

NEW GUINEA GOLD CORPORATION
Consolidated Interim Financial Statements
Three Months Ended March 31, 2006

(Prepared by Management)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators the Company discloses that its external auditors have not reviewed the unaudited financial statements for the period ended March 31, 2006 in accordance with Section 7050 of the CICA Handbook.

NEW GUINEA GOLD CORPORATION

Consolidated Balance Sheets

As at March 31, 2006 and December 31, 2005
(March 31, 2006 - unaudited - Prepared by Management)

		March 31, 2006	December 31, 2005
		<u> </u>	<u> </u>
		\$	\$
		<u> </u>	<u> </u>
		(Audited)	(Audited)
		<u> </u>	<u> </u>
		\$	\$
ASSETS			
Current assets			
Cash and short-term deposits		6,546,852	1,700,535
Amounts receivable		362,817	201,008
Prepaid expenses		11,450	11,450
Marketable securities	Note 3	<u>214,200</u>	<u>214,200</u>
		7,135,319	2,127,193
Mining deposits receivable	Note 4	56,512	55,272
Equipment	Note 5	1,095,027	1,210,202
Mineral properties		<u>5,123,387</u>	<u>4,053,188</u>
		<u>13,410,245</u>	<u>7,445,855</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		153,181	233,341
Due to related parties		<u>217,261</u>	<u>445,869</u>
		<u>370,442</u>	<u>679,210</u>
SHAREHOLDERS' EQUITY			
Share capital	Note 6	24,499,597	18,614,693
Contributed surplus		3,062,504	2,344,266
Deficit		<u>(14,522,298)</u>	<u>(14,192,314)</u>
		<u>13,039,803</u>	<u>6,766,645</u>
		<u>13,410,245</u>	<u>7,445,855</u>

Approved by the Board of Directors:

"Robert D. McNeil"

Director

"Judith O'Quinn"

Director

The accompanying notes are an integral part of these consolidated financial statements.

NEW GUINEA GOLD CORPORATION
Consolidated Statements of Operations and Deficit
For the Three Months Ended March 31,

	2006	2005
	\$	\$
Expenses		
Amortization	75,080	16,234
Bank charges and interest	1,522	696
Foreign exchange loss/(gain)	(3,493)	34,554
Gain on disposal of plant and equipment	(24,228)	-
Insurance	-	6,427
Interest income	(36,995)	(83,069)
Office	11,860	10,431
Professional fees	37,100	8,526
Repairs and maintenance	42,501	14,340
Rent	4,059	4,904
Shareholder communications	28,684	14,220
Stock-based compensation	122,200	77,349
Transfer agent and regulatory	8,715	6,886
Wages and benefits	62,979	64,219
Travel and accommodation	-	9,524
	(329,984)	(185,241)
Net loss for the period		
Deficit, beginning of period	(14,192,314)	(11,757,847)
Deficit, end of period	(14,522,298)	(11,943,088)
Loss per share	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	80,346,419	64,913,496

The accompanying notes are an integral part of these consolidated financial statements.

NEW GUINEA GOLD CORPORATION
Consolidated Statements of Cash Flows
For the Three Months Ended March 31,

Cash provided by (used for):	2006	2005
	\$	\$
Operating Activities		
Net loss for the period	(329,984)	(185,241)
Adjustment for items not involving cash		
Amortization	75,080	16,234
Stock-based compensation	122,200	77,349
Gain on sale of equipment	(24,228)	-
	(156,932)	(91,658)
 Changes in non-cash working capital items:		
Amounts receivable	(161,810)	41,144
Accounts payable and accrued liabilities	(80,160)	(68,726)
Due from related parties	-	(141,883)
Due to related parties	(228,608)	(13,355)
	(627,510)	(274,478)
 Investing Activities		
Purchase of equipment	(9,048)	(119,249)
Sale of equipment	73,372	-
Mineral property expenditures	(1,070,199)	(394,564)
Mining deposits	(1,240)	(374)
	(1,007,115)	(514,187)
 Financing Activities		
Common shares issued for cash	6,553,276	-
Less share issue costs paid in cash	(72,334)	-
	6,480,942	-
 Increase / (decrease) in cash during the period	4,846,317	(788,665)
 Cash - beginning of period	1,700,535	4,980,293
 Cash - end of period	6,546,852	4,191,628

Supplemental Disclosure of Non-Cash Investing and Financing Activities:

During 2006, the Company issued 315,438 units consisting of one common share and one warrant, valued at \$63,088 and 3,300,000 agent's warrants valued at \$532,950 for financing fees.

