

NEW GUINEA GOLD CORPORATION

Management Discussion & Analysis For the Three Month Period Ended September 30, 2007

INTRODUCTION

The following Management Discussion and Analysis of the Company's financial position is for the three month period ended September 30, 2007 compared to September 30, 2006. 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 November 10th, 2007, unless otherwise indicated, and the Company's auditor has not reviewed the financial statements.

The Business and Development Strategy and Corporate Structuring remain essentially the same as outlined in the Management Discussion and Analysis for the year ended December 31st 2006.

BUSINESS & DEVELOPMENT STRATEGY

The Company is involved in Mineral Exploration and Mine Development in Papua New Guinea ("PNG"). New Guinea Gold Corporation ("NGG" or the "Company") has interests in 10 gold properties and 2 porphyry copper-gold-molybdenum properties. In excess of 70,000 metres of drilling has been completed on all properties and this drilling has located extensive gold or copper-gold-molybdenum mineralisation at 11 of the 12 properties. An additional property contains widespread and extensive alluvial gold.

Mining and processing of gold mineralisation from commissioning of the Sinivit Mine commenced in the quarter with approximately 6.2 kg of gold dore containing 132 ozs of gold recovered. Production is expected to increase and reach a level of approximately 3,000 ozs/month in the first quarter of 2008. Management considers the potential to expand resources and production in the future to be good. Investors are cautioned that the development of Sinivit is proceeding in the absence of a full feasibility study – (see note

below), however, the project is described in an Independent NI 43-101 Report dated 30th January 2006, and filed on Sedar and on the Company's web site (www.newguineagold.ca)

Corporate Restructure

As part of the business and development strategy the Company is undertaking a corporate restructuring with the objective of obtaining better shareholder value for the twelve properties. Management has concluded that the market assigns value only to the principal two or three properties. The Company intends to focus on its core gold properties at Sinivit in East New Britain and on its Normanby and Sehulea properties on Normanby Island in Milne Bay Province. Other projects have been joint ventured, or are being restructured into separate entities.

The proposed corporate restructuring is to finance the six Kanon properties and the two copper-gold-molybdenum properties through the creation of two new publicly listed companies to be known as Pacific Kanon Gold Corporation and Coppermoly Ltd. The Company would retain a major equity in each new public company after a prospectus financing or IPO.

The reason that the Company favors this form of financing is that under the Company's present financial arrangements the properties in question cannot meet their full potential. Each property has substantial gold and/or copper-molybdenum defined in drill hole and trench and increased exploration expenditure may define a major resource or resources. An IPO allows the Company and/or its shareholders to substantially increase the rate of exploration, realize the potential of the properties, and increase the shareholder value.

The proposal for Kanon is that Bolder Investment Partners Ltd ("Bolder") would act as agent for a Prospectus financing, and a concurrent placement, to raise approximately a total of \$12M. The new public Company, to be known as Pacific Kanon Gold Corporation would apply to list on the TSX Venture Exchange. The Company would retain an approximately 30% equity in Pacific Kanon Gold Corporation after financing. The properties included are 80% of Mt Penck, 100% of Allemata, Fergusson, Bismarck, Yup River and 50% of Mt Nakru.

The proposal for Coppermoly Ltd is discussed later in this review under Coppermoly Ltd.

After the restructure, the Company would focus its activities on three properties and approximately eight prospects in East New Britain, and on Normanby Island. The Sinivit Gold Mine is in East New Britain and the Company intends to focus on delineating further resources at the mine and extending exploration to the prospective area away from the mine. Normanby Island hosts a number of gold/silver and gold/copper prospects including the Imwauna and Weioko systems. Resource definition drilling is in progress at Imwauna using two diamond core rigs. Imwauna is a high grade gold system with the gold mineralized zone varying from a narrow 10cms wide up to 10m width, with an average width to date of approximately 4m, at an approximate grade of 10g/t gold. Mineralisation commences at surface and could potentially be mined by open-pit methods. Metallurgical testing suggests the gold is relatively easily extracted by cyanide leach. Best results include 6m at 68g/t gold and 69g/t silver and 5.6m at 36.2g/t gold and 44.6g/t silver intersected in 2006.

The remaining two properties (see project chart below), are presently joint ventured with expenditures currently funded by the JV partner. Mt Penck property is owned 80% by Kanon, 20% by the Company, and Mt Nakru is owned 50% by Kanon and 50% by the Company.

New Guinea Gold Project Summary

Project	Type	Ownership	Plan
Sinivit	Quartz telluride gold system	92% NGG	Mine – further exploration to increase resource in 2008
Normanby (Imwauna)	High grade vein swarm system	100% NGG	Explore & produce 43-101 resource in late 2008
Sehulea/Weioko	Potential bulk mineable gold	100% NGG	Explore & produce NI 43-101 resource in late 2008
Mt. Penck	Epithermal gold	Kanon 80% NGG 20%	Restructure as Pacific Kanon Gold
Allemata	Quartz gold veins	Kanon 100%	Restructure as Pacific Kanon Gold
Bismarck	Disseminated gold & high grade veins	Kanon 100%	Restructure as Pacific Kanon Gold
Fergusson	Epithermal gold & silver	Kanon 100%	Restructure as Pacific Kanon Gold
Yup River	Alluvial Gold	Kanon 100%	Restructure as Pacific Kanon Gold
Mt. Nakru	Porphyry gold/copper	NGG 50% Kanon 50%	Restructure as Coppermoly
Simuku	Porphyry copper/ gold/ molybdenum	90% NGG	Restructure as Coppermoly
Crater Mountain	Porgera style gold mineralisation	13% NGG	Triple Plate Junction/Celtic Minerals funding, NGG diluting to 10% free carried interest to bankable feasibility
Feni	Lihir style gold mineralisation	50% NGG 50% Vangold	Vangold earning 75%

PROJECTS

The Company owns and operates four diamond core drill rigs, (one drill rig in conjunction with Vangold Resources Ltd), one RC drill rig, three excavators and four D6/D7 bulldozers (one bulldozer owned in conjunction with Vangold Resources Ltd).

During the quarter, drilling was carried out and/or results received from the last quarter for the Sinivit, Normanby, and Sehulea properties. Vangold drilled on the Feni property but results are pending.

In the fourth quarter of 2007 NGG will have two drill rigs working at Sinivit and two at Imwauna (Normanby Property). One rig is presently on care and maintenance at Feni (managed by Vangold Resources).

SINIVIT GOLD PