

NEW GUINEA GOLD CORPORATION NGG

NEWS RELEASE

INITIAL FENI DRILL PROGRAM COMPLETED THREE HOLES COMPLETED AT MT PENCK

Vancouver, August 16th 2004. The initial exploration program at the Feni Property, including approximately 1513 metres of core drilling in 6 holes, yielded encouraging results which require follow up exploration but did not define significant volumes of potentially economic gold mineralisation. Drilling is proceeding well at the Kavola East Prospect, Mt Penck Property with three holes totalling 416m completed at 11th August 2004. Initial assays are expected in two weeks.

1. FENI PROPERTY

The Feni Property is managed by Vangold Resources Ltd who are earning a 75% interest in the property from New Guinea Gold Corporation (the Company).

The surface geochemical stream sampling undertaken earlier this year showed that a large part of the Central Caldera feature has anomalous to high value gold in streams from pan concentrate samples. This gold appears to be derived from throughout the caldera suggesting that most of the bedrock in the 6 sq kms area of the caldera contains gold mineralisation. The drill holes completed by Vangold, however, intersected only wide zones of lower tenor gold and gold/copper mineralisation. Best results from the program were 48m of 1.54g/t gold including 4m of 2.30g/t gold, and 18m of 0.68% copper with 0.72g/t gold.

The drilling and geochemical sampling program confirmed that the Feni property remains prospective for gold and gold/copper deposits, and is essentially unexplored in terms of drill testing.

The attached figure illustrates the very widespread nature of gold in the creeks (entire caldera and "blow out" section to the SW), the excellent structural preparation for gold deposition as illustrated by the terrain radar image, and the relatively few areas tested by diamond core drilling. Gold in pan concentrates range up to 120g/t in the southern caldera region and 86g/t in the northern caldera region.

The limited diamond core drilling carried out by Vangold and previous explorers, **mainly in the southern part of the Caldera** has shown that gold is also widespread in the bedrock in concentrations of up to 2g/t, often with associated copper in the range of 0.1% to 1.0% copper. Significant intervals in drill core of 2 to 3g/t gold and narrower intervals up to 5g/t gold have been noted. Intervals of copper mineralisation with significant gold assayed up to 1% to 2% copper.

The exploration problem confronting mineral exploration at Feni is that the bedrock is covered by a variable but sometimes thick volcanic ash cover which obscures the bedrock. The stream geochemistry indicates that gold is present throughout the caldera beneath the volcanic ash but it is not a reliable guide to any areas of higher grade gold mineralisation in the bedrock. The exploration problem is how to identify drill targets or structural feeder zones containing higher grade gold mineralisation similar to those at the Lihir gold mine. It is difficult to "see through" the volcanic ash with conventional exploration methods and to site drill holes on a grid or pattern basis, although probably effective, would be extremely expensive.

All data collected over the past year, geochemical, drilling, geophysical, and structural information from terrain radar, will now be re-evaluated to attempt to define higher grade gold and gold/copper targets before a further drilling program is proposed..

The Matangkaka gossan (near MAD 008), reported in a press release dated June 8th 2004, was tested by a bulldozer trench and one 180m long drill hole. No gold values greater than 0.5g/t gold were encountered. The Matangkaka gossan has proved to be an accumulation of secondary iron, manganese and minor gold which resembles true gossan, and which has developed or been formed at some unknown distance from its sulphide source. Normal gossans “sit” immediately above the sulphide source.

Dr David Lindley, project manager, reported as follows: *“Trenching and a single drill hole (MAD008, final depth 180.10 m) on the northern side of Matangkaka Ridge, on the previously reported zone of secondary iron and manganese oxides containing free crystalline gold (the Matangkaka gossan), confirmed the presence of several (at least four), vertically stacked zones of gossan accumulation (each zone up to 3.30 m thick) in a 71 m thick profile. Drilling demonstrated that these multiple zones of secondary oxide accumulation don’t directly overlie in situ sulphide mineralisation. Rather, they appear to be displaced from a weathered sulphide source, by an appreciable distance, due to iron and manganese mobility (in a tropical-humid environment) while in solution. An additional 12 surface samples and the drill intersections indicate that, whilst the secondary oxides do not contain economically significant gold, silver, copper or molybdenum, their real importance, is the potentially predictive value that comes with their thorough understanding. Similar localized occurrences of this rock-type have now been found on the opposite (southern) side of Matangkaka Ridge. Further recent surface geological observations continue to confirm that this prominent, upstanding ridge is underlain by a variety of intrusive rocks comprising the poorly-explored multi-phase Matangkaka porphyry complex.*

The Drill Results from all drill holes in this program are summarised below. Holes 5, 6 & 7 were previously reported in a release dated June 8th 2004

DRILL ASSAY RESULTS

Hole No.	Down Hole Mineralised Interval (m)	Length of Intercept	Gold Grade Grams/Tonne (g/t Au)	Copper (%)
MAD 5 (350 m)	50-148	98m	0.94	
	incl. 50-98	48m	1.54	
	incl. 50-60	4m	2.30	
	148-310	162m	0.46	0.15
	incl.230-248	18m	0.72	0.68
	incl.268-282	14m	1.30	0.25
	incl.294-300	6m	1.19	0.12
	310-332	22m	0.66	0.06
	332-350	18m	0.13	0.08
MAD 6 (287.6 m)	No significant gold			
Hole No.	Down Hole Mineralised Interval (m)	Length of Intercept	Gold Grade Grams/Tonne (g/t Au)	Copper (%)

