

NEW GUINEA GOLD CORPORATION
Consolidated Interim Financial Statements
Three Months Ended March 31, 2007

(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, 2007 in accordance with Section 7050 of the CICA Handbook.

NEW GUINEA GOLD CORPORATION

Consolidated Balance Sheets

As at March 31, 2007 and December 31, 2006
(March 31, 2007 - unaudited - Prepared by Management)

	March 31, 2007	December 31, 2006 <i>(Audited)</i>
	<u>\$</u>	<u>\$</u>
ASSETS		
Current assets		
Cash and short-term deposits	3,923,649	1,455,512
Amounts receivable	461,090	593,908
Prepaid expenses	40,724	155,750
Marketable securities	134,866	214,200
	<u>4,560,329</u>	<u>2,419,370</u>
Mining deposits receivable	56,521	56,521
Equipment	1,370,557	1,452,490
Mineral properties	5,008,337	4,673,977
Mine development	8,676,606	7,548,280
	<u>19,672,350</u>	<u>16,150,638</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	1,286,267	932,623
Due to related parties	164,509	495,311
Obligation to issue shares	7,350	-
	<u>1,458,126</u>	<u>1,427,934</u>
SHAREHOLDERS' EQUITY		
Share capital	30,763,920	26,988,402
Contributed surplus	3,750,187	3,222,786
Deficit	(16,299,883)	(15,488,484)
	<u>18,214,224</u>	<u>14,722,704</u>
	<u>19,672,350</u>	<u>16,150,638</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,

	2007	2006
	\$	\$
Expenses		
Amortization	91,609	75,080
Bank charges and interest	33,273	1,522
Exploration expenditure written off	8,732	-
Foreign exchange loss/(gain)	(63,718)	(3,493)
Gain on disposal of plant and equipment	-	(24,228)
Gain on disposal of investments	(27,914)	-
Insurance	112,602	-
Interest income	(13,836)	(36,995)
Office	10,104	11,860
Professional fees	11,941	37,100
Repairs and maintenance	52,555	42,501
Rent	4,111	4,059
Shareholder communications	85,497	28,684
Stock-based compensation	338,499	122,200
Transfer agent and regulatory	4,859	8,715
Wages and benefits	163,085	62,979
Net loss for the period	(811,399)	(329,984)
Deficit, beginning of period	(15,488,484)	(14,192,314)
Deficit, end of period	(16,299,883)	(14,522,298)
Loss per share	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	109,677,200	80,346,419

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):	2007	2006
	\$	\$
Operating Activities		
Net loss for the period	(811,399)	(329,984)
Adjustment for items not involving cash		
Amortization	91,609	75,080
Stock-based compensation	338,499	122,200
Gain on sale of equipment	-	(24,228)
Gain on sale of investments	(27,914)	-
Exploration expenditure written off	8,732	-
	(400,473)	(156,932)
 Changes in non-cash working capital items:		
Amounts receivable	132,817	(161,810)
Prepayments	115,026	-
Accounts payable and accrued liabilities	360,994	(80,160)
Due to related parties	(330,802)	(228,608)
	(122,438)	(627,510)
 Investing Activities		
Purchase of equipment	(9,675)	(9,048)
Sale of equipment	-	73,372
Sale of investments	107,248	-
Mineral property expenditures	(1,471,417)	(1,070,199)
Mining deposits	-	(1,240)
	(1,373,844)	(1,007,115)
 Financing Activities		
Common shares issued for cash	4,276,560	6,553,276
Less share issue costs paid in cash	(312,141)	(72,334)
	3,964,419	6,480,942
 Increase in cash during the period	2,468,137	4,846,317
 Cash - beginning of period	1,455,512	1,700,535
 Cash - end of period	3,923,649	6,546,852

Supplemental Disclosure of Non-Cash Investing and Financing Activities:

