

NEW GUINEA GOLD CORPORATION
Management Discussion & Analysis
August 25, 2005

The following management discussion and analysis of the Company's financial position is for the six month period ended June 30, 2005 compared to December 31, 2004 and covers information up to the date of this report. This discussion should be read in conjunction with the attached financial statements and related "Notes to the Consolidated Financial Statements" which have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). The discussion and analysis may contain certain forward-looking statements about the Company's future prospects, and the Company provides no assurance that actual results will meet management's expectations.

All amounts are stated in Canadian dollars unless indicated otherwise. Additional information regarding the Company is available on SEDAR at www.sedar.com and on the Company's website at www.newguineagold.ca.

The information is current to August 25, 2005 and the Company's auditor has not reviewed the financial statements.

BUSINESS & DEVELOPMENT STRATEGY IN PAPUA NEW GUINEA

The Company is involved in mineral exploration and Mine Development in Papua New Guinea. The Company has five key, advanced projects: **Sinivit, Normanby, Sehulea, Mt Penck** and **Simuku**, in which it owns a majority interest and which have had substantial testing by both drilling and surface trenching. The initial four projects are gold, and the fifth project, Simuku, is copper with significant other metal credits.

The company is focussed on rapidly developing two of the advanced gold projects, Sinivit and Normanby. The Sinivit Project is fully permitted (mining lease and environmental permits in place) and mine development has commenced. Construction is expected to be complete by January 2006. Mining and crushing will commence in February 2006, to allow the commissioning of the vat leach facility in March 2006.

The Company also has interests of up to 50% in seven other projects. Five of these projects are operated by the Company on behalf of itself and joint venture partner Vangold Resources and a further two projects are at present being sole funded by Vangold Resources and Celtic/Triple Plate Junction respectively.

Exploration in the quarter to June 30th 2005 has been carried out at the following projects – Normanby, Allemata, Simuku, Yup River and at Crater Mountain. Exploration in the quarter to September 30th 2005 is expected to be carried out at Allemata, Sehulea, Bismarck, Mt Penck, Simuku, Mt Nakru, Sinivit and Crater Mountain. Office studies will continue at Normanby and Feni.

Subsequent to the end of the quarter, as a result of a review by the BCSC the company issued a press release clarifying previous disclosure. This clarification is available on our web site, www.newguineagold.ca, in a Press Release dated July 6th 2005.

Results of Operations

The Company's net loss for the six months ended June 30, 2005 was \$440,771 or \$0.01 per common share compared to \$259,629 in the same period ended 2004 or \$0.01 per common share and was \$855,840 or \$0.02 per share loss in the year ended December 31, 2004. The Company received \$105,962 in interest

payments during the six-month period ended June 30, 2005 on cash balances and banker's acceptance notes compared to \$9,276 in the six months ended June 30, 2004.

The increase in net loss for the six months ended June 30, 2005 compared to the same period in 2004 was \$144,479. Amortization, repairs and maintenance costs increased due to equipment purchases during the period and in 2004. Foreign exchange gains in the six-month period ended June 30, 2005 were \$38,368 compared to a \$65,530 loss during the 2004 period because of fluctuations in foreign currency rates. The Company had a foreign exchange gain of \$32,110 in the year ended December 31, 2004. Wages in the six months ended June 30, 2005 were \$208,952 compared to \$55,810 in the same period ended 2004, which is attributed to increased administrative activity, more mineral projects and additional regulatory requirements.

The Company reported a stock-based compensation expense of \$208,952 during the six months ended June 30, 2005 compared to \$0 the same period in 2004. Higher investor relations and shareholder communications expenses and travel expenses in 2005 are attributed to attending investment conferences to create investor awareness of the Company's progress.

Summary of Quarterly Results September 30, 2003 to June 30, 2005

	Q3 Sep30/03	Q4 Dec31/03	Q1 Mar31/04	Q1 June30/04
	\$	\$	\$	\$
Total Interest	1,194	3,684	3,004	3,004
Net Loss	(225,061)	(336,629)	(36,163)	(36,163)
Loss per share	0.01	0.01	0.00	0.00

	Q3 Sep30/04	Q4 Dec31/04	Q4 Mar31/05	Q4 June 30/05
Total Interest	979	57,056	83,069	22,893
Net Loss	(545,904)	(14,144)	(185,241)	(255,470)
Loss per share	0.01	0.01	0.00	0.01

Capital Resources and Liquidity

Capital resources of the Company consist primarily of cash and liquid short-term deposits of approximately \$3,000,000 at August 25, 2005.

If existing warrants and options were exercised the Company would generate \$6,251,327 (warrants - \$4,624,577; options -\$1,626,750).

On May 9, 2005 the Company announced that it had granted 1,570,000 incentive stock options to officers, directors, employees, contractors and consultants at an exercise price of \$0.23 for a period of five years. The issuance of the options is subject to regulatory approval

At present the Company has sufficient financial resources to complete planned expenditures to late-2005.

The Company does not anticipate the payment of dividends in the foreseeable future.

Cash Flows

The Company does not generate cash flow from mining operations. The Company funds its operations by issuing its shares either through financings or the exercise of existing share purchase warrants and stock options.

There were no shares issued during the six month period ended June 30, 2005. Shares issued from January 1, 2004 to June 30, 2005 are as follows:

	Number of Shares	Share Capital
		\$
Balance, January 1, 2004	44,649,509	12,940,207
Private placements	10,830,000	4,046,251
Acquisition of subsidiary	1,400,000	7,475
Exercise of stock options	1,188,409	237,761
Exercise of warrants	6,845,578	1,031,128
Non cash stock-based compensation	-	351,871
Shares issued	20,263,987	5,674,497
Balance, June 30, 2005	64,913,496	18,614,693

Contractual Obligations

The Company has no long-term debt and does not anticipate that it will require debt financing for current planned expenditures.

Off-Balance Sheet Arrangement

The Company has no off-balance sheet arrangements or transactions and none are contemplated.

Financial and Other Instruments

The Company's financial instruments consist of cash, amounts receivable, amount due from related parties, prepaid expenses, marketable securities, accounts payable and accrued liabilities and amounts due to related parties. The balances in these accounts are in Canadian dollars and are recorded at their fair value.

Legal Proceedings

There are no material legal proceedings, which involve the Company.

Changes in Accounting Policy

The Company recently adopted the transitional provisions of the Canadian Institute of Chartered Accountants Handbook Section 3870 on stock-based compensation. The Company has used estimates and historical data including the market value of its shares to determine volatility to calculate the fair value of the options. However, the future volatility of the stock is inherently uncertain and the method has limitations including the timing of the exercise and the financial objectives of the option holder. While these limitations can have material impact on the Company's results on operations it does not affect the Company's financial condition. The Company accounts for stock-based compensation for all employees and consultants.

