

NEW GUINEA GOLD CORPORATION
Management Discussion & Analysis
For the Year Ended December 31, 2005

The following Management Discussion and Analysis of the Company's financial position is for the twelve-month period ended 31st December 2005 compared to December 31, 2004. The information is current to April 20, 2006. This discussion should be read in conjunction with the attached audited 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.

This discussion includes certain statements that may be deemed "forward-looking statements". Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions.

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.

BUSINESS & DEVELOPMENT STRATEGY IN PAPUA NEW GUINEA

The Company is involved in Mineral Exploration and Mine Development in Papua New Guinea ("PNG"). New Guinea Gold Corporation ("NGG") has interests in 10 gold properties and 2 porphyry copper-molybdenum- gold properties. In excess of 60,000 metres of drilling has been completed on all properties and this drilling has located extensive mineralisation at 11 of the 12 projects. An additional project contains widespread and extensive alluvial gold.

Three gold properties, Sinivit, Normanby and Mt Penck are currently regarded as key projects. Mine development is underway at Sinivit and on the latter two projects the Company is presently focusing on defining resources by year-end 2006. The remaining gold properties are all well advanced in terms of exploration and the Company plans to add several more projects to key project status in 2007. The two porphyry copper-molybdenum-gold systems are large areas of mineralisation, each in excess of 8 square kilometers in area as defined by surface geochemistry, trenching and drilling. The Company is presently in discussions with possible partners regarding financing the definition of resources at each of these latter properties.

NEW GUINEA GOLD MINERAL PROJECTS

For historical highlights of each project refer to the Company's web site.

A summary of each project and a summary of exploration/development programs completed in 2005 and to the date of this report are given below. Further details are available in Press Releases issued throughout 2005 and until the date of this report and on the Company's web site at www.newguineagold.ca.

SINIVIT GOLD PROJECT (NGG 92%)

The Sinivit Gold Project is located 50 kilometers 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. This involves mining the oxide cap of a quartz, telluride, copper and 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 Reports. The Company cautions, however, that there is no certainty that further mineralisation will be defined.

The project access road has been completed; haul roads and vat leach sites are under construction. The mine camp is largely completed and most equipment is on order. The Mining Contractor will mobilize to site in May 2006.

The Company has an effective interest of approximately 92% in the Project.

Sinivit can be summarized as follows:

- Production expected early in the third quarter of 2006, head grade 5 g/t gold, initially open pit, vat-leach processing.
- Resources – Indicated, 713,000 tonnes of 5.7 g/t gold for 132,000 ozs gold and Inferred, 340,000 tonnes of 3.2 g/t gold for 35,000 ozs gold.
- Later production may be of gold/telluride mineralisation by underground mining, likely head grade 10- 12 g/t gold.
- Mine development commenced July 2005.
- 35,000 oz gold is expected to be produced in first 12 months at an operating cost of US\$120/oz. Present gold price (April 20, 2006) is approximately US\$625/oz, giving an operating cash surplus before cost of capital and tax of US\$492/oz gold produced or approximately US\$17 million for the first year of production.
- Drilling aimed at expanding resources is planned to commence second quarter 2006.

The Project was described in a Press Release dated 31 January 2006.

Please note:

"These evaluations are preliminary in nature and are based entirely on indicated mineral resources, which have not been categorized as mineral reserves. There is no assurance that the operating and financial projections in the preliminary assessment will be realized. Mineral resources that are not reserves do not have demonstrated economic viability. Measured and indicated mineral resources are that part of a mineral resource of which quantity and grade can be estimated with a level of confidence sufficient to allow the application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. An inferred mineral resource for which quantity and grade can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified."

IMWAUNA GOLD PROJECT (Normanby Property)

The Imwauna project is located within the Normanby Property, southeast Papua New Guinea. The Company owns 100% of this property. Imwauna is the second of the Company's key gold projects. Management's objective is to define NI 43-101 compliant resources in 2006.