During 2007, the Company issued 144,690 units consisting of one common share and one warrant, valued at \$60,770 and 1,011,250 agent's warrants valued at \$188,902 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, 2006	Expenditures (Write-offs or Recoveries)	Balance March 31, 2007
	\$	\$	\$
Normanby			
Acquisition costs	26,244	72	26,316
Exploration costs			
Drilling	568,693	39,110	607,803
Salaries, wages and fees	521,320	75,516	596,836
Travel & accommodation	108,598	27,903	136,501
Geological services & investigations	183,834	45,926	229,760
Field supplies and services	808,999	59,083	868,082
Community compensation	11,234	-	11,234
Field office	198,877	4,823	203,700
	<u>2,427,799</u>	<u>252,433</u>	<u>2,680,232</u>
Shulea			
Acquisition costs	44,879	-	44,879
Exploration costs			
Drilling	44,938	17,085	62,023
Salaries, wages and fees	103,332	16,388	119,720
Travel & accommodation	20,839	1,023	21,862
Geological services & investigations	36,948	928	37,876
Field supplies and services	132,214	23,168	155,382
Community compensation	6,657	-	6,657
Field office	31,504	3,967	35,471
Write down of mineral right costs	(8,264)	-	(8,264)
	<u>413,047</u>	<u>62,559</u>	<u>475,606</u>
Feni			
Exploration costs			
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
Option payments received	(214,200)	-	(214,200)
	<u>(104,842)</u>	<u>-</u>	<u>(104,842)</u>
Mt Nakru			
Acquisition costs	6,672	-	6,672
Exploration costs			
Drilling	3,562	655	4,217
Salaries, wages and fees	89,923	3,691	93,614
Travel & accommodation	32,338	7,184	39,522
Geological services & investigations	53,990	16,797	70,787
Field supplies and services	232,818	13,792	246,610
Community compensation	8,426	-	8,426
Field office	33,050	1,999	35,049
Option payments received	(32,307)	-	(32,307)
	<u>428,472</u>	<u>44,118</u>	<u>472,590</u>

	Balance December 31, 2006	Expenditures (Write-offs or Recoveries)	Balance March 31, 2007
	\$	\$	\$
Mt. Simuku			
Acquisition costs	68,745	-	68,745
Exploration costs			
Drilling	1,962	-	1,962
Salaries, wages and fees	186,622	2,606	189,228
Travel & accommodation	73,499	1,653	75,152
Geological services & investigations	185,926	13,138	199,064
Field supplies and services	335,514	166	335,680
Community compensation	6,031	-	6,031
Field office	57,826	2,355	60,181
Write down of mineral right costs	(34,288)	-	(34,288)
	<u>881,837</u>	<u>19,918</u>	<u>901,755</u>
Mt. Penck			
Acquisition costs	26,844	1,464	28,308
Exploration costs			
Drilling	211,667	10,948	222,615
Salaries, wages and fees	230,604	32,902	263,506
Travel & accommodation	51,398	12,069	63,467
Geological services & investigations	109,374	29,353	138,727
Field supplies and services	325,598	17,499	343,097
Community compensation	15,190	788	15,978
Field office	71,747	8,404	80,151
	<u>1,042,422</u>	<u>113,427</u>	<u>1,155,849</u>
Mt. Allemata			
Acquisition costs	18,947	1,039	19,986
Exploration costs			
Drilling	73,922	-	73,922
Salaries, wages and fees	55,739	1,432	57,171
Travel & accommodation	13,248	328	13,576
Geological services & investigations	39,285	2,918	42,203
Field supplies and services	64,076	1,499	65,575
Community compensation	2,356	-	2,356
Field office	8,766	397	9,163
	<u>276,339</u>	<u>7,613</u>	<u>283,952</u>
Other			
Acquisition costs	82,945	(867)	82,078
Exploration costs			
Drilling	421	-	421
Salaries, wages and fees	62,818	6,455	69,273
Travel & accommodation	37,202	1,858	39,060
Geological services & investigations	78,721	11,353	90,074
Field supplies and services	70,108	(674)	69,434
Community compensation	5,350	-	5,350
Field office	22,072	1,834	23,906
Joint venture recoveries	(35,339)	-	(35,339)
Write down of mineral right costs	(26,485)	2,305	(24,180)
	<u>297,813</u>	<u>22,264</u>	<u>320,077</u>
Equipment charge recoveries	(988,910)	(77,660)	(1,066,570)
Refund of administration charges	-	(110,312)	(110,312)
Total deferred mineral property costs	<u>4,673,977</u>	<u>334,360</u>	<u>5,008,337</u>