Outstanding Share Data

The Company has one class of shares and there were 64,913,496 shares issued as at May 20, 2005 and 78,817,668 on a fully diluted basis.

The Company has a stock option plan and at the date of this report there were 5,185,000 options outstanding exercisable into one common share between \$0.23 and \$0.49 (1,570,000 of these are pending regulatory approval).

The Company has 8,719,172 warrants outstanding as at August 25, 2005.

NEW GUINEA GOLD PROJECTS

The Company operates in Papua New Guinea through its wholly owned subsidiary, Macmin (PNG) Limited (a PNG private company).

The following are the highlights, ownership and title for each project:

TENEMENT AREA	(KM ²)		OWNERSHIP
SINIVIT PROJECTS ML 122 Mining Area EL 1140 Exploration Area EL 1362	3.536 43 106	Quartz telluride gold system. 17,775m of diamond core drilling and 2,600m of reverse circulation drilling. Mining lease and all environmental permits are in place. Mine development commenced in July 2005. Representative drill holes include: 22m at 4.4g/t Au, 13m at 12.4g/t Au, 8m at 2.01g/t Au, 5.8m at 13.54g/t Au, 1.3m at 104g/t Au. Property adjoining Sinivit licenses	90% New Guinea Gold 10% Gold Mines of Niugini 100% New Guinea Gold
NORMANBY PROJECT EL 1091 EL 1361	44.2 534	High grade vein swarm system 73 drill holes (3,993m) at two (2) prospects Best drill results: 3.8m at 27.3g/t Au; 7.2m at 16.59g/t Au; 3.7M AT 94.4g/t Au. ~2500m of trenching Property surrounding Normanby and Sehulea licenses 25 drill holes (2551m) at 1 prospect	100% New Guinea Gold 100% New Guinea Gold
SEHULEA PROJECT EL 1069	30.5	60 holes drilled (2,250m) at six (6) prospects. Best intersections inc 27.7m at 2.07g/t Au; 14m at 4.56g/t Au; 21m at 3.59g/t Au >2,000m of trenching , best results: 164m at 3.96g/t Au, 16m at 20.3g/t Au	100% New Guinea Gold
SIMUKU PROJECT EL 1077	44	Porphyry copper system 19.5km of trenching 12 holes drilled (1481m). Best intervals: 276m at 0.33% Cu; 40m at 0.64% Cu; 50m at 0.5% Cu; 63m at 0.52% Cu; 150m at 0.35% Cu.	90% New Guinea Gold 10% W.S. Yeaman
MT NAKRU PROJECT EL 1043	47	Porphyry copper/gold system 44 drill holes (6,420m) at two (2) prospects. Best drill results 74m at 0.78% Cu; 8.6m at 1.34g/t Au;	75% New Guinea Gold 25% Vangold

		94m at 0.46g/t Au and 0.43% Cu; 44m at 0.85% Cu. Approximately 5 km of trenching; Best test results 45m at 2.5g/t Au; 245m at 0.8g/t Au; 3m at 17g/t Au; 23m at 1.43% Cu; 4m at 6.6% Cu.	
MT PENCK PROJECT EL 1322	101	47 drill holes (3,794m): Best intervals 72m at 1.79g/t Au and 12.9g/t Ag; 2m at 36.7g/t Au; 43m at 2.35g/t Au >2km trenching: Best trench results such as 5m at 60g/t Au within 40m at 8.89g/t Au; 97m at 3.39g/t Au.	60% New Guinea Gold 40% Vangold
ALLEMATA PROJECT EL 1323	243	Mesothermal quartz veins + Au-Cu skarn 17 drill holes: ~1,120m drilling. ~2km trenching. Trench results such as 30m at 9.0g/t Au; 84m at 1.53g/t Au and 4m at 100 g/t Au.	50% New Guinea Gold 50% Vangold
BISMARCK PROJECT EL 1320	206	Porgera type disseminated Au + high grade Au veins 11 drill holes (1158m) ~1500m trenching. Best trench results such as 90m at 1.42g/t Au; 20m at 6.99g/t Au.	50% New Guinea Gold 50% Vangold
FERGUSON PROJECT EL 1324	470	86 drill holes on 6 prospects Best drill results: 10m at 8.14g/t Au (incl. 3m at 20.82g/t Au) 12m at 5.88g/t Au	50% New Guinea Gold 50% Vangold
YUP RIVER PROJECT EL 1329	378	Reconnaissance stream sampling outlined 3 large gold anomalies	50% New Guinea Gold 50% Vangold
CRATER MOUNTAIN PROJECT EL 1115	40	Similar geology to Porgera 1969m drilling. Best results: 115m at 1.83g/t Au 2m at 52.6g/t Au & 24m at 6.55g/t Au	100% New Guinea Gold Celtic/Triple Plate Junction earning 75%
FENI PROJECT EL 1021	37	Similar geology to 40M oz gold Lihir Mine 180 drill holes (16,413m). Typical results such as 188m at 1.2g/t Au; 10m at 5.56g/t Au in drill hole	50% New Guinea Gold 50% Vangold Vangold earning 75%
EL 1331	130	Property surrounding Feni licence.	50% New Guinea Gold 50% Vangold Vangold earning 70%

SINIVIT GOLD PROJECT

The Sinivit Gold Project (formerly Wild Dog Project) is located 50km south-southwest of Rabaul in the Baining Mountains of the Gazelle Peninsula, East New Britain Province, Papua New Guinea. It can be accessed by road from the town of Kokopo and port of Rabaul. A jet airport at Kokopo has several daily flights to Port Moresby and Lae. The Company announced on June 16, 2005 that all approvals had been received from the Papua New Guinea Government in respect to commencing development of the Sinivit Gold project.

The initial project involves mining the oxide cap of a quartz, telluride, copper, gold system. Although the initial project has a relatively short life, New Guinea Gold has an active exploration/development program with the objective of defining additional gold mineralisation. The known mineralisation is open at depth and there are numerous other, as yet unexplored, targets within the Sinivit properties. The potential to increase mineralisation at the project is described in the Independent Technical Report by Peter Christopher, PhD, P.Eng. dated October 2002. The company cautions, however, that there is no certainty that further mineralisation will be defined.

The project consists of a Mining Lease (ML122), Mining Easement (ME70) and two Exploration Licenses (MLs 1140 and 1362). A total of 122 diamond core holes totaling 17,775m and 62 reverse circulation holes totaling 2,600m have been completed on the project.

