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**PRESS RELEASE****NEW GUINEA GOLD ANNOUNCES MINE DEVELOPMENT STRATEGY****TELLURIUM A POSSIBLE BONUS AT SINIVIT**

The recently announced high grade resource at the Imwauna Project and drill results from the Sinivit Mine confirming high grade copper/gold/tellurium/silver (sulphide) mineralisation, (see Press Release dated 14<sup>th</sup> August 2008), beneath the current mining plan has allowed New Guinea Gold Corporation (NGG) to formulate an indicative timetable for the development of the above Imwauna Resource and Sinivit sulphide mineralisation. Tellurium could be a significant bi-product if development of the Sinivit sulphide mineralisation proceeds.

**IMWAUNA PROJECT DEVELOPMENT**

- **The Imwauna Inferred Mineral Resource is, at present, 1,800,000 tonnes at 12.2g/t gold and 20g/t silver for contained metal 706,000 ozs gold and 1,160,000 ozs silver (see Independent NI 43-101 report dated July 2008 at [www.newguineagold.ca](http://www.newguineagold.ca) )**

The resource commences at ground surface and has been defined to varying depths between 50 and 150m below surface. High grade bonanza zones have been defined. The resource is open in most directions and two drills are in operation with a view to expanding the initial resource,

A Preliminary Assessment will commence in September 2008, and subject to a positive result from that study, mine construction could commence in late 2010 with a possible gold production of the order of 70,000 to 100,000 ozs/year in 2011. The resource is likely to be largely open pitable. The viability of this possible production including the capital cost of the project, will be indicated in the Preliminary Assessment.

If the studies indicate these developments can be economically developed, funding sources could include bank project financing, cash flow, a sell down of other assets such as Coppermoly or Pacific Kanon, or shareholder equity.

Bob McNeil Chairman and CEO commented: *“Imwauna is a very exciting project for NGG and management regards it as the Company’s premier project. It has significant advantages of being relatively high grade especially for possible open pit mining, and mineralisation commences at surface. In addition the potential to increase resources is excellent. As noted above, the viability of the project and likely production rate depends on the outcome of the Preliminary Assessment”.*

## SINIVIT MINE DEVELOPMENT

- **The Sinivit Mineral Resources are as follows: Indicated, 713,000 tonnes at 5.7g/t gold for 132,000 ozs gold and Inferred, 340,000 tonnes of 3.2g/t gold for 35,000 ozs gold (see NI 43-101 report dated January 2006 at [www.newguineagold.ca](http://www.newguineagold.ca)).** The Sinivit oxide gold mineralisation, presently being exploited, at depths of less than 50m below surface is underlain by gold, copper, silver and tellurium (or sulphide) mineralisation.

It is expected that mining of oxide mineralisation will continue until 2011, although if present exploration is successful this time frame could be extended.

Mining the sulphide mineralisation is dependent on the results of ongoing exploration and a positive outcome from a Preliminary Assessment to be completed by early 2010. In that event, in the second half of 2010, or 2011, a mill and concentrating plant would be added to the processing circuit to recover the sulphide mineralisation (gold, copper, silver and tellurium).

The Sinivit resources have been defined near surface within a one kilometer length of a ten kilometer long structural zone. This structural zone is known to contain sporadic, largely untested or unexplored gold mineralisation over its entire length. Excavator trenching is presently in progress to test this zone to the south of the mine, while two drills are operating within the mine area to define additional resources.

Bob McNeil Chairman and CEO commented: *“Tellurium is a potentially valuable bi-product at Sinivit in the future. It is presently in short supply world wide, largely due to its use in cadmium – tellurium solar cells. Price over the past few years has increased substantially with the present price about US\$220/kg or US\$0.22/g. This is equivalent to about 50% of the silver price as at 18<sup>th</sup> August 2008.*

*Tellurium assays (using 0.8g/t gold as a cut off) range from 140g/t to 1,600g/t – for example, tellurium relative to gold, silver and copper in historical hole WDD024 are as shown below. At gold values less than 0.8g/t tellurium ranges as low as 10g/t.*

<i>From (m)</i>	<i>To (m)</i>	<i>Length (m)</i>	<i>Gold g/t</i>	<i>Silver g/t</i>	<i>Copper %</i>	<i>Tellurium g/t</i>
138.65	140.15	1.5	11.0	17	0.15	780
140.15	141.25	1.1	1.1	5	0.16	250
141.25	141.65	0.4	10.0	38	0.80	900
141.65	142.45	0.8	12.6	29	1.90	1600
142.45	142.90	0.45	2.1	25	1.06	1570
142.90	143.35	0.45	12.0	27	3.52	760
143.35	143.55	0.20	0.8	18	2.82	640
143.55	144.10	0.55	0.8	24	1.81	140

*The true widths of this intersection is not known and we believe the assay results to be accurate. Tellurium recovery will need to be demonstrated by metallurgical studies.*

## OTHER PROJECTS

- As reported earlier, Coppermoly Ltd successfully listed on the Australian Securities Exchange in January 2008 (NGG hold approximately 49% interest). A Press Release dated 1<sup>st</sup> August listed

the results of the initial drilling at Simuku which encountered the best drill and trench results from the project to date. Coppermoly has three diamond core rigs in operation.