NEW GUINEA GOLD CORPORATION
Consolidated Schedule of Mine Development Costs

	Balance, December 31, 2006 <u> </u> \$	Expenditures (Recoveries) <u> </u> \$	Balance, March 31, 2007 <u> </u> \$
Mt. Sinivit			
Acquisition costs	202,896	2,078	204,974
Exploration costs:			
Drilling	88,377	10,298	98,675
Salaries, wages & fees	403,304	16,627	419,931
Travel & accommodation	129,831	157	129,988
Geological services & investigations	242,595	214	242,809
Field supplies & services	767,110	1,981	769,091
Community compensation	42,236	-	42,236
Field office	467,184	39,365	506,549
Mine development costs	5,328,628	1,079,884	6,408,512
	<u>7,672,161</u>	<u>1,150,604</u>	<u>8,822,765</u>
Operating fees and other recoveries	<u>(123,881)</u>	<u>(22,278)</u>	<u>(146,159)</u>
Total mine development costs	<u><u>7,548,280</u></u>	<u><u>1,128,326</u></u>	<u><u>8,676,606</u></u>

* Comparative figures – refer to note 2o

NEW GUINEA GOLD CORPORATION

Notes to Consolidated Financial Statements

Three Months Ended March 31, 2007

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. The carrying amount of deferred mineral exploration costs on all its other properties 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, 2006. 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, 2007 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) Mine Development (Mt Sinivit)

The Mt Sinivit property costs, where mine development is in progress, have been separated from other mineral properties. The mine development amount includes equipment on site, which will be transferred to equipment when the development is completed. Amortization on these assets will be charged upon the commencement of commercial production.

f) 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.

g) 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%.

h) 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.

i) 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.

j) Marketable securities

The Company's marketable securities are carried at cost, unless there is a loss in value that is other than temporary, at which time the investments will be written down to their estimated market value.

k) 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.

l) Loss Per Share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Loss per share is calculated using the weighted-average number of common shares outstanding during the year and diluted loss per share is not shown, as it is anti-dilutive.

m) 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, 2007 the Company does not have any asset retirement obligations.

n) 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.

o) Joint Ventures

The Company accounts for its interest in its mineral properties using the proportionate consolidation method.

3. MARKETABLE SECURITIES

The Company's marketable securities at March 31, 2007 consist of 340,000 shares of Vangold Resources Ltd. with a fair market value of \$234,600 and a book value of \$134,866.

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

	2007		2006	
	Cost \$	Accumulated Amortization \$	Net Book Value \$	Net Book Value \$
Equipment	2,137,954	772,270	1,365,684	1,447,600
Furniture and fixtures	13,481	8,608	4,873	4,890
	<u>2,151,435</u>	<u>780,878</u>	<u>1,370,557</u>	<u>1,452,490</u>