The accompanying notes are an integral part of these consolidated financial statements

NEW GUINEA GOLD CORPORATION
Consolidated Schedule of Deferred Mineral Property Costs

	Balance December 31, 2005	Expenditures (Write-offs or Recoveries)	Balance March 31, 2006
	\$	\$	\$
Mt. Sinivit			
Acquisition costs	202,336	-	202,336
Exploration costs			
Drilling	-	8,691	8,691
Salaries, Wages and Fees	194,641	55,691	250,332
Travel & Accommodation	89,241	13,712	102,953
Geological Services & Investigations	143,761	16,456	160,216
Field Supplies and Services	351,689	610,905	962,595
Community compensation	37,031	997	38,028
Field office	84,695	42,971	127,666
Writedown of mineral right costs	-	-	-
	<u>1,103,394</u>	<u>749,423</u>	<u>1,852,817</u>
Normanby			
Acquisition costs	15,655	2,214	17,869
Exploration costs			
Drilling	388,039	-	388,039
Salaries, Wages and Fees	201,291	51,484	252,775
Travel & Accommodation	53,261	7,027	60,288
Geological Services & Investigations	98,675	6,412	105,087
Field Supplies and Services	471,542	34,653	506,195
Community compensation	13,626	(1,809)	11,817
Field office	88,462	11,092	99,554
Writedown of mineral right costs	-	-	-
	<u>1,330,550</u>	<u>111,074</u>	<u>1,441,624</u>
Shulea			
Acquisition costs	40,375	214	40,590
Exploration costs			
Drilling	43,125	-	43,125
Salaries, Wages and Fees	78,497	15,606	94,103
Travel & Accommodation	10,048	3,107	13,155
Geological Services & Investigations	20,894	4,543	25,437
Field Supplies and Services	86,708	9,468	96,176
Community compensation	6,464	(405)	6,058
Field office	21,331	4,208	25,539
Write down of mineral right costs	(8,264)	-	(8,264)
	<u>299,178</u>	<u>36,741</u>	<u>335,919</u>
Feni			
Acquisition costs	-	-	-
Exploration costs			
Drilling	-	-	-
Salaries, Wages and Fees	19,744	-	19,744
Travel & Accommodation	20,461	-	20,461
Geological Services & Investigations	409	-	409
Field Supplies and Services	47,462	-	47,462
Community compensation	460	-	460
Field office	20,822	-	20,822
Writedown of mineral right costs	-	-	-
Option payments received	(214,200)	-	(214,200)
	<u>(104,842)</u>	<u>-</u>	<u>(104,842)</u>

	Balance December 31, 2005	Expenditures (Write-offs or Recoveries)	Balance March 31, 2006
	\$	\$	\$
Mt. Nakru			
Acquisition costs	4,823	40	4,862
Exploration costs			
Drilling	-	-	-
Salaries, Wages and Fees	60,223	4,117	64,341
Travel & Accommodation	23,881	515	24,396
Geological Services & Investigations	4,605	9,243	13,848
Field Supplies and Services	182,171	5,306	187,477
Community compensation	57	-	57
Field office	19,917	2,780	22,697
Write down of mineral right costs	(32,307)	-	(32,307)
	<u>263,370</u>	<u>22,001</u>	<u>285,371</u>
Mt. Simuku			
Acquisition costs	62,541	-	62,541
Exploration costs			
Drilling	-	-	-
Salaries, Wages and Fees	141,915	16,424	158,339
Travel & Accommodation	65,176	4,145	69,320
Geological Services & Investigations	134,934	21,301	156,235
Field Supplies and Services	276,099	3,066	279,165
Community compensation	5,833	-	5,833
Field office	44,770	3,004	47,774
Write down of mineral right costs	(34,288)	-	(34,288)
	<u>696,980</u>	<u>47,940</u>	<u>744,919</u>
Mt. Penck			
Acquisition costs	25,485	-	25,485
Exploration costs			
Drilling	135,480	-	135,480
Salaries, Wages and Fees	71,933	29,505	101,438
Travel & Accommodation	23,001	3,970	26,971
Geological Services & Investigations	35,022	9,827	44,849
Field Supplies and Services	141,352	34,169	175,522
Community compensation	2,995	2,868	5,863
Field office	24,601	6,613	31,215
Writedown of mineral right costs	-	-	-
	<u>459,870</u>	<u>86,953</u>	<u>546,823</u>
Mt. Allemata			
Acquisition costs	18,947	-	18,947
Exploration costs			
Drilling	73,922	-	73,922
Salaries, Wages and Fees	53,706	1,271	54,977
Travel & Accommodation	12,944	-	12,944
Geological Services & Investigations	32,155	(2,309)	29,846
Field Supplies and Services	63,230	2,407	65,637
Community compensation	2,356	-	2,356
Field office	2,321	556	2,878
Writedown of mineral right costs	4,967	-	4,967
	<u>264,548</u>	<u>1,926</u>	<u>266,474</u>

