

NEW GUINEA GOLD CORPORATION
Management Discussion & Analysis
For the Three Month Period Ended March 31, 2006

The following Management Discussion and Analysis of the Company's financial position is for the three month period ended March 31, 2006 compared to March 31, 2005.. This discussion should be read in conjunction with the attached interim financial statements and related "Notes to the Consolidated Financial Statements" which have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and with the audited financial statements and related "Notes to the Consolidated Financial Statements".

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.

The information is current to May 17th, 2006 and the Company's auditor has not reviewed the financial statements.

BUSINESS & DEVELOPMENT STRATEGY IN PAPUA NEW GUINEA

New Guinea Gold Corporation ("NGG") is involved in Mineral Exploration and Mine Development in Papua New Guinea ("PNG").

Management's objective is to define multi-million ounce gold equivalent mineralization at one or more of the projects.

The Company 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 kilometres 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.

The Company is focused on rapidly developing to mining two of the key gold projects, Sinivit and Imwauna (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 the third quarter 2006, with gold production soon thereafter. Operating cash cost per ounce of gold produced is estimated at US\$120. Two projects, Feni and Crater Mountain, are at present being sole funded by Vangold Resources and Celtic/Triple Plate Junction respectively.

NEW GUINEA GOLD PROJECTS

For historical highlights and ownership of each project refer to table in Management Discussion & Analysis dated 20 November, 2005 or the Company's web site.

The Company operates two diamond core drilling rigs, four D6 bulldozers and two 20-tonne excavators exclusively for exploration. A further two drill rigs will begin operation in June 2006.

Full details on activities throughout the quarter are available in Press Releases issued throughout the quarter and until the date of this report and on the Company's web site at www.newguineagold.ca.

SINIVIT GOLD PROJECT

The Sinivit Gold Project is located 50 kilometres 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, 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.

During the quarter, and until the date of this report, the Company completed most of the infrastructure, such as access roads, camp construction etc associated with the mine development. Contractors mining equipment was being mobilised to site at the time of this report. Crushing plant, carbon columns for gold extraction, generators, vehicles etc, being constructed or acquired are in the process of being shipped to site with all project capital equipment scheduled to be on site by the end of June.

Construction of the "vats" for gold leaching has been delayed by difficult weather conditions. The December – April period is the "wet season" for Sinivit and this is usually followed by a "dry season" which extends to the following December. The present "wet season" has been excessively wet making operation of heavy equipment difficult, such as the earthworks necessary to form the "vats". The Company now expects Vat construction to be complete by the third quarter of 2006 with mining commencing soon thereafter.

Two new drilling rigs will be mobilised to site in June to commence exploration drilling with the objective of increasing the resources at Sinivit.

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

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.

The Imwauna project contains defined gold mineralisation scattered over approximately 10 square kilometres, 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. Management's objective is to define NI 43-101 compliant resources in 2006.

Approximately 96 holes have now been drilled at this project, 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.
- Recent drilling suggests possible open pit grade of 8 g/t gold and underground grade of 15.5 g/t gold.

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.

During the quarter and until the date of this report 16 holes totaling 1,695 metres of diamond core drilling were completed. The results of 4 holes can be reviewed in a Press Release dated May 18, 2006. Drilling is continuing and results in future should be announced on a monthly basis.

These and subsequently planned holes are designed to extend the known mineralisation laterally and to depth.

A detailed topographic survey was completed by an external contractor to provide a suitable base map for mine planning to commence.

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 kilometres 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 kilometres 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.

A diamond core drill and D6 bulldozer were mobilised to site and drilling commenced during the period under review. However the drilling was hampered by severe wet conditions, similar to those experienced at Sinivit. With the coming dry season exploration will increase with initial drill results now expected in mid June 2006. It is intended to continue drilling throughout 2006.

In addition to the drilling several hand dug trenches were completed over gold geochemistry anomalous zones defined by the soil sampling program (see release dated 27th February 2006).

WEIOKO GOLD PROJECT (Sehulea Property)

The Weioko Gold Project is a part of the Sehulea Property (NGG owns 100% of the 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 kilometre 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 Project is expected to be upgraded to a key project 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 kilometres 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 filed 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.

