

NGG set for Sinivit production

NEW Guinea Gold (NGG) seems all set to put its modestly-sized Sinivit gold project into production in the September quarter of 2006. Cash flow from the mine, expected in the December quarter of 2006, should help fund exploration/development work on 12 advanced projects (none is grassroots) in which NGG has interests in Papua New Guinea (PNG). Several of these offer a better opportunity than the initial mine, which just happens to be the most advanced project.

NGG recently completed a C\$7 million financing to put Sinivit into production and fund a gold resource-building exploration programme.

NGG president, Bob McNeil, says: "We believe that, now we are funded adequately, we can develop one or more of the projects over the next few years." NGG is focusing its efforts, initially at least, on four projects: Sinivit, Normanby [Imwauna] (gold), Mt Penck and Simuku (copper/molybdenum).

Mr McNeil says NGG's strategy is to build gold resources to plus 5 Moz over the next three years by employing four or more drill rigs continuously on the key projects. It also seeks to add value to the Simuku (copper/molybdenum) project and attract a major partner to develop it.

Mr McNeil says that although the injection of new equity will substantially increase the company's issued capital, the potential to produce near term cash flow and

increase resources in the short term far outweighs the increase in issued capital. Investors seem to agree – the company's market capitalisation has increased fourfold in the past few months. "We envisage that this would be the last capital-raising required until a major mine is developed," he says.

NGG has an experienced exploration/development team and is able to call on assistance from major shareholder Macmin Silver's project development group. Senior management's combined experience in PNG exceeds 100 years, according to Mr McNeil.

Mr McNeil was Exxon Minerals' general manager for PNG in the 1980s and lived in the country for eight years. "When Esso got out of minerals in the late 1980s, we picked up what we thought were the best properties in their portfolio," he says. "A lot of our projects were actually found by Esso in the 1980s. All these projects in the 1990s were taken to a certain stage and then of course they ran out of money. We have bought two of our own drill rigs and we are in the process of acquiring two more. We would hope that by the June quarter 2006 we will have four drill rigs working on those key properties."

NGG started mine development on Sinivit in 2005 and plans to start gold production in the September quarter of 2006. In the first year, NGG plans to produce 35,000 oz at cash costs of US\$120/oz.

The development of Sinivit is based on a preliminary assessment. Mr McNeil cautions that mineral resources that are not mineral reserves do not have demonstrated economic viability, and to proceed with development in the absence of current mineral reserves, and an independent feasibility study that determines and supports the economic viability of the project, may involve additional risk that the project will not be economic.

Sinivit is 92%-owned by NGG. Indicated resources at Sinivit are 713,000 t at 5.7 g/t gold (132,000 oz) with inferred of 340,000 t at 3.2 g/t (35,000 oz). This mineralisation has



THE TEAM

ROBERT (BOB) McNEIL

Bob McNeil, BSc (Hons), MSC, F AustIMM, is co-founder and Managing Director of MACMIN NL and New Guinea Gold. During 40 years industry experience Mr. McNeil has amassed extensive managerial exploration and mining expertise with multinational mining and oil companies, both in Australia, USA and the Asia Pacific region. Early in his career he was directly associated with the Juno and Warrego mine discoveries at Tennant Creek in Australia. In 1980, Mr McNeil transferred to PNG to establish and manage Exxon's PNG mineral exploration group, where he held the position of General Manager from 1980 to 1986.



CES E IEWAGO

Director
Mr. Iewago, 44, is an accountant by profession whose expertise is in investment Banking and Finance, having served in senior executive roles of major financial institutions in Papua New Guinea ("PNG") over the last decade. Ces was formerly a Managing Director of Public Officers Superannuation Fund, the largest Superannuation fund in PNG from September 2000 to early 2004. He was previously resident Director and



General Manager of Investment Bank, Merrill Lynch in PNG (1997 to 2000), responsible for both its retail and corporate business. He was also Deputy Managing Director of Resources & Investment Finance Limited, PNG's first and only Merchant Bank from 1990 to 1996, responsible for Marketing, Corporate Business and Portfolio Management. Mr. Iewago has previously served as an Independent Non-Executive Director of the Company's parent company, Macmin Silver Ltd.

PETER MCNEIL

Director
Mr McNeil, MSc geology, is a co-founder of Macmin. Together with Bob McNeil, he was instrumental in obtaining the projects in PNG. Mr McNeil has 20 years' experience and has worked extensively throughout PNG since 1985. From 1987-88 he was responsible for prefeasibility and exploration programmes at the Wapulu gold deposit, and he worked for Kennecott on the Lihir gold deposit. Mr McNeil has also acted as consultant to several medium and junior exploration/mining companies in the Kimberley and eastern goldfield regions of Western Australia, and was directly associated with the Nimary and Sunrise dam mine discoveries.



AB BERAR

Director
Mr Berar was born in Duncan, British Columbia, Canada. He graduated from the University of Brit-

ish Columbia in 1960 with a BComm. Mr Berar began his career in the securities industry in 1969 and has over 34 years' experience in the areas of corporate governance, financial services and investments. As vice president, investment adviser, with RBC Dominion Securities in Vancouver, he specialised in the resource sector, including mining, forestry and oil and gas. Mr Berar retired from RBC in 2003. He joined the board of the company on March 31, 2005.