The Imwauna project contains defined gold mineralisation scattered over approximately 10 square kilometers, has some key geological similarities to Placer Dome's former Misima Mine (plus 5 million ozs gold), and has been selected by management for a major evaluation program in 2006 to extend the known mineralisation and to build a

substantial resource base. It is expected that two drill rigs will be employed more or less continuously on this project with the first rig (wholly owned by the Company) commencing in January 2006.

Approximately 80 holes have been drilled at this project (138 on the property), with most results available on NGG's web site (all except most recent drill holes yet to be announced).

The project can be summarized as follows:

- Management believes the target is similar to Placer Dome's Misima Mine, which was a 5 million oz system.
- Historical inferred resource, based on initial 15 drill holes, of 990,000 tonnes of 6.1 g/t gold and 12 g/t silver for 194,000 oz gold and 382,000 oz silver.
- Drilling to define resources and the potential of the property is in progress and will continue throughout 2006.
- Best drill results such as 3.7 m of 94.4 g/t gold and 7.2 m of 16.5 g/t gold.
- Trial mining completed – had an average grade of 14.1 g/t gold over a 2.2 m mining width.
- Bulk sampling of 38 excavator trenches over 1,240 m strike length averaged 26.4 g/t gold over an average of 1m width in central high grade part of the system with likely open pit mining width defined as 3 to 4 metres.

Please note:

New Guinea Gold Corporation has disclosed historical resource estimates for the Imwauna (Normanby) project. However, these resource estimates have been based on historical estimates and have not been verified and supported by NI 43-101 compliant, independent technical reports. As such, the historical resource estimates cannot be relied upon until they have been verified and supported by NI 43-101 compliant technical reports.

MT PENCK GOLD PROJECT

The Mt Penck property is in West New Britain Province, Papua New Guinea. It is relatively accessible being situated within a few kilometers of the north coast of New Britain. The property is owned 60 % by New Guinea Gold and 40% by Vangold Resources Ltd. NGG is the Operator.

Seven drill holes, several kilometers of trenching, surface soil sampling mapping and other exploration programs were completed in 2005. Results are outlined in a Press Release dated 27 February 2006. Management's objective is to define NI 43-101 compliant resources in 2006.

The project is summarized below:

- Gold system comparable to the multi-million ounce Round Mountain deposit in Nevada Gold occurs within an eroded stratovolcano.
- Drilling with the objective to define a resource in progress, and will continue throughout 2006.
- Several zones of mineralisation defined, all open in most directions.
- Drill intercepts – 72 m of 1.79 g/t gold, 14 m of 2.82 g/t gold, 2 m of 36.7 g/t gold, 6 m of 3.67 g/t gold.
- Bulldozer trench intercepts – 18 m of 3.7 g/t gold, 8 m of 7.72 g/t gold, 18 m of 1.72 g/t gold, 3 m of 16.32 g/t gold, and 13 m of 2.65 g/t gold.
- Comprehensive geochemical surveys completed in 2006 greatly extended known areas of gold mineralisation.

WEIOKO GOLD PROJECT (Sehulea Property – NGG 100%)

The Weioko Gold Project is a part of the Sehulea Property.

Approximately 34 drill holes have been completed and the management's objective is to identify a major bulk mineable resource. Three holes were drilled in late 2005 to keep the project in good standing. Results were given in a Press Release dated 7 March 2006. Results included 4 m of 2.69 g/t gold and 32 m of 0.91 g/t gold.

The Weioko Gold Project can be summarized in the following points:

- Disseminated and vein type mineralisation within fossil scree breccia. Target is Misima type system
- Five square kilometer area with extensive soil gold and arsenic anomalism plus numerous known gold bearing silica veins
- Known mineralisation open along strike and at depth
- Geophysical anomalies suggest mineralisation more extensive than presently drilled
- Best drill results such as 27.7 m of 2.09 g/t gold, 14 m of 4.56 g/t gold, 21 m of 3.59 g/t gold
- Best trench results such as 164 m of 3.96 g/t gold, 16 m of 20.3 g/t gold

The Weioko Gold Project is expected to be upgraded to a key project status in 2007.