The Sinivit deposit was discovered in July 1983. Regional sampling by Esso (Exxon Minerals) indicated that auriferous quartz float was shedding from the main divide separating the Nengmutka and Rapmarina Rivers. Follow up work led to the discovery of two isolated siliceous outcrops in Evarem and Vullelga Creeks, within the Rapmarina River catchment. The position of the outcrops indicated a possible north-northeasterly trending gold zone associated with quartz. During April 1984 to September 1987, Esso Papua New Guinea Inc/City Resources (PNG) Pty Limited completed a total of 71 diamond drill holes (12,790m) and 40 reverse circulation drillholes (1,833m) defining four (4) zones of mineralisation, viz Southern, Central and Northern Oxide Zones and the Northern Sulphide Zone.

The project remained inactive until 1990 when Highlands Gold Limited acquired ownership for a cash payment of \$8M from the then owner, City Resources (PNG) Pty Ltd. During February 1990 to April 1991, Highlands Gold completed an additional 20 diamond drill holes (1,957m) in a program primarily directed towards the evaluation of the oxide portion of the deposit. Exploration and diamond drilling (31 holes; 3,028m) of previously located veins nearby to the Northern Oxide deposit also defined significant oxide mineralisation in the 900m distant Kavursuki zone.

The project again remained inactive until October 1993 when Gold Mines of Nuigini Holdings Ltd (GMN), under an agreement with Highlands Gold Limited, commenced a program of exploration specifically directed towards an economic evaluation of the Sinivit and Kavursuki deposits as a small mining proposition. During this program, an additional 22 reverse circulation drill holes (767m) were completed on the Southern Oxide Zone. A detailed structural, lithological and alteration-mapping program was also completed in the area between the Northern Oxide and Kavursuki deposits. This work culminated in the application for a Mining Lease and the submission of a Development Proposal to the Papua New Guinea Government in November 1994.

Macmin (PNG) Limited (now owned by New Guinea Gold Corporation) and GMN entered into a joint venture agreement in regard to the project in August 1995. Macmin (PNG) Limited has a direct interest of 90% in the project and a further 2.5% indirect equity through equity in GMN.

Mine development was commenced in 1996 based on an independent feasibility study completed by Ausenco Ltd. However, declining gold prices resulted in the project being deferred until 2003.

The Company, on 6th July 2005 retracted previously announced historical reserves and resources for the project as these reserves and resources had not been verified in a complying NI 43-101 Independent Technical Report.

These historical reserves and resources were taken from a 1994 feasibility study prepared by Ausenco Ltd of Brisbane, Australia. They can be accessed in an Independent Consultant's Technical report by Peter Christopher, PhD, P. Eng, dated 1 October 2002, pages 28 -29 and are reproduced below. In accordance with the requirements of NI 43-101 the company issues the following cautions:

The issuer has not done the work necessary to verify the classification of the resource or reserve,

The issuer is not treating them as a NI 43-101 defined resource or reserve verified by a QP,

The historical estimate should not be relied upon.

The company considers these reserve/resource estimates to be both relevant and reliable.

The Australian Mine Design/Lindley resource/reserve estimation is later than and supercedes the Curtis/Lindley estimates for the Southern Oxide, Northern Oxide zones. The Curtis/Lindley estimates are included for completeness and comparison only.

Curtis and/or Lindley – Historic Resources

<u>ZONE</u>	<u>TYPE OF HISTORIC RESOURCE/ RESERVE</u>	<u>TONNES</u>	<u>GRADE g/t Au</u>
Southern Oxide	Measured	105,800	4.5
	Indicated	64,000	3.41
	Inferred	11,200	3.81
Northern Oxide	Measured	66,200	3.80
	Indicated	33,000	4.82
	Inferred	15,000	4.98
Central Oxide	Indicated	76,900	4.43
Kavursuki	Inferred	219,300	2.10
Northern Sulphide	Indicated	201,600	9.43
	Inferred	16,700	9.97

Southern Oxide and Northern Oxide Zones - 1.0g/t Au cut off grade and 0.5g/t Au dilution envelope, S.G. 2.5.

Central Oxide Zone - 1.0g/t Au cut off grade and 20g/t Au high assay cut, S.G. 2.5.

Kavursuki Zone - 0.5g/t Au cut off, S.G. 2.5.

Northern Sulphide Zone - 5g/t Au cut off, S.G. 2.5.

Australian Mine Design/Lindley Surpac Estimated Historic Resources/Reserves

The entire Wild Dog oxide resource is classed as indicated. The table below presents the indicated grade (uncut and cut to 22g/t Au) and tonnes at a 0.5g/t Au cut off. It includes the full resource from 9700N to 10570N and from RL 820 to RL 960. It is subdivided into high copper (> 2,500 ppm copper) and low copper (< 2,500 ppm copper).

Ore Type	Gold			Copper
	tonnes	Uncut g/t Au	Cut to 22g/t Au	ppm Cu
Low Cu (<2500ppm)	413,100	4.40	3.42	323
High Cu (>2500ppm)	98,800	4.00	3.70	8,585
Total	511,900	4.32	3.47	1,918

Total contained gold is 71,000 oz. If a high grade cut of 22g/t Au is used, contained gold is as follows:

Low copper ore 45,400 ounces
 High copper ore 11,800 ounces
 Total ore 57,200 ounces

It should be noted that approximately 20% of the contained gold in the oxide zones is interpreted from section lines 10530N and 10550N and that these two sections are defined by one trench and three drill holes.

The historic resource and reserve estimates of oxide ore, estimated for a proposed open pit in the historic feasibility study, are summarized below. These estimates were also calculated using SURPAC. Assumptions used were a dilution envelope of 0.5m, cut off grade of 0.5g/t Au. In addition, any historic resource with a copper content of greater than 2,500ppm was excluded.

The historic mining reserve uncut grade was 5.31g/t Au for 52,400 oz contained gold. At this point in time we have no data based on mining experience to indicate what, if any grade cut would be a reasonable assumption. The 'cut' figures below show the effect of an assay cut at 22g/t Au.

A specific gravity of 2.61 was used. This is the average of approximately 130 determinations on ore grade core samples.

ZONE	TYPE OF HISTORIC RESOURCE/ RESERVE	TONNES	Au GRADE (g/t) UNCUT	Au GRADE (g/t) CUT	Cu GRADE (ppm)	WASTE ORE RATIO
TOTAL OXIDE	Undiluted Indicated Resource	413,096	4.40	3.42	323	-
TOTAL OXIDE	Diluted Indicated Resource	510,000	3.8	2.93	336	-
SOUTHERN OXIDE	Mining Probable Reserve	119,498	3.82	3.79	378	1.87:1.0
CENTRAL OXIDE	Mining Probable Reserve	74,421	4.33	3.81	391	4.27:1.0
NORTHERN OXIDE	Mining Probable Reserve	112,530	7.55	4.36	116	1.13:1.0
TOTAL OXIDE	Mining Probable Reserve	306,449	5.31	4.00	-	2.18:1.0

The Company is undertaking an independent qualifying report, but in the interim has commenced development at Sinivit based on the historical estimates and an internal update of an historical feasibility study. Financial information and a feasibility study relating to the project will not be released until the above qualifying report is completed and the feasibility study is accepted by the BCSC. In the interim, investors and shareholders are cautioned that the development is proceeding on the basis of historical reserves, the absence of current mineral resources and reserves, the absence of an independent feasibility study that determines and supports the economic viability of the project, and, as such, the financial risk of the project may be higher.