	Balance December 31, 2005	Expenditures (Write-offs or Recoveries)	Balance March 31, 2006
	\$	\$	\$
Other			
Acquisition costs	76,343	(800)	75,543
Exploration costs			
Salaries, Wages and Fees	41,905	6,207	48,112
Travel & Accommodation	35,411	2,677	38,088
Geological Services & Investigations	56,836	4,595	61,431
Field Supplies and Services	64,137	662	64,799
Community compensation	7,863	-	7,863
Field office	18,203	798	19,001
Joint Venture recoveries	(35,339)	-	(35,339)
Write down of mineral right costs	(5,051)	-	(5,051)
	<u>260,308</u>	<u>14,139</u>	<u>274,448</u>
Operating fees and other recoveries	<u>(520,168)</u>	<u>-</u>	<u>(520,168)</u>
Total mineral properties	<u>4,053,188</u>	<u>1,070,197</u>	<u>5,123,385</u>

NEW GUINEA GOLD CORPORATION

Notes to Consolidated Financial Statements

Three Months Ended March 31, 2006

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

The Company is incorporated in the Yukon Territory, Canada, and is involved in the acquisition, exploration and development of mineral properties in Papua New Guinea. At the date of these consolidated interim financial statements the Company has not yet determined whether any of its mineral properties contain economically recoverable mineral reserves. Accordingly, the carrying amount of deferred mineral exploration costs represents expenditures made to date and does not necessarily reflect present or future values. The recovery of these costs is dependent upon the discovery of economically recoverable mineral reserves and the ability of the Company to obtain the necessary financing to complete exploration and development work and to resolve any environmental, regulatory, or other constraints, which may hinder the successful exploitation of its mineral properties or dispose of its interests on an advantageous basis.

The Company has taken steps to verify title to the mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of these properties. However, these procedures do not guarantee the Company's title. Title to these rights may be subject to unregistered prior agreements or transfers and may be affected by undetected defects.

The Company does not generate cash flow from operations. In order to pay for future work performed on its mineral properties and administrative costs, the Company will need to raise additional funds through future issuances of securities. Although the Company has been successful in raising funds in the past, there can be no assurance the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts disclosed on the balance sheet.

The accompanying unaudited consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. These interim financial statements should be read in conjunction with the Company's annual audited financial statements as at the year-end December 31, 2005. All material adjustments, which, in the opinion of management are necessary for a fair presentation of the results, have been reflected. The results for the three months ended March 31, 2006 are stated utilizing the same accounting policies and methods of application as the most recent annual financial statements, but are not necessarily indicative of the results to be expected for a full year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, New Guinea Gold Ltd (formerly Macmin (PNG) Ltd) ("NGG PNG"), and its proportionate 50% interest in the accounts of Kanon Resources Ltd. ("Kanon"). References to the Company included herein are inclusive of the Canadian parent company, NGG PNG and Kanon.

b) Financial Instruments

The Company's financial instruments consist of current assets and current liabilities whose fair values approximate their carrying values due to their short-term nature. Financial risk is the risk arising from fluctuations in foreign currency exchange rates. The Company does not use any derivative or hedging instruments to reduce its exposure to fluctuations in currency exchange rates.

c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the financial statements as well as the reported amounts of expenses incurred during the period. Significant areas requiring the use of management estimates include the determination of potential impairments of asset values, and rates for amortization of equipment, as well as the assumptions used in determining the fair-value of non-cash stock-based compensation. Actual results could differ from those estimates.

d) Mineral Property Costs

Costs incurred to acquire a mineral property and costs of exploration, development and direct field support are deferred until the property to which they relate are placed into production, sold or abandoned. These deferred costs will be amortized over the estimated useful life of the property following commencement of production, or written-off if properties are sold, allowed to lapse or abandoned. Administration costs and other exploration costs that do not relate to a specific property are expensed as incurred.