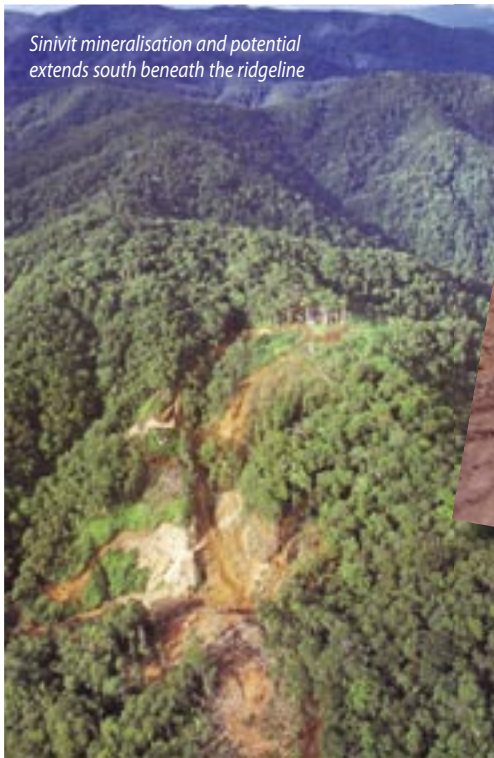


JUDITH O'QUINN

Corporate secretary, CFO and director

Judith O'Quinn has over 25 years' administrative/accounting experience in Vancouver's mining, mineral exploration and heavy construction industries. She worked with Chinook Construction & Engineering for 10 years when it was the contractor mining the Cassiar asbestos property, earth-moving for the development of the Duke Point deep water port in Nanaimo, clearing for hydro-rights of way for the Mica dam and other major projects. Ms O'Quinn provided accounting, administrative and legal support services for exploration and development work carried out by contractor Manwa Explorations for Teck Corp on Hemlo properties in the 1980s.





defined by drilling, trenching and soil geochemistry, such as drill intercepts of 72 m at 1.8 g/t gold and 14 m at 2.82 g/t gold. Drilling is in progress to define resources by year-end 2006.

been defined, in part, by 122 diamond drill holes totaling 18,067 m, and 75 reverse-circulation percussion holes totaling 2,987 m. The known mineralisation is open at depth and there are numerous other, as yet unexplored, targets. A C\$1 million drilling programme is planned for the next 12 months.

The company's other key projects comprise:

- **Imwauna (100% NGG):** This is a high grade vein swarm system. NGG is proceeding with an A\$2 million exploration programme, and drilling restarted in February of this year. NGG's objective is to define a 43-101 compliant resource and, if appropriate, proceed to prefeasibility and mine permitting. If successful, this would be the company's second building block. At least 90 drill holes are now completed with best intersections such as 3.7 m at 94.4 g/t gold and 7.2 m at 16.6 g/t gold.
- **Mt Penck (60% NGG):** This is a gold system comparable to the multi-Moz Round Mountain deposit in Nevada. There are several zones of mineralisation

- **Simuku (90% NGG):** This project provides an excellent opportunity for a porphyry copper system with high molybdenum credits in a relatively accessible and lower cost region of PNG. In September 2005 the company announced trench results for the Simuku project, which included significant molybdenum results such as 73 m at 0.17% Molybdenum. Molybdenum prices have increased substantially in the last two years. In April, NGG filed an updated National Instrument 43-101-compliant technical report on the property.

- **Mt Nakru (100%):** This is a porphyry copper/gold system with 44 drill holes (6,420 m) at two prospects. Best drill results are 74 m at 0.78% copper; 8.6 m at 1.34 g/t gold; 94 m at 0.46 g/t gold and 0.43% copper; 44 m at 0.85% copper. In March 2006, NGG announced that a new area of gold mineralisation has been encountered to the northwest of previously defined copper and gold mineralisation. Separate trench intersections included 55 m at 4.79 g/t gold, including 15 m at 16.01 g/t gold, and 15m at 1.86 g/t gold.

■ The company has interests of up to 100% in seven other gold and copper-gold projects. NGG says drilling at three of the key gold projects in the past 12 months has yielded many significant intersections. These define mineralisation on which NGG intends to conduct further drilling.

Mr McNeil says NGG should be attractive to investors for several reasons: "We have one of the better opportunities in PNG in a reasonable period of time, two or three years, say. We are dealing in a country which is known for significant deposits."

PNG is a good place for mining. There is no prohibition on repatriation of capital or anything like that in PNG. "We regard ourselves as a mineral exploration company, but we will be operating a mine to provide cash flow so we don't have to go back continually to shareholders to raise additional equity capital.

"The objective obviously is to prove up a multi-Moz resource and examine our strategic alternatives: these might include selling the whole company to a major, or taking on a major as a strategic partner or something along those lines," says Mr McNeil.

VITAL STATISTICS

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SHARE INFORMATION

Listed: TSX-V, Berlin and Frankfurt stock exchanges, USA Pink Sheets
Ticker: NGG
Shares in issue:
 Shares outstanding: 100.5 million
 Shares fully diluted: 148 million
Market capitalisation: C\$50 million
Average trading volume: 295,000/day
12-month trading average: high C\$0.57, low C\$0.21
Shareholders: Macmin Silver 18%, Sprott Asset Management 15%
Net cash: C\$6 million

DIRECTORS AND MANAGEMENT

Robert McNeil (chairman and CEO)
 Ab Berar (director)
 Peter McNeil (director)
 Judith O'Quinn (CFO, corporate secretary and treasurer)

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PEER GROUP

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