Further details are available on the Company's web site.

SIMUKU COPPER-GOLD-MOLYBDENUM PROJECT

The Company holds a 90 % interest in the Simuku Project. This project provides an excellent opportunity for NGG to participate in a porphyry copper system with high molybdenum credits in a relatively accessible and lower cost region of Papua New Guinea. On 12th September 2005 and the 3rd October, the Company announced trench results for the Simuku Project, which included very significant molybdenum results. The best trench intersection was 72 m of 0.17% molybdenum. Molybdenum prices have increased very substantially in the last two years. A total of 23 kilometers of bulldozer/excavator-trenching and 12 drill holes have now been completed at the project. All results of the trenching were released in a Press Release dated 27 March 2006 and an independent NI 43-101 report was also lodged on Sedar.

The essential parts of the Simuku Project are summarized below:

- Porphyry copper-gold-molybdenum system.
- Target is 300 million tonnes at plus 1.0% copper including gold and/or molybdenum credits.
- Separate molybdenum targets within overall mineralized system with target of 20 million tonnes of 0.16 % molybdenum.
- Drill-hole results to 36 m of 0.7% copper and 0.1 g/t gold and 77 m of 0.5% copper and 0.1 g/t gold.
- Trench results to 73 m of 0.16% molybdenum.

MT NAKRU PROJECT

The Mt Nakru property is owned 75% by New Guinea Gold and 25% by Vangold Resources.

The Mt Nakru porphyry copper-gold system has defined mineralisation over an area of more than 10 square kilometers. Exploration has included 8 drill holes with best drill results such as 74 m of 0.78% copper, 8.6 m of 1.3 g/t gold, and 94 m of 0.46 g/t gold and 0.43% copper. Previous best trench results were 45 m of 2.5 g/t gold, 245 m of 0.8 g/t gold, 3 m of 17 g/t gold, 23 m of 1.43% copper and 4 m of 6.6% copper. For a detailed description of earlier exploration at Mt Nakru refer to a News Release dated 10th November 2005. Exploration is impacted at Mt Nakru because of a thick blanket of volcanic ash, up to 8 m thick.

The exploration program in 2005 included approximately 6 kilometers of bulldozer excavator trenching. A total of 1,595 channel samples were collected. VP Exploration Dr. David Lindley visited the property at the close of the trenching program and reported as follows:

“The overall dimensions of the zone of silicification and brecciation at Mt Nakru exposed by trenching presently stands at 800 m length by 300 m width. It is open-ended both to the NE and SW. Drill holes NAK-001, 002 and 003 are located within the SW projections of this zone. The idea from the field is that these three holes may have been too far away from the main feeder/conduit to a breccia pipe that is the source to the observed brecciation and silicification.”

Field observations suggest a polyphase system. A first hydrothermal phase resulted in the pervasive silicification and pyritisation of the host pyroclastic unit. A second hydrothermal event involved brecciation and introduction of quartz veining with associated Cu-Au mineralisation.

Observations supporting a northerly-located center to the Mt Nakru system include:

- 1. Quartz veins increase in width from south to north through the trenches (1 cm width in T#1; 2-3 cm in T#2 and 5 cm in T#4).*
- 2. The degree and style of hydrothermal brecciation is also observed to increase to the North.”*

Initial results of the trenching were released in a Press Release dated 27th March 2006. A new area of gold mineralisation was encountered with the overall Mt. Nakru alteration system with separate trench intersections of 55 m of 4.79 g/t gold and 15 m of 1.86 g/t gold.

ALLEMATA GOLD PROJECT

The Allemata Property is owned 50% by New Guinea Gold and 50% Vangold Resources. Six holes totaling 764.9 m were drilled during the second and third quarters of 2005. All holes encountered gold intersections, mainly at depths of less than 50 m down-hole.