Cost includes the cash consideration and the fair value of shares issued on the acquisition of mineral properties. Properties acquired under option agreements or joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made. Proceeds from options granted by the Company are to be netted against the accumulated deferred cost of the related mineral property with any excess being included in earnings.

Management reviews the carrying amounts of mineral properties on a periodic basis and will recognize impairment in value based upon current exploration results and upon management's assessment of the probability of profitable exploitation of each property or realizable value from disposal of each property. Management's assessment of each property's estimated fair value is also based upon a review of other mineral property transactions that have occurred in the same geographic area as that of the properties under review.

e) Translation of Foreign Currencies

The Company translates the results of from foreign operations as follows: monetary items are translated at the rate of exchange in effect at the balance sheet date, non-monetary items at average rates in effect during the period in which they are incurred and expenses are translated at average rates in effect during the period, except for amortization, which is translated using historical rates. Gains and losses resulting from the fluctuations in foreign exchange rates are included in the determination of income.

f) Equipment

Equipment is carried at cost less accumulated amortization. Amortization is provided over the estimated useful life of each type of equipment using the declining balance method at annual rates varying from 20% to 30%.

g) Share Capital

Common shares issued for non-monetary consideration are recorded at their fair market value based upon the trading price of the shares on the TSX Venture Exchange on the date of the agreement to issue the shares. Costs incurred to issue shares are deducted from share capital.

h) Income Taxes

Income tax liabilities and assets are recognized for their tax consequences attributable to differences between the amounts reported on the financial statements and their respective tax bases, using enacted income tax rates. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period in which the change occurs. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized.

i) Marketable securities

Marketable securities are carried at the lower of cost and market value.

j) Stock-based Compensation

The Company records compensation associated with stock options granted using a fair value measurement basis and records the expense when the options vest with the recipients. The adoption of this accounting policy for stock-based compensation has been applied prospectively to all stock options granted subsequent to January 1, 2003.

k) Loss Per Share

Basic earnings per share are computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of outstanding options and warrants is reflected in earnings per share by application of the treasury stock method. Basic and fully diluted losses per share are the same in the current financial statements.

l) Asset Retirement Obligations

The fair value of a liability for an asset retirement obligation is recognized when a reasonable estimate of its fair value can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either timing or the amount of the original estimate of the undiscounted cash flow. As at March 31, 2006 the Company does not have any asset retirement obligations.

m) Impairment of Long-Lived Assets

Long-lived assets are assessed for impairment when events and circumstances warrant. The carrying value of a long-lived asset is impaired when the carrying amount exceeds the estimated undiscounted net cash flow from use and fair value. In that event, the amount by which the carrying value of an impaired long-lived asset exceeds its fair value is charged to earnings.

3. MARKETABLE SECURITIES

The Company's marketable securities at March 31, 2006 consist of 540,000 shares of Vangold Resources Ltd. with a fair market value of \$232,200 and a book value of \$214,200.

4. MINING DEPOSITS RECEIVABLE

These amounts are comprised of refundable deposits pledged with the Papua New Guinea Mining Department for the Company's mineral tenements.

5. EQUIPMENT

	2006		2005
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Equipment	1,518,024	426,524	1,091,500
Furniture and fixtures	11,965	8,438	3,527
	<u>1,529,989</u>	<u>434,962</u>	<u>1,095,027</u>
			<u>1,210,202</u>

6. SHARE CAPITAL AND RELATED INFORMATION

a) **Authorized:** Unlimited

b) **Issued and outstanding:**

	2006		2005	
	Number of Shares	Amount \$	Number of Shares	Amount \$
Balance, beginning of year	64,913,496	18,614,693	44,649,509	12,940,207
Issued for:				
Private placements	35,614,438	*5,884,904	10,830,000	4,046,251
Acquisition of subsidiary	-	-	1,400,000	7,475
Exercise of warrants	-	-	6,845,578	1,031,128
Exercise of options	-	-	1,188,409	237,761
Stock-based compensation	-	-	-	351,871
Balance, end of period	100,527,934	24,499,597	64,913,496	18,614,693

*Net of issue costs of \$668,345.04, of which \$72,334.04 was paid in cash, and \$63,088 was paid by the issue of Units at \$0.20 per Unit, each Unit consisting of one common share and one share purchase warrant, exercisable into an additional share for a period of two years from 20 February 2006 at an exercise price of \$0.30 and \$532,950 represents the fair value of 3,300,000 Agent's Warrants which have the same terms as the warrants included in the Units above.