The Company has committed to the Government of Papua New Guinea to commence development at the project within 30 days of the date of the extension of the Mining Lease, No. ML 122, on June 16th. Development has commenced.

Wayne Johnston, with over 30 years experience in business, mining and exploration in Papua New Guinea, most recently as part proprietor of assay laboratory Analabs PNG, has been appointed Vice President Operations and will supervise mine construction.

A summary of the project development schedule is as follows:

Road upgrade and on site camp/office upgrade and building of associated infrastructure has commenced and should be completed by October 2005.

Construction of internal haulage roads will commence before September 2005 and be completed before November 2005.

Clearance of vat leach sites will commence before September 2005 and will be followed by construction of vat leach containment walls, laying of plastic liners and other matters related to the vat leach sites. This work will be completed in January 2006.

Crusher will be purchased and moved to site in November/December 2005. Electricity generating plant will also be moved to site at this time.

Mobile mining equipment will be moved to site in December 2005/January 2006 and pre-stripping to provide material for the vat leach containment walls will commence.

Gold recovery plant, assay laboratory, chemical storage facilities will be on site and operational by December 2005. Explosives magazine will be completed by December 2005.

Mining and crushing will commence in February 2006, to allow the commissioning of the vat leach facility in March 2006.

The Company is commencing development using its present cash resources. Funding for the project, at this stage, is expected to include both debt and equity funding. The relative proportions of debt and equity will be determined over the next two months but it is likely that the Company will need to raise additional equity funds in the last quarter of 2005 to complete the project, provide operating expenses for the plant commissioning and funds to continue the ongoing exploration program on other projects.

Please refer to technical report for information on geology, exploration and mineralisation potential at Sinivit.

NORMANBY GOLD PROJECT

The Normanby Project, Milne Bay Province, Papua New Guinea (consisting of two Exploration Licenses - EL 1091 & EL 1361) is northwest of, along trend from, and has similar geology to Placer Dome's 5M oz gold Misima Mine. It is adjacent to the Sehulea Project.

Approximately 98 drill holes, mainly short RC and diamond core holes, have been completed on three prospects - Imwauna, The Knob and Wahola. Mineralisation was intersected on all prospects but most work has been completed at Imwauna. The drilling has been supplemented with several kilometres of bulldozer and excavator trenching.

At Imwauna some of the better drill hole intersections were 20.9m at 22.04g/t Au; 4.5m at 10.89g/t Au; 3.8m at 27.3g/t Au; 7.2m at 16.5g/t Au; 6m at 6.39g/t Au; 9m at 12.87g/t Au; 25m at 1.29g/t Au.

At the contiguous The Knob prospect, bulldozer trenching yielded 0.5g/t Au over a width of 320m, including 20m at 1.4g/t Au.

At Wahola 14 holes returned intersections greater than 1g/t Au and best intersections were 4m at 5.57g/t Au; 1.5m at 21g/t Au; and 3.8m at 3.59g/t Au.

At Imwauna, an historical Inferred Resource of 1.0MT at 6.1 g/t gold and 12 g/t silver for 194,000 oz gold and 382,000 oz silver was estimated in 1996 by Macmin NL (now Macmin Silver Ltd). This resource was estimated in accordance with the JORC Code guidelines and released to the Australian Stock Exchange by Macmin on 31 October 1996. This Inferred Resource is considered by New Guinea Gold to be both relevant and reliable.

In accordance with the requirements of NI 43-101 the company issues the following cautions:

The issuer has not done the work necessary to verify the classification of the resource or reserve

The issuer is not treating them as a NI 43-101 defined resource or reserve qualified by an independent QP,

The historical estimate should not be relied upon.

The company is presently conducting a drilling program of approximately 100 holes, which may allow a new updated resource, which is in accordance with the guidelines in NI 43-101, to be estimated early in 2006.

The Imwauna prospect is a part of a vein swarm or zone of epithermal quartz/gold veins, with some interspersed, disseminated gold mineralisation that occurs within a northerly trending structural zone, which varies from 500 to 1000m in width and has a defined strike length of approximately 3,500m. Both gold in soils and mapped gold bearing quartz veins outline the potentially gold-bearing area.

At the northern end of the vein swarm, at the Knob Prospect, gold occurs in disseminations in volcanics with trench results such as 320m @ 0.5g/t gold.

The previous and present drilling programs will test less than 20% of the potential gold bearing area.

In addition to drilling, bulk sampling to check gold grades and a trial mining exercise have been successfully completed. A 100 tonne bulk sample yielded an average grade of 14.1g/t gold over a mined width of 2.2m.

In 2003 and 2004, bulk samples totaling 2,040kg were collected from 38 excavator trenches and outcrops over a 1,240m strike length of the Imwauna vein system. These bulk samples indicated that, over an average 1m width (for the entire 1,240m strike length) the high-grade central core of the trenched zone, the average gold content was 26.4 g/t. This bulk sampling did not test for lower grade hanging/footwall or inter-vein gold mineralisation.

Metallurgical column leach tests suggest that more than 90% of the gold is recoverable by cyanide leach from a -16mm crushed sample.

The company has completed 38 diamond core holes in the current drilling program of approximately 100 holes, which is designed to allow a resource, in compliance with the guidelines of NI43-101, to be estimated. Drilling is temporarily suspended until a company owned drill rig arrives on site in the last quarter of 2005.

In the quarter to 30th 2005 the Company announced the results of 18 drill holes with best results as follows:

0.8m at 61.9g/t gold and 193g/t silver
2.2m at 22.46g/t gold and 45g/t silver
2.295m at 8.85g/t gold and 12g/t silver

2.20m at 13.25g/t gold and 21g/t silver
1.65m at 16.67g/t gold and 28g/t silver
3.20m at 9.0g/t gold

The results of all holes are available in a Press Release dated 30th May 2005.

SEHULEA GOLD PROJECT

The Sehulea Project, Milne Bay Province, Papua New Guinea (EL 1069) is north west of, along trend from, and occurs in a similar geological setting to Placer Dome's 5M oz Gold Misima Mine.

Approximately 60 drill holes, mainly short RC holes, have been completed on six (6) prospects. Although most drill holes intersected mineralisation, best results to date have been encountered at the Weioko Prospect in the northern part of the Project

Numerous drill hole intersections of between 1 and 3 g/t Au were defined at Weioko, such as 27m at 2.07g/t Au (17.1 g/t Ag) inc. 1.5m at 19.90g/t Au; 52m at 1.72g/t Au; 46m at 1.57g/t Au; 70m at 0.65g/t Au. Trench sampling at Weioko yielded results to 16m at 20.03g/t Au; 28m at 5.19g/t Au and 26m at 5.70g/t Au.