At Ulo Ulo prospect, several relatively narrow intersections were encountered such as 1.0 m of 17.65 g/t gold, 1.55 m of 5.87 g/t gold, 1.9 m of 9.39 g/t gold, 0.5 m of 6.02 g/t gold, 0.1 m of 32.2 g/t gold, 33 g/t silver, 2.35% copper and 0.11% zinc, plus other intersections of up to 7 m in width at gold grades of less than 5 g/t gold.

At Ulo Ulo the drilling has defined numerous relatively narrow and wider high grade zones, lower grade gold zones which will require further drill testing to evaluate their economic potential. The drilling and surface geochemistry shows that anomalous gold occurs over a 2 square kilometer area and much of this area remains to be drill tested.

At this time the controls on mineralisation at Ulo Ulo are not fully understood and all available data will continue to be evaluated.

The drilling at Mt Haluba has confirmed significant mineralisation within 60 metres of the surface and within a 100 m by 100 m area, high on the slopes of Mt Haluba. Further trenching and drilling will be required to obtain an estimate of the amount of such mineralisation and this will be carried out after all surface and drill information have been completely evaluated.

BISMARCK PROJECT

The Bismarck Project is 50% owned by New Guinea Gold and 50% by Vangold Resources. It encompasses several areas of gold and copper mineralisation within a circular geological feature approximately 20 square kilometers in area. This circular geological feature contains three partly explored areas – Tekem, Kunapali and Awale.

Exploration in 2005 included re-evaluation of past exploration, and re-sampling of pre-existing trenches at the Tekem prospect. This sampling identified a 300 m long gold mineralised zone. Trench assays within the zone include 20 m of 4.68 g/t gold, 12 m of 2.47 g/t gold, 16 m of 10.22 g/t gold and 20 m of 1.31 g/t gold. Other significant results not within the above mineralised zone (but within an overall trenched area of 800 m by 300 m), include: 4 m of 14.55 g/t gold, 20 m of 6.58 g/t gold, 4 m of 35.6 g/t gold, 4 m of 11.35 g/t gold, 8 m of 1.08 g/t gold, 12 m of 2.32 g/t gold, 4 m of 4.46 g/t gold, plus extensive additional results in the 0.5 to 1.0 g/t range. All results from this program are shown on NGG's website: www.newguineagold.ca.

YUP RIVER GOLD PROJECT

The Yup River property is close to the western border of Papua New Guinea in West Sepik Province, 100 km 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 750 g and 3 kg per month. Gold mineralisation is in veins, stockworks and disseminated deposits in the Pre-Oligocene Amanab metadolerite, which has been intruded into metamorphics.

Yup River is 50% owned by New Guinea Gold and 50% Vangold Resources Ltd.

A field reconnaissance/rock sampling program was completed earlier in 2005 in an initial attempt to locate possible sources of alluvial gold. A total of 571 rock float samples were collected, mainly from creeks. In addition many creeks were panned to determine the level of alluvial gold where such rock samples were collected. Results became available in August 2005.

An area of about 8 square kilometers at Amanab was defined as having significant alluvial gold in creeks. At this 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.

In the southern part of the Yup River property, previous stream sampling by Carpenter Pacific Resources defined a 15 km by 4 km alluvial gold anomaly. Recent sampling has confirmed the alluvial gold and located a possible one square kilometer area from which this alluvial gold may have been sourced, now known as the Dauri Prospect. The float rock sampling yielded 8 samples greater than 1 g/t gold with a high value of 10.55 g/t gold. 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 late in 2006.

CRATER MOUNTAIN GOLD PROJECT

The following information was released by our JV partners, Triple Plate Junction ("TPJ"). After earn-in by TPJ, the Company will retain 25% equity in this property.

Following the previously reported intersection of 158 metres of 1.4 g/t gold in TPJ's first drill hole Nev-08 at the Nevera prospect at Crater Mountain, TPJ has continued to drill scout holes through the blanketed of ash covering the prospect.