c) **Stock options**

Stock option activity for the three months ended March 31, 2006 and 2005:

	2006		2005	
	Number of Options	Weighted average exercise price \$	Number of Options	Weighted average exercise price \$
Balance – beginning of period	5,185,000	0.39	3,615,000	0.45
Granted	500,000	0.23	1,570,000	0.23
Exercised	-	-	-	-
Cancelled / expired	-	-	-	-
Balance – end of period	5,685,000	0.38	5,185,000	0.39

The fair value of stock options and warrants granted during 2006 and 2005 are estimated on the date of their grant using the Black-Scholes option pricing model using the following assumptions:

	2006	2005
Risk-free interest rate	3.83% - 3.87%	3.6%
Estimated volatility	111% - 112%	91%
Expected lives	2 to 3 years	3 years

Option pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the grant of the Company's stock options.

Amounts expensed as stock-based compensation are credited to contributed surplus. On exercise, the amounts originally credited to contributed surplus are credited to share capital.

d) Warrants

Warrants outstanding at March 31, 2006:

Number of warrants	Exercise Price	Expiry Date
	\$	
6,909,500	0.55	October 29, 2006
100,000	0.55	November 18, 2006
35,614,438	0.30	February 20, 2008
3,300,000	0.30	February 20, 2008
<u>45,923,938</u>		

7. MINERAL PROPERTIES

The Company's mineral properties are all located in Papua New Guinea.

The Company has a 100% interest in five, a 90% interest in two, a 60% interest in one, and a 50% interest in 4 exploration projects in Papua New Guinea through its wholly-owned subsidiary New Guinea Gold Ltd (formerly Macmin PNG) and its 50% owned subsidiary Kanon Resources Ltd.

The Company is conducting operations on the Sinivit, Normanby, Sehulea, Simuku, and Mt. Penck Projects. These projects (except Mt Penck) are subject to a 1% Net Smelter Royalty (NSR) payable, and the issue of 9% of the Company's issued share capital to Macmin Silver Ltd at the time that any mine is developed on these properties and production is achieved in excess of 50,000 ounces of gold or equivalent in any year.

Sinivit

The Sinivit property is held under three titles in which New Guinea Gold Ltd has a direct 90% equity interest and a further 2.5% indirect equity interest.

Normanby

The Normanby Licence covers approximately 68 square kilometres on Normanby Island, Milne Bay Province.

Sehulea

The Sehulea Project covers approximately 30 square kilometres in the eastern part of Normanby Island, in Milne Bay Province, adjacent to the Normanby Project.

Simuku

The West New Britain Porphyry Copper/Gold Project covers four exploration licenses totaling 3,093 square kilometers.

Mt Penck

The Company elected to earn a direct 20% interest in the Mt. Penck property from Kanon Resources Ltd by funding the first CDN\$300,000 worth of exploration. The Company has completed its earn in and has an effective 60% interest in the property. The Mt. Penck exploration licence covers 102.6 square kilometres in area and is 55 kilometres west of Kimbe in the West New Britain Province.

The Company has optioned out the following projects:

Crater Mountain

- Optioned by agreement dated January 6, 2004 to Celtic Minerals Ltd., a TSX Venture-listed company, which acquired a 51% interest by expending \$2,000,000 on exploration prior to March 1, 2006, and can acquire a further 25% interest upon completion of a further \$2,000,000 exploration program prior to March 1, 2009.

Feni

- Vangold Resources Ltd., a TSX Venture company has earned a 50% interest and been granted the right to earn an additional 25% interest by performing \$2,500,000 in exploration over three years, of which \$500,000 must be spent by September 26, 2004, (completed) and by issuing to the Company 200,000 shares upon receipt of regulatory consent to the agreement (issued) and a further 600,000 shares in stages prior to June 30, 2006 (400,000 shares received at December, 31, 2005). The Company must pay a finder's fee of 10% on all share consideration received (60,000 Vangold shares paid).

Mt. Nakru

- Optioned to Kanon, whereby Kanon acquired a 50% interest by spending \$250,000 on exploration and issued to the Company 5% of its issued share capital. Funding for exploration is now provided equally by the Company and Kanon.

8. RELATED PARTY TRANSACTIONS

The amounts paid to related parties were in the normal course of operations and were valued at fair value as determined by management. Amounts due to or from related parties are unsecured, non-interest bearing and due on demand.

9. SUBSEQUENT EVENTS

The Company issued 150,000 common shares for proceeds of \$34,500 on the exercise of stock options.