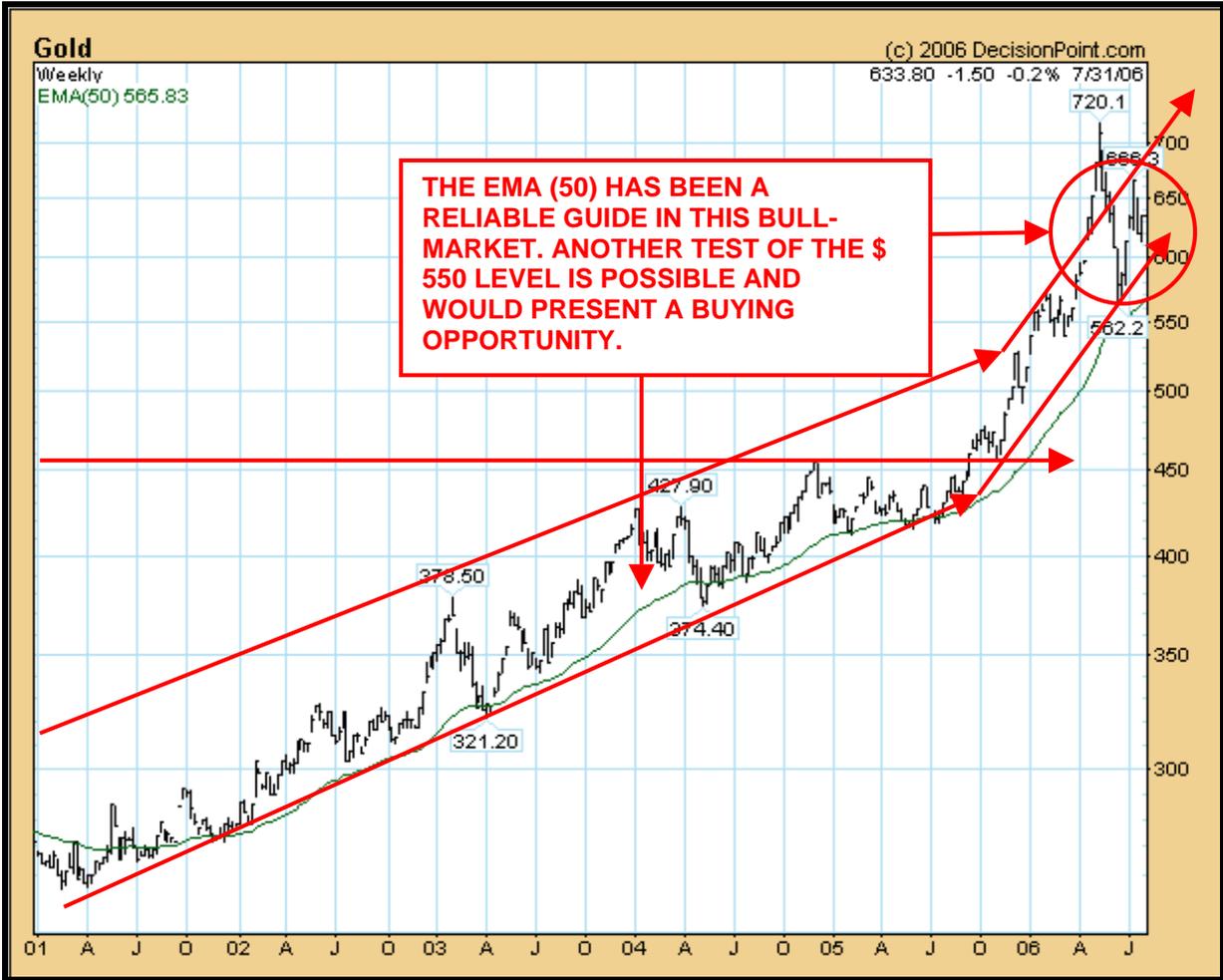
Barrick has stated that acquisition of NovaGold would expand their North American Measured and Indicated resources by 54% and expand their Inferred resources by 89%.

Rick Van Nieuwenhuyse further stated, "**By making an offer for NovaGold, Barrick has clearly acknowledged the quality and caliber of the NovaGold assets. We have assembled one of the best teams in the industry and are confident in our ability to turn these projects into world class producing mines and thereby add shareholder value over the next few years.**"



**We believe that the purchase offer will not be accepted by shareholders and that Barrick will be forced to improve it substantially. Another major company may also come up with a more generous offer.**

Technical Considerations





In spite of an increase of the share price of 500% since our first recommendation, this company remains undervalued and Barrick knows it.

**Peter Zihlmann**



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**THE TIMELESS PRECIOUS METAL FUND**  
 is a shareholder in the company and will benefit from any increase in the company's share price.

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 Disclosure: The author has not been paid to write this article, nor has he received any other inducement to do so. The author is a shareholder in the company and will benefit from any increase in the company's share price.

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