- The Pacific Kanon Gold Prospectus (presently 50% NGG and 50% Vangold) should be completed (NGG will hold approximately 30% after IPO) in mid August 2008 with the IPO open in September/October 2008. Bolder Investment Partners is the sponsoring broker.
- In the longer term, depending on circumstances, NGG's equity in Coppermoly and Pacific Kanon could be distributed to shareholders or sold to generate cash reserves.

### **SINIVIT PRODUCTION UPDATE**

The Sinivit Mine is at present operating satisfactorily, however, processing problems reduced production in June and July. **These have now been rectified.**

- In a Press Release in June it was predicted that 40,000t of mineralisation would be leaching by end of June. This milestone was not reached until mid July.
- In July due to the prolonged breakdown of the cone crusher, gold production was set back by a month. The crusher, owned by NGG, is maintained and operated by the mining contractor, HBS Machinery. A crushing expert visited the operation and has recommended placing an additional cone crusher in the circuit to both increase production and prevent a hiatus in production in the future.
- By the end of August 55,000 tonnes is scheduled to be in vats and leaching.
- An additional 8 carbon columns have been obtained (total 16) to allow NGG to operate up to 5 vats simultaneously. Four vats should be in operation by the end of August. **This will greatly enhance production capability.**
- The initial vats used for plant commissioning were relatively shallow – of the order of 3 to 4 meters deep. Relatively rapid recovery was achieved with 80% recovery estimated over about 2 months. Subsequently the first major production vat (Vat 2) was large, oval shaped and deep (up to 10m deep). Experience has now shown that these deep, and oval shaped (in the case of Vat 2) vats tend to compact the crushed gold mineralisation to the extent that permeability is reduced.

This in turn substantially decreases the leaching rate to the extent that we now predict it may take 6 months or more to complete leaching of Vat 2. It should not, however, effect the ultimate gold recovery. This is one of the reasons that production of gold decreased in June/July rather than increased. The other reason was the breakdown of the crushing plant for most of July and a problem with the gold stripping plant (both now rectified).

To resolve the leaching problem, future vats will be rectangular for ease of laying liners and restricted to 4/5 meters deep, maximum, to reduce compaction. This change requires more vats than originally planned which may result in a small increase in operating costs. The first of these additional vats, Vat A, (about 10,000 tonnes), is completed and presently being filled with crushed mineralisation. Vat 4 (about 8,000 tonnes), has commenced filling. The earthworks for Vat B (about 10,000 tonnes) are completed.

- A total of 1,730ozs of gold and 242 ozs silver were produced in the quarter to end of June 2008. We now estimate that 1,900ozs will be produced in the September 30<sup>th</sup> quarter, increasing to 5,500ozs in the December 31<sup>st</sup> 2008 quarter. Production is expected to further increase to 7,500ozs

in the March 31<sup>st</sup> 2009 quarter, after, and subject to the completion of the crusher grade. The lower level of gold production in the September quarter (from forecast production) is a direct result of the fact no mineralisation was mined or crushed in July, and the slower leaching rate.

- The site operating costs at Sinivit are running at a monthly rate of approximately US\$550,000. As both the PNG Kina and Australian dollar have depreciated by 10% or more, costs in US\$ terms should decrease in the future.
- A series of aerial photographs of the site are now available at [www.newguineagold.ca](http://www.newguineagold.ca). Click on any photograph to enlarge and view in detail. The photographs illustrate the extensive civil works, now largely completed, that were necessary to get to this stage of the operation.

Bob McNeil Chairman and CEO commented: *“After production problems in late June/July, mining and processing is now proceeding to forecasts and production should continue to increase over the remainder of 2008”.*

## **OTHER**

We are finalising a Press Release re a further 242 RC drill holes at Sinivit which we expect to release Wednesday 20<sup>th</sup> August 2008.

Investors are cautioned that the development of Sinivit is proceeding in the absence of a full feasibility study. 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.

Full details of the Sinivit Project are described in an Independent N1 43-101 report dated January 2006 which is available at [www.newguineagold.ca](http://www.newguineagold.ca).

The information in this release was prepared under the direction of Robert D. McNeil a Fellow of the Australia Institute of Mines and Metallurgy and a “qualified person” as defined by National Instrument 43-101. Mr McNeil has read and approves the information contained herein.

For further information on this release or on other NGG projects such as the Sinivit Gold Mine, contact Forbes West toll free at 888 655 5532, email [forbes@sherbournegroup.ca](mailto:forbes@sherbournegroup.ca) or Judith O’Quinn at 604 662 3598, email [ngg@telus.net](mailto:ngg@telus.net) or access our website – [www.newguineagold.ca](http://www.newguineagold.ca)

## **ON BEHALF OF THE BOARD**



**R.D. McNeil**  
CHAIRMAN & CEO

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