6. SHARE CAPITAL AND RELATED INFORMATION

a) **Authorized:** Unlimited

b) **Issued and outstanding:**

	Number of Shares	Amount \$	Contributed Surplus \$
Balance, December 31, 2005	64,913,496	18,614,693	2,344,266
Issued for:			
Private placements	35,615,438	5,940,082	-
Exercise of warrants	7,924,500	2,331,297	-
Exercise of options	270,000	62,100	-
Stock based compensation on exercises	-	40,230	(40,230)
Stock-based compensation	-	-	918,750
Balance, December 31, 2006	108,723,434	26,988,402	3,222,786
Issued for:			
Private placements	10,257,190	*3,753,558	188,902
Exercise of warrants	73,200	21,960	-
Stock-based compensation	-	-	338,499
Balance, March 31, 2007	<u>119,053,824</u>	<u>30,763,920</u>	<u>3,750,187</u>

*Net of issue costs of \$554,462, of which \$304,790 was paid in cash, and \$60,770 was paid by the issue of Units at \$0.42 per Unit, each Unit consisting of one common share and one half of a share purchase warrant, exercisable into an additional share for a period of two years from 19 April 2007 at an exercise price of \$0.55, and \$188,902 represents the fair value of 1,011,250 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, 2007 and the year 2006:

	2007		2006	
	Number of Options	Weighted average exercise price \$	Number of Options	Weighted average exercise price \$
Balance – beginning of year	5,755,000	0.36	5,185,000	0.39
Granted	2,430,000	0.33	1,500,000	0.28
Exercised	-	-	(270,000)	0.23
Cancelled / expired	-	-	(660,000)	0.36
Balance – end of year	<u>8,185,000</u>	<u>0.35</u>	<u>5,755,000</u>	<u>0.36</u>

The fair value of stock options and warrants granted during 2007 and 2006 are estimated on the date of their grant using the Black-Scholes option pricing model using the following assumptions:

	2007	2006
Risk-free interest rate	3.88 – 3.97%	3.83% - 3.87%
Estimated volatility	90 – 97%	111% - 112%
Expected lives	2 years	2 to 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, 2007:

Number of warrants	Exercise Price	Expiry Date
	\$	
30,916,738	0.30	February 20, 2008
6,139,845	0.55	April 19, 2009
<u>37,056,583</u>		

7. MINERAL PROPERTIES

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

The Company has various interests in twelve 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 has a 100% interest in five of the projects, a 90% interest in two, a 60% interest in one, and 50% interest in 4 of the projects.

The Company is conducting operations on the Sinivit, Normanby, Sehulea, Simuku, and Mt. Penck Projects:

Sinivit

The Sinivit Property, on which the Company is currently constructing a Vat Leach processing mine, is held under three titles in which New Guinea Gold 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 kilometres.

Mt. Penck

The Company earned a 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 license covers 102.6 square kilometers in area and is 55 kilometers west of Kimbe in the West New Britain Province.

The Company has optioned out the following projects:

Crater Mountain

- Optioned 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. (Vangold), 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 by 30 June 2008, and by issuing to the Company 800,000 shares in stages prior to June 30, 2008 (600,000 shares received at December, 31, 2006). 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 issuing 5% of its then issued share capital to the Company. Funding for exploration is now contributed equally by the Company and Kanon.

NSR and production bonus in respect of certain Mineral Properties

Seven of the twelve projects, Sinivit, Normanby, Sehulea, Simuku, Mt Nakru, Feni, and Crater Mountain are each subject to a 1% Net Smelter Royalty (NSR) payable to Macmin Silver Ltd. In addition, if any mine is developed on these properties and production is achieved in excess of 50,000 ounces of gold or equivalent in any year, then a once-only issue of 9% of the Company's issued share capital to Macmin Silver Ltd is to be made.

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

Subsequent to the quarter ended March 31, 2007 the Company issued 1,887,500 Units for net proceeds of \$752,183 pursuant to a private placement. Each Unit consisted of one common share and one-half share purchase warrant, with each whole warrant exercisable to purchase one common share at a price of \$0.55 for two years. The Company paid commissions in cash and Units totaling \$58,905 and issued 187,000 agents warrants with the same terms as the Unit Warrants in connection with the private placement. The Company received \$191,506 and issued 579,400 shares upon the exercise of 579,400 options.