No field work was carried out on this project during the quarter.

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 kilometres. 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.

Exploration in 2005 included approximately 6 kilometres of bulldozer excavator trenching. 1,595 channel samples were collected.

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.

No field work was carried out on this project during the quarter.

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 kilometre 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 metre by 100 metre 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.

No field work was carried out on this project during the quarter.

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.

No field work was carried out on this project during the quarter but is scheduled to re-commence in the third quarter 2006.

YUP RIVER GOLD PROJECT

The Yup River property is close to the western border of Papua New Guinea in West Sepik Province, 100 kilometres 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.

In 2005 an area of about 8 square kilometres 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 colours 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.

In the southern part of the Yup River property, previous stream sampling by Carpenter Pacific Resources defined a 15 kilometres by 4 kilometres alluvial gold anomaly. Sampling by the Company in 2005 has confirmed the alluvial gold and located a possible one sq kilometres 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. Follow up field work is scheduled for the third quarter 2006.

CRATER MOUNTAIN GOLD PROJECT

The following information was released by our joint venture 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 1.4g/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 blanked 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-111 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”

TPJ have verbally informed the Company that they intend to recommence drilling at the property in the near future.

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.

VP Exploration, Dr David Lindley, has prepared a new exploration program which includes drill holes in the Northern Caldera area. This program is expected to be implemented in the second half of 2006.

RESULTS OF OPERATIONS

The Company's net loss for the first quarter ended March 31, 2006 was \$329,984 or \$0.01 per common share compared to \$185,241 in the same period ended 2005 or \$0.01 per common share. The Company received \$36,995 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 March 31, 2006 compared to the same period in 2005 was mainly attributed to higher stock-based compensation, professional fees and shareholder communications costs. Amortization, insurance, repairs and maintenance costs increased due to equipment purchases during the previous fiscal year. Foreign exchange gains in the period ended March 31, 2006 were \$3,493 compared to a loss of \$34,554 during the 2005 period because of fluctuations in foreign currency rates.

The Company reported a stock-based compensation expense of \$122,200 during the period ended March 31, 2006 compared to \$77,349 the same period in 2005. This is a non-cash expenditure.

During the period ended March 31, 2006 the Company completed \$1,070,199 in exploration and development expenditures on its mineral property interests compared to \$394,564 in the same period ended 2005.

Summary of Quarterly Results June 30, 2004 to March 31, 2006

	Q2 June30 2004	Q3 September 30 2004	Q4 December 31 2004	Q1 March 31 2005
	\$	\$	\$	\$
Total Interest	3,004	979	57,056	83,069
Net Loss	(36,163)	(545,904)	(14,144)	(185,241)
Loss per share	0.00	0.01	0.01	0.00

	Q2 June30 2005	Q3 September 30 2005	Q4 December 31 2005	Q1 March 31 2006
	\$	\$	\$	\$
Total Interest	22,893	180	(15,833)	(36,995)
Net Loss	(255,470)	(210,494)	(1,783,262)	(329,984)
Loss per share	0.01	0.01	0.02	0.01

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 March 31, 2006, the Company had working capital of \$6,764,877 (2005 - \$1,447,983). The Company has no long-term indebtedness or long-term obligations. The change in working capital is the result of increased available cash of \$6,546,852 compared to the previous year (2004 - \$1,700,535) following the Company's closing of its financing.

Current liabilities decreased to \$370,442 as at March 31, 2006. 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 at May 17, 2005 for expenses billed.

CAPITAL RESOURCES AND LIQUIDITY

Capital resources of the Company consist primarily of cash and liquid short-term deposits.

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 \$17,666,706 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.

During the three month period ended March 31, 2006:

- 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 granted 550,000 stock options to employees and consultants exercisable at a price of \$0.23 for a five-year period.

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.

Shares issued from December 31, 2005 to March 31, 2006 and to the date of this report are as follows:

	Number of Shares	Share Capital
		\$
Balance, December 31, 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, May 17, 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 May 17, 2006 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 May 17, 2006.