At Gwamo Gwamo Prospect massive sulphide mineralisation gave intersections to 6m at 0.85g/t Au and 1.74% Cu.

All hole results are available in the Technical Report.

The Weioko Prospect was initially defined by anomalous gold in soils, and is a part of a large area of broadly co-incident gold and arsenic soil anomalism. Reconnaissance sampling has noted many float samples away from Weioko with values of more than 10g/t Au, but there has been very little intense exploration in the area apart from at Weioko.

Mineralisation has been indicated over a strike length of 600m and to a depth of 100m. The mineralisation is open-ended to the north and south and to depth.

An IP survey shows well-defined chargeability and resistivity anomalies associated with the Weioko mineralisation. The IP survey also showed a continuation of these anomalies to the south for at least one kilometre beneath co-incident gold and arsenic soil anomalies.

The potential to extend the Weioko mineralisation is excellent and this area is considered to have potential to yield a substantial body of gold mineralisation, perhaps similar to Misima. The extent of the stratiform massive sulphide mineralisation at Gwamo Gwamo is unknown.

SIMUKU & MT NAKRU PORPHYRY COPPER PROJECTS

The West New Britain Porphyry Copper/Gold Project covers two exploration licenses totaling 91 sq km and includes several copper and/or gold prospects. Exploration in recent years has concentrated on three areas:

Simuku with best drill holes such as 40m at 0.64% Cu; 277m at 0.33% Cu; trenches such as 33m at 0.63% Cu; 0.19g/t Au, 77ppm Mo; 48m at 0.67% Cu; 0.12g/t Au, 691ppm Mo.

Mt Nakru with both low sulphide, Au rich veins and copper rich stockworks and high sulphide veins hosted by rhyodacite breccias/domes; best drill holes such as 94m at 0.46 g/t Au and 0.42% Cu; 74m at 0.78% Cu and best trenches such as 36m at 2.54g/t Au and 245m at 0.80g/t Au.

Pleysumi with best drill holes of 44m at 0.85%Cu, 33m at 0.42%Cu.

These projects are an excellent opportunity to locate and develop porphyry copper systems with possible credits in gold and/or molybdenum in a relatively accessible and lower cost region of Papua New Guinea. Recent exploration has concentrated on the Simuku project.

The main points in regard to the Simuku Project are summarised below:

This porphyry copper system is large - at least 4,500m long by 500m to 1,000m wide and has a known vertical extent of more than 500m.

Significant drill intercepts were:

Hole 3 - 50.2m @ 0.5% copper, 0.06g/t Au and 40ppm molybdenum between 100 and 150m depth.

Hole 4 - 40.7m @ 0.64% copper, 0.04g/t Au and 28ppm molybdenum between 24.7 and 65.4m depth.

Hole 7 - 63m @ 0.52% copper, 0.12g/t Au and 65ppm molybdenum over the entire hole length.

Hole 10 - 58m @ 0.53% copper, 0.1g/t Au and 30ppm molybdenum between 24 and 82m depth.

Hole 11 - 77m @ 0.49% copper, 0.11g/t Au and 85ppm molybdenum over entire length of hole.

Hole 12 - 91m @ 0.43% copper, 0.06g/t Au and 81ppm molybdenum between 0 and 91m depth.

Trench 2 encountered a surface width of 72m of 241ppm molybdenum and other trenches have encountered molybdenum results to more than 700ppm.

The vertical depth extent of the system is illustrated by hole 12 which intersected 277m (entire hole) averaging 0.33% copper (intersection included intervals of barren dykes). Hole 12 was collared in a valley approximately 250m below the top of the porphyry copper system.

Most molybdenum assaying has used an acid digestion, which may have understated the actual molybdenum content. Check sampling using the XRF method suggests all previous molybdenum results may be understated by 5% to 25% (or perhaps more).

Surface copper results are only a guide to sub-surface grades as surface rock mineralogy suggest that over much of the prospect significant copper has been leached from surface and near surface rocks. Surface mineralogy (presence of jarosite and hematite) suggests sub-surface copper grades may be twice or more that revealed in trenches.

Access and logistics are good with road access to the provincial capital and port of Kimbe. The property is not in a difficult area to develop.

The mineralisation is in small hills with approximately 300m elevation above the valley, and a large part of the potentially viable mineralisation occurs near or above the valley floors. Most potential mining would be assisted by gravity with relatively low stripping ratios.

During the past quarter a major trenching program has been completed. This trenching has been designed to locate possible higher-grade centres of copper and/or molybdenum mineralisation within the Simuku porphyry copper system.

Approximately 15kms of trenching were completed (plus 4kms in previous trenching) and the location of trenches is shown on the figure in a Press Release dated 23 February 2005. All trenches have been

continuously channel sampled at 3 to 6m intervals (dependent on intensity of mineralisation and/or geology) resulting in approximately 4000 samples being collected. Total weight of samples is approximately 14 tonnes.

Samples have/will be dispatched to accredited laboratory, ALS-Chemex, in Townsville Australia. The initial 600 samples are presently being assayed but results from all samples, and an interpretation of the results will not be completed until mid to late September 2005.

MT PENCK GOLD PROJECT

The Mt Penck property is Exploration Licence (EL) 1322, 101.4 sq. kilometres in area, and is situated in West New Britain Province, approximately 55km west of the provincial capital and port of Kimbe. Access is relatively good, as the main known prospects are all within a few kilometres of the north coast of New Britain.

Widespread gold in rock samples, soils and streams was located around Mt Penck, an extinct, eroded strata volcano. The known mineralisation appears to be mainly located within a northerly trending "structural zone" on the northwest flank of Mt Penck. This "structural zone" is reported to be up to 800 metres in width and exceeds several kilometres in length. Within this zone, there are linear zones of argillic/quartz alteration with gold mineralisation, that individually vary from 200m to 800m in length and 15m to over 150m in width.

The Kavola East prospect was the best-defined zone at Mt Penck and was selected for initial drill testing. The Kavola East mineralisation is hosted within pervasive, argillically altered volcanics with moderate to strong silicification.

It consists of 400m long by 200m wide area of anomalous gold in soils, with trench results such as 97m of 3.39g/t Au, 20m of 2.77g/t Au, 5m of 60g/t Au, 40m of 8.89g/t Au, 131m of 2.36g/t Au and 64m of 2.50g/t Au.

Total drilling at Mt Penck by New Guinea Gold and previous explorers now totals approximately 3,794m in 47 holes.