Drill holes Nev-10 and Nev-11, sited approximately 250 metres northwest and 170 metres north-north-west of Nev-8 respectively, intersected mineralised zones similar in nature to the mineralisation in Nev-8. All three holes are characterized by multiple veining or crosscutting vein relationships within volcanoclastic breccias containing dominant andesitic clasts and basement siltstones and mudstones.

Mineralised zones in Nev-10 and Nev-11 include:

- | | |
|--------|---|
| Nev 10 | 8 metres of 1.29 g/t gold from 8 metres to 16 metres, & 129 metres of 0.61 g/t gold from 312 metres to 441 metres hole depth |
| Nev 11 | 25 metres of 2.36 g/t gold from 150 metres to 175 metres, & 83 metres of 0.61 g/t gold from 266 metres to 349 metres hole depth |

FENI GOLD PROPERTY

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 (42 million oz Au in resources).

Numerous drill hole intersections of between 1 and 10 g/t - such as 114 m at 1.12 g/t Au (0.2% Cu), 19.9 m at 2.13 g/t Au, 15.25 m at 2.56 g/t Au, 16 m at 2.3 g/t Au, 52 m at 1.65 g/t Au, 10 m at 5.7 g/t Au, 3 m at 10 g/t Au.

RESULTS OF OPERATIONS

The Company's net loss for the year ended December 31, 2005 was \$2,434,467 or \$0.04 per common share compared to \$855,840 in the same period ended 2004 or \$0.02 per common share. The Company received \$90,309 in interest payments on cash balances and deposits. Interest revenues fluctuate according to the amounts of funds held in deposit and the interest rates attained during the period.

The increase in net loss for the year ended December 31, 2005 compared to the same period in 2004 was \$1,578,627 and is mainly attributed to higher stock-based compensation, higher wages and benefits. Amortization, insurance, repairs and maintenance costs increased due to equipment purchases during the 2005 and in the previous fiscal year. Foreign exchange losses in the year ended December 31, 2005 were \$151,582 compared to a gain of \$32,110 during the 2004 period because of fluctuations in foreign currency rates. Wages in the year ended December 31, 2005 were \$442,207 an increase of \$303,543 compared to the same period ended 2004, due to increased administrative activity, more mineral projects and additional regulatory requirements.

The Company reported stock-based compensation expense of \$1,147,248 during the year ended December 31, 2005 compared to \$309,396 the same period in 2004. This is a non-cash expenditure.

During the year ended December 31, 2005 the Company completed \$1,971,755 in exploration and development expenditures on its mineral property interests.

Summary of Selected Annual Information

The following information is for each of the three fiscal years ended December 31, 2005, 2004 and 2003:

	December 31 2005	December 31 2004	December 31 2003
	\$	\$	\$
Interest income	90,309	67,311	5,672
Net loss	(2,434,467)	(855,840)	(681,619)
Net loss per share – basic and diluted	0.04	(0.02)	(0.02)
Total assets	7,445,855	8,315,892	3,473,357
Long-term liabilities	-	-	-
Dividends	-	-	-

Summary of Quarterly Results March 31, 2004 to December 31, 2005

	Q1 March 31 2004	Q2 June30 2004	Q3 September 30 2004	Q4 December 31 2004
	\$	\$	\$	\$
Total Interest	3,004	6,272	979	57,056
Net Loss	(36,163)	(259,629)	(545,904)	(14,144)
Loss per share	0.00	0.01	0.01	0.01

	Q1 March 31 2005	Q2 June30 2005	Q3 September 30 2005	Q4 December 31 2005
	\$	\$	\$	\$
Total Interest	83,069	22,893	180	(15,833)
Net Loss	(185,241)	(255,470)	(210,494)	(1,783,262)
Loss per share	0.00	0.01	0.01	0.02

The Company is in the exploration and development stage and has no mining revenue, and therefore variances in its quarterly losses are not affected by sales or production-related factors. Increases in costs are generally attributed to growth in operations related to the success in financing activities, which in turn allows the Company to increase expenditures on its properties.