MAD 7 (350.2M)	72-116	44m	0.54	0.21
	116-134	18m	0.25	0.06
	134-170	36m	0.30	0.26
	170-270	100m	0.38	0.10
	344-350	6m	0.09	0.18
	incl.344-346	2m	1.35	0.30
MAD 008 (180.10 m)	No gold results greater than 0.5g/t			
MAD 009 (215.10m)	70.0-96.0	26.0	0.84	
	110.0-112.0	2.0	2.96	
	192.0-198.0	6.0	0.98	
	206.0-215.10	9.10	0.82	
MAD 010 (130.00m)	72.0-78.0	6.0	0.52	

Hole MAD 008, as noted above, intersected only minor gold results.

Hole MAD009 (final depth 215.10 m), which was drilled south of the Kabang Structural Zone from the original gold discovery at the collar of MAD001, intersected several narrow zones of gold mineralisation. The significant gold intersection correlatable between previously drilled MAD001 (68 – 120 m, 52 m @ 1.65 g/t gold) and MAD005 (50 – 98 m, 48 m @ 1.54 g/t gold) was not present in MAD009. This may indicate the presence of a localised, steeply dipping gold-bearing breccia-pipe (or structure) in the vicinity of these two holes. The presence of significant porphyry copper/gold mineralisation at depth in MAD005 was not repeated in MAD009. Porphyry copper mineralisation, as reflected by increasing copper grades, increases to the north in the fence of holes MAD009 - MAD001 - MAD005, towards the Matangkaka porphyry complex.

Hole MAD010 (final depth 130.0 m) was a re-drill of the previously abandoned MAD002, to provide an across-strike test of the Kabang Structural Zone immediately southwest of the Kabang Breccia/prospect (the Kabang prospect has been described in earlier press releases and contains widespread gold in the 1 to 3g/t range as defined by earlier explorers). The hole intersected a 20.10 m wide zone of hydrothermal breccia, with a matrix flooded with up to 60-80% fine sulphides, beneath a 28 m (vertical) thickness of Holocene volcanic ash and river gravels. Gold is widespread up to 0.1g/t but with only a few narrow intercepts up to 0.5g/t.

The exploration completed to date on the Feni Project is encouraging. The combination of observations from trench and surface outcrops, Vangold's six drill holes and previously gathered quality geophysics has led to a reinterpretation of the geology of the Kabang-Matangkaka area, and the delineation of a large porphyry gold/copper system. Because of the thrust of previous explorers (since 1983) to locate hot-spring related epithermal gold mineralisation, this (partly volcanic ash covered) mineral system has gone unrecognised and unexplored. Target areas which mirror the gold-rich Kabang prospect, hosted in a high-level syenite plug peripheral to the main Matangkaka porphyry system, have an aeromagnetic signature, are covered by shallow depths of volcanic ash, and remain to be evaluated. The potentially gold-bearing sulphide-rich source of the localised secondary iron and manganese wad deposits flanking north and south sides of Matangkaka Ridge needs to be located.

Management believes that these results indicate a large system that, with the current work programs completed, allows for a re-interpretation of the geology which will hopefully lead to the discovery of a large Lihir-type deposit. Once all of the geological data is analysed and interpreted by our geologists we will determine the sites for the next phase of drilling.

2. MT PENCK PROPERTY

Mt Penck Property, as at the completion of the present drilling program, will be owned 60% the Company and 40% Vangold Resources. Surface trenching results were described in a press release dated July 22nd 2004.

Three holes totaling 416.2m have been completed at the Kavola East Prospect, Mt Penck. Geology of the holes appears favourable, but no assays are yet available.

Hole 1 in the centre of the property, was drilled at a 45 degree angle to 88.4m and intersected altered porphyries and fluidized breccias throughout with up to 10% quartz veining and 25% pyrite. The core has been sampled and dispatched to a laboratory in Townsville, Australia.

Hole 2, which is a 65 degree hole below hole 1 was drilled to 153.4m and intersected similar rocks to those in hole 1.

Hole 3, which is 100m NE of Hole 1 and 10m west of Trench 8 was drilled to 174.4m. Geology of the hole is similar to holes 1 and 2.

The initial 1,000m drill program at Mt Penck, if the present drilling rate is maintained, will be completed within two weeks, with all assays available within five weeks. The drill will then move to the Company's Normanby property for further evaluation of the Imwauna Prospect.

The technical data in this release was prepared by or under the supervision of Robert D. McNeil, Director of New Guinea Gold Corporation. Mr. McNeil is a Member of the Australian Institute of Mining & Metallurgy, and meets the requirements of NI 43-101 for a qualified person. Mr. McNeil has a M.Sc. in Geology and approximately 45 years experience in the mineral exploration industry.

R. D. McNeil
CHAIRMAN & CEO

The TSX Venture Exchange has not reviewed and does not accept the responsibility of the adequacy or accuracy of this release. The statements made in the News Release may contain certain forward-looking statements. Actual events or results may differ from the Company's expectations. Certain risk factors may also affect the actual results by the company.

NGG/rel/fenidrillinginitialprogramfinished16aug'04