Examples of the best intersections to-date are 13m at 3.06g/t Au; 10m at 1.99g/t Au; 72m at 1.79g/t Au (including 43m at 2.35g/t Au); 10m at 1.84g/t Au; 33m at 2.41g/t Au and 2m at 36.7g/t Au.

Surface exploration is at present in progress (geochemical sampling, mapping, etc) to determine drill targets for a further drilling program scheduled for last quarter of 2005. This drilling program should allow the company to estimate a resource for the project.

ALLEMATA GOLD PROJECT

Trenching and other surface geochemical programs and geological mapping by NGG has defined two parallel structural zones, each of which contains extensive gold mineralisation with numerous narrow high-grade gold lodes (1 to 100g/t Au) plus inter-vein lower grade material (0.1 to 1g/t Au). These east-west trending zones have each, to date, been defined over strike lengths of up to 400m and widths of approximately 100m.

Trench results from these high-grade lodes included: 1.4m @ 71.9g/t Au (within a 4m wide zone of 18.7g/t Au) and 4m @ 100g/t Au.

The two east-west trending mineralised zones referred to in the first paragraph are known as Ulo Ulo North,

and Ulo Ulo South, and occur within locally pervasively argillised gabbro. Pre second world war underground mining of high-grade mineralisation accessed several lodes in the Ulo Ulo North zone but mining was terminated by the war.

Trenches in the Ulo Ulo North zone have, in addition to previously reported mineralisation, exposed several distinct groupings of lodes, but undoubtedly others exist within this east-west zone:

Upper Cyanide Creek lodes. Outcrop samples from this group returned consistently high grades, including 100g/t Au (see press release - 10th June 2004), 28.8g/t Au, 25.6g/t Au, 18.1g/t Au, 6.66g/t Au and 9.51g/t Au. In addition these lodes contained up to 42g/t silver and 1% copper. Individual lodes appear to average about 1.5m wide and are south dipping.

Adit 23 lodes. These lodes are located near the western strike extent of the Ulo Ulo North Zone, near the portal of Adit 23. Individual lodes sampled vary from 0.20 - 0.50m in width. Outcrop chip sample grades vary between 1.21 and 9.15g/t Au. Lodes are north dipping.

Adit 15 lode. This lode is confined to a distinct east-west structure passing through Adit 15. Three outcrop chip samples returned 35.4, 12.8 and 6.96g/t Au. Silver values range up to 97g/t and copper to 1%.

The strike of individual lodes within the Ulo Ulo North Zone varies widely within the overall east-west trend, suggesting that they may form an anastomosing network.

The Ulo Ulo South lodes, as so far noted, vary up to about 1m in width. A sample from a 1m lode returned 14.4g/t Au. A 20cm wide lode returned 16.2g/t Au and several narrow (<10cm) lodes returned values ranging from 1.38 - 10.8g/t Au.

Surface trenching and mapping at Kiayahedebadeba Creek Prospect has located clay-silica-sulphide lodes similar to those at Ulo Ulo. Re-sampling of lodes exposed in trenches excavated by earlier explorers returned grades up to 10.45g/t Au. Similar lodes sampled in outcrop in Kiayahedebadeba Creek returned encouraging intervals including 1m @ 2.96g/t Au, 7m @ 1.43g/t Au including 2m @ 4g/t Au.

Drilling to assess the bulk mining (open pit) and/or high grade individual lode potential within the Ulo Ulo North Zone commenced in late May 2005. First results are expected in September 2005.

Complete trench and drill results are available in the Technical Report and recent Press Releases.

BISMARCK GOLD PROJECT

The Bismarck Project area is located in Enga Province, 100km ENE of Porgera Gold Mine and 70km NW of the town of Mt Hagen. Copper-gold mineralisation at Bismarck is associated with alteration around intrusives emplaced into overlying sediments.

Alluvial gold was found in 1948 and at another location in 1961. Gold has been won from small-scale alluvial mining since 1950's.

11 diamond holes drilled totaling 1158m from Tekim and Semben Prospects. Better results include 29m at 2.1 g/t Au; 2.25m at 21.3 g/t Au and 54.6m at 0.8g/t Au. Some holes recorded no mineralisation. Trenching on 4 prospects (>1000m) gave results including 90m at 1.42g/t Au (inc. 20m of 6.9 g/t Au) at Tekem; 3m at 156 g/t Au at Semben; 17m at 1.22 g/t Au (Kunapali); 25m at 0.62 g/t Au, 30m at 0.16g/t Au (Yololam). Some trench samples were unmineralised.

Tekim Prospect

Gold is associated with known intrusives in a large magnetic anomaly and exhibits similarities to Porgera

Trenching returned 20m of 6.99 (untested by drilling), 90m of 1.42 (including 38m of 2.17), 75m of 1.0 and 25m of 4.8g/t Au

Scout drilling of five relatively shallow diamond holes (by previous explorers) intersected broad zones of low-grade gold mineralisation (eg 80m of 1.5 g/t Au) with an enriched oxidised zone (29m of 2.1g/t Au) and also a high-grade zone of 0.75m of 23g/t Au.

Grid based soil sampling completed after the drilling established a large >1400 x 1000 x 1000m equant gold anomaly (>0.1g/t Au) with a peak of 18.7g/t Au.

The higher-grade (>0.5g/t) gold core zone of the soil zone is oriented WNW / ESE, ~800m long and 50m wide, with a large additional zone ~ 450m long and up to 150m wide, trending ENE / WSW. The high grade core is > 1.0g/t gold and forms a ~220m long section of the 'Higher Grade Core' in it's WNW. There is also another section to the >0.1g/t gold anomaly that is trending WNW/ESE along strike from the 'Higher Grade Core' to the ESE that is >600m long (open to ESE) and ~150m wide. There are numerous other small (to 100m long) higher-grade zones (>0.5g/t). These data provide excellent immediate drill targets.

Gold anomaly within a 30 - 50m wide and >400m long fracture zone trending 60° & dipping steeply SE. Shale intruded by acid to intermediate dykes and finer grained rocks - Kana Volcanics.

Gold values in soils up to 18.78 g/t & rocks up to 5.76 g/t with a strong correlation between Au, As and Cu.

Semben Prospect

High-grade gold mineralisation at Semben is associated with epithermal quartz veining in an altered structure >700 metre long (visible on aerial photos for ~ 3 km) that is 4 to 20 metres wide and an associated moderate NW dipping hornblende diorite porphyry dike intruding a sequence of now silicified, brecciated and argillised shales.

Trenching was used to attempt to trace this structure and results included: 3m @ 156 g/t, 4.5m @ 23.5 g/t and 2.0m @ 17.0 g/t Au, apparently with coarse gold.

Four scout diamond drill holes (by previous explorers) intersected gold in quartz veins on the margin of the diorite, with a best result of 0.75m @ 23.5 g/t, within an 8.2m true thickness @ 3.42 g/t.