FINANCIAL CONDITION

At December 31, 2005, the Company had working capital of \$1,447,983 (2004 - \$5,146,570). The Company has no long-term indebtedness or long-term obligations. The change in working capital is the result of decreased available cash of \$1,700,535 compared to the previous year (2004 – \$4,980,293).

Current liabilities increased to \$679,210 as at December 31, 2005 from \$262,028 on December 31, 2004. This was primarily owed to Macmin Silver Ltd., a related party, for expenditures made on behalf of NGG.

The Company is committed to paying approximately \$360,000 in amounts owing at April 20, 2005 for expenses billed subsequent to the year end.

CAPITAL RESOURCES AND LIQUIDITY

Capital resources of the Company consist primarily of cash and liquid short-term deposits of approximately \$6,359,000 at April 20, 2006.

The Company has adequate cash reserves to continue operations at current levels to late 2006, and has been able to fund its operations by the issue of shares as needed. The Company has warrants and stock options outstanding which are “in-the-money” and could generate an additional \$12,764,481 if exercised. There is no certainty that the Company will be able to continue to obtain funding by share issuances in the future.

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

Subsequent to the year end:

- The Company closed a brokered Private Placement with Bolder Investment Partners Ltd acting as Agent. The total subscriptions represent 32,850,000 units (the "Units") priced at \$0.20 per unit, raising gross proceeds of \$6,570,000. The units consisted of one share and one non-transferable share purchase warrant.

Each warrant is exercisable into an additional share for a period of two years from closing at an exercise price of \$0.30. The Agent received a cash commission of \$429,662 plus 315,438 Units at a deemed price of \$0.20 per Unit in lieu of cash and 3,285,000 Agent's Warrants. In addition, the Agents received a Corporate Finance Fee of 300,000 Units of the Company plus an administration fee of \$7,500. The Agent's Warrants have the same terms as the clients' warrants.

- The Company also closed a non-brokered Private Placement of 2,150,000 Units at \$0.20 per Unit, raising gross proceeds of \$430,000. Finder's fees of \$2,500 and 15,000 Agent's Warrants were paid in respect of the non-brokered placement.
- The Company completed a non-brokered private placement of 2,150,000 Units at \$0.20 per Unit, each Unit with the same terms as those in the previous private placement. Finder's fees of \$2,500 and 15,000 Agent's Warrants were paid in connection with the financing.
- The Company granted 550,000 stock options to employees and consultants exercisable at a price of \$0.23 for a five-year period.
- The Company issued 150,000 common shares for proceeds of \$34,500 on the exercise of stock options.

CASH FLOWS

The Company has not generated cash flow from mining operations. The Company has funded 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 twelve month period ended December 31, 2005. Shares issued from December 31, 2004 to December 31, 2005 and to the date of this report are as follows:

	Number of Shares	Share Capital
		\$
Balance, December 31, 2003	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, December 31, 2004 & 2005	64,913,496	18,614,693
Private placements	35,615,438	6,567,838
Exercise of stock options	150,000	34,500
Shares issued	35,765,438	6,602,338
Balance, April 20, 2006	100,678,934	25,217,031

Related Party Transactions

Amounts paid to related parties were in the normal course of operations and were valued at fair market value as determined by management.

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, prepaid expenses, marketable securities, accounts payable and accrued liabilities and amounts due to related parties. The balances in these accounts are in Canadian dollars, Papua New Guinea kina and Australian dollars and are recorded at their fair value.

Legal Proceedings

The Company and its subsidiaries are not parties to any legal proceedings and have no contingent liabilities.

Changes in Accounting Policy

There were no significant changes in accounting policy.

Outstanding Share Data

The Company has one class of shares and there were 100,678,934 shares issued as at April 20, 2006 (64,913,496 shares issued as at December 31, 2005) and 148,888,872 on a fully diluted basis.

The Company has a stock option plan and at the date of this report there were 5,585,000 options outstanding exercisable into one common share between \$0.23 and \$0.49.

The Company has 42,624,938 warrants outstanding as at April 20, 2006.