Complete drill and trench results are available in the Technical Report and recent Press Releases.

FERGUSSON GOLD PROJECT

The Fergusson licence (EL1324) is within Fergusson Island, which in turn lies 80km NE of the town of Alotau in Milne Bay Province, PNG. Epithermal gold systems of Pleistocene to Recent age are present (some still active) plus small scale alluvial gold workings. Off the property, two gold deposits (not NGG deposits) have been located (Wapolu – 7.6MT at 1.55 g/t Au; and Gameta – 4.0MT at 2.36 g/t Au). 86 holes have been drilled on six prospects by previous explorers.

Best intercepts include 44m at 0.70g/t Au; 25m at 2.93g/t Au (inc. 3m at 19.84g/t Au); 20m at 3.04g/t Au (inc. 5m at 10.03g/t Au); 14.45m at 4.18g/t Au. Some drill intercepts had low levels of gold or were unmineralised.

At the Igwageta Prospect, the basement metamorphics host up to three (3) metre wide, epithermal quartz-

carbonate veins. Previous exploration by Union Mining NL outlined a 1,500 metre long by 500 metre wide zone of significant gold in soils plus several significant results from related hand trenching.

The better hand trench results include:

Trench 7	46m @ 1.00g/t Au, (including 8m @ 3.14g/t Au)
Trench 14	84m @ 0.97g/t Au (including 6m @ 7.87g/t Au)
Trench 22	38m @ 3.28g/t Au (including 24m @ 4.86g/t Au, consisting of 6m @ 8.44g/t Au and separately 4m @ 12.30g/t Au)

The trenching revealed an epithermal quartz stockworked zone developed within sericite altered, flow banded, volcanic tuff which trends east-west over a distance of at least seventy (70) metres. It is open-ended to both the east and west, is up to fifteen (15) to twenty (20) metres wide and appears to dip to the south at 30-50 degrees. The high grade intervals obtained from Trenches 14 and 22 are associated with altered volcanics containing vein breccia stringers. Recent sampling by NGG has confirmed the gold in trench.

At the Unagala Prospect, some 4.5km north of the Igwageta Prospect, detailed exploration to-date has included hand and bulldozer trenching, grid soil sampling, detailed geological mapping and ground geophysics. In addition, Esso has drilled ten (10) diamond and sixteen (16) reverse circulation holes.

Six (6) of the ten (10) diamond drill holes intersected significant gold values; the best result being a 14.45m interval from 9.55m, averaging 4.18g/t gold (includes 2.05m of 22.50g/t Au). A second mineralized interval in this hole yielded 8m averaging 1.70g/t gold from a depth of 68.0m.

Systematic rock float sampling in the Unagala and Yamaga Rivers, upstream from the main prospect, has produced some very encouraging results, the best values being 710g/t Au and 20.0g/t Au respectively.

The Unagala Prospect is a large epithermal system within a metamorphic host.

YUP RIVER GOLD PROJECT

The Yup River property is close to the western border of Papua New Guinea in West Sepik Province, 100km south of Vanimo. There has been small-scale alluvial gold mining around the Amanab area for the past 65 years, with production reported to be between 750g and 3kg per month. Gold mineralisation is in veins, stockworks and disseminated deposits in the Pre-Oligocene Amanab metadolerite, which has been intruded into the metamorphics.

The Amanab gold anomaly is defined over a 60km² area by gold results to 107g/t in stream sediments and elevated values in pan concentrates. Soil sampling over a small part of this area defined an open-ended soil anomaly over 1km by 700m.

The Biaka anomaly is 15km by 4km and is defined by stream sediment samples to 184 g/t Au.

The Yumor anomaly is 6km long and defined by stream sediment results to 77.5 g/t Au.

High stream sediment and pan concentrate sample results are prospecting tools to locate zones of gold enrichment; the absolute values do not indicate the grade of mineralisation of their source.

On 9th August 2005 the Company issued a Press Release with the results of the field program completed in the last quarter. The figures referred to are available in that Press Release. The exploration defined two areas warranting further follow up.

Amanab Prospect

An area of about 8 sq kms was defined as having significant alluvial gold in creeks. The pan results are shown on Figure 1. Pan concentrate or PC sampling is a method of sampling whereby a gold panning dish is used to “*pan down*” a sample to a weight of about 100g so that most gold in the sample becomes visible. The amount of visible gold or colours and/or the amount of gold that can be assayed from the concentrate left in the pan (after panning) is then determined. The amount of gold in a pan or concentrate does not reflect the grade of any “*hard rock*” source, but it usually means there is a gold source of some kind in the near vicinity. Pan concentrate sampling is essentially the same method as used by prospectors prior to the development of scientific methods of prospecting.

In the case of the Amanab prospect, the broad distribution of alluvial gold and the high concentrations of alluvial gold in individual creeks (of up to 33 colors or grains of gold in each pan), suggests a significant source of gold, but that source could be large and low to very low grade, or smaller and higher grade. The alluvial gold itself is not likely to be a target for New Guinea Gold.

Extensive rock float sampling from creeks which contained alluvial gold did not return positive values and the rock sampling has so far not given any indication of where the alluvial gold was derived. Further study of this area is warranted.

Dauri Prospect

In the southern part of the Yup River property, previous stream sampling by Carpenter Pacific Resources defined a 15km by 4km alluvial gold anomaly. Sampling by Kanon Resources has confirmed the alluvial gold and located a possible one sq km area from which this alluvial gold may have been sourced.

The float rock sampling yielded 8 samples greater than 1g/t gold with a high value of 10.55g/t gold. Further samples had lower value but anomalous gold. All results from this prospect and surrounding area are shown on Figure 2.

These results are encouraging but follow up exploration is required to further assess their significance.

The Yup River property has yielded moderately encouraging results, but due to Kanon’s commitments on its other properties in Papua New Guinea, no further follow up can be scheduled until early 2006.

CRATER MOUNTAIN GOLD PROJECT

The Crater Mountain Project, Papua New Guinea (100% MACMIN), Eastern Highlands Province, has wide gold intersections in drill holes such as 115m at 1.83g/t Au; 24m at 6.55g/t Au, within a 12 sq kilometre prospective area.

Seven drill holes have been completed at the Nevera Prospect, Crater Mountain, with intersections such as 115m at 1.83g/t Au (including 3m at 14,16g/t Au); 24m at 6.55g/t Au (including 2m at 52.6g/t Au and 2m at 19.01g/t Au); 14m at 1.66g/t Au; 8m at 1.51g/t Au (including 4m at 22.17g/t Au); 4m at 4.25g/t Au; 6m at 2.22 g/t Au.

The main defined mineralised area, which includes the Nevera Prospect, is some 12 sq km in area. Most is completely unexplored except for some surface geochemistry.

The Crater Mountain Project, Eastern Highlands Province, Papua New Guinea (EL 1115) is SE of, and within the Papua New Guinea highlands geological trend which also contains the Porgera and Mt Kare gold deposits.

The Project is a partly dissected strata-volcano, which has intruded a sequence of fine-grained sediments. Quartz feldspar porphyry, quartz diorite and other dioritic intrusives and andesitic volcanics with associated

gold and copper mineralisation occur along a northerly to NE trending transfer structure, of which a strike length of 25km occurs in EL 1115. Mineralisation is known at several places along this structure but most work has been completed at the northern end at the Nevera Prospect.

Crater Mountain has geological similarities to the Porgera and Mt Kare deposits and based on this similarity, the known wide intervals of gold in drill hole, and the large surface geochemical gold anomaly, could host a deposit or deposits similar to the above deposits.

The Project was previously farmed out to BHP Minerals Ltd ("BHP"). BHP spent approximately \$1.0 million on exploration, including three drill holes completed in 1997. BHP withdrew from this joint venture when it ceased active exploration activities in Papua New Guinea, effective on 5th December 1997. The Project then reverted 100% to Macmin (PNG) Limited (owned 100% by NGG).

BHP retains a residual right in the Project - that is, a first right of refusal on commercial terms on the sale of any equity in the Project, which may be for sale, between the completion of a bankable feasibility study and the commencement of mine development. If no equity is for sale, BHP cannot acquire any equity.

BHP completed three holes primarily exploring for porphyry copper mineralisation. However, one hole intersected 115m at 1.83 g/t gold with the hole terminating at 340m in gold mineralisation. MACMIN drilled four holes with the best result of 24m at 6.55 g/t Au. All drill holes encountered significant gold throughout their entire lengths, eg; hole 5 intersected 196m at 0.43g/t Au. All holes showed intense silica, argillic or carbonate alteration and holes 4, 6 and 7 intersected numerous narrow, presumably structurally controlled intersections.

Limited trenching has given results of: 48m at 9.97g/t Au (incl. 4m at 55.4g/t Au); 35m at 3.1g/t Au, 15m at 1.45g/t Au, 20m at 1.1g/t Au, and 30m at 1.95g/t Au. Most prospective areas have not yet been trenched.

Evaluation of previous soil and stream geochemistry has defined three prospect areas contiguous with the Nevera Prospect and in the general Nevera area at Crater Mountain. The Nevera South Prospect, 2 to 3 kms south of Nevera, has visible gold in two pan concentrates samples, which assayed 256g/t Au and 86.3g/t Au. At Nevera Southwest rock samples contain up to 33% Zn and 453g/t Ag and at Nevera West, a 3km long zone west of Nevera, gold in soils of 46g/t Au and 15g/t Au have been recorded in addition to many anomalous arsenic values to 860ppm. These pan concentrate, rock and soil assays should not be regarded as representative of any mineralisation that may be found on the properties and therefore, should not be relied on to predict possible grades of mineralisation.

In January 2004, the prospect was joint ventured to Celtic Minerals, who in turn brought in a further partner, Triple Plate Junction. Triple Plate Junction is the operator and they are presently drilling at Crater Mountain (August 2005).

Exploration completed includes widespread but variably spaced stream sediment geochemistry, aeromagnetism/ radiometrics, side looking radar, some soil and auger sampling, minor trenching and 7 drill holes totalling approximately 2,000m.

Under the terms of the NGG-Celtic joint venture, Celtic will earn a 51% interest in the concession by completing work programs totaling CAD\$2.0 million within a three year period ending March 2007 and the right to acquire an additional 24% interest in the concession by incurring further expenditures of CAD\$2.0 million within a five year period ending March 2009. This time schedule can be accelerated. Should all terms of the agreement be executed, Celtic would own a 75% interest in the concession at the end of term.

AIM listed, Triple Plate Junction (TPJ) has a separate agreement with Celtic, whereby TPJ can earn 68% of Celtic's interest by funding an aggregate of CAD\$1.0 million of exploration expenditures by December 31,

2005. Should Celtic and TPJ attain a vested interest, the JV would be held by TPJ (51%), NGG (25%) and Celtic (24%).

The Crater Mountain joint venture project covers 713 sq.km of exploration licences and TPJ is the operator of the joint venture.

On May 24th 2005, Triple Plate Junction Plc announced encouraging results from its first diamond drill hole at the Crater Mountain project in Papua New Guinea.

“The hole intersected a mineralised width of 158 metres averaging 1.4g/t gold from 220 metres to 378 metres hole depth, with hydrothermal brecciation, disseminated, fracture filled and vein sulphide mineralisation encountered throughout the hole length of 450 metres. The results confirm a drill hole interval of 115 metres of 1.8g/t gold reported by then BHP in the same area in 1997, and appear to significantly increase the intersected width of mineralisation.

Pyrite and carbonate-base metal dominated veins and fractures encountered in the TPJ drill-hole are multi-phased and hosted in an extensively altered and brecciated volcanic pile and basement sediments. Gold grades within the 158 metre interval averaging 1.4g/t gold appear to be increasing with hole depth, as evidenced by intercepts of:

*12 metres at 1.11g/t gold from 220-232 metres
14 metres at 1.18g/t gold from 236-250 metres
12 metres at 1.62g/t gold from 262-274 metres
58 metres at 1.89g/t gold from 284-342 metres
20 metres at 2.33g/t gold from 358-378 metres*

At this early stage of exploration, the extent of mineralisation is unknown. Drilling is continuing to better understand structural-lithological controls and geometry of the mineralisation”

FENI GOLD PROPERTY

The Feni project (50% New Guinea Gold Corporation, 50% Vangold Resources Ltd) In a Joint Venture Agreement signed in February 2003, Vangold Resources agreed to fund C\$1,500,000 of exploration by 30th June 2005 to earn a 50% interest in the Feni Project, and a further C\$1,000,000 prior to 30th June 2006 to earn a further 25% interest. The Feni Project is geologically similar to the Lihir Mine.

The Feni Project, New Ireland Province, Papua New Guinea (EL 1021) is southeast of, and along trend from the Lihir Gold Mine.

The Feni Islands consists of two islands, Ambitle and Babase, both of which show very similar geology, including widespread known (drilled) gold mineralisation, similar alteration styles and similar alkaline intrusives to the Lihir Islands, and in particular to the Lihir Mine (42m oz Au in resources).

Numerous drill hole intersections of between 1 and 10g/t - such as 114m at 1.12g/t Au (0.2% Cu); 19.9m at 2.13g/t Au; 15.25m at 2.56g/t Au, 16m at 2.3g/t Au; 52m at 1.65g/t Au; 10m at 5.7g/t Au, 3m at 10g/t Au. Please refer to the Technical Report and recent announcements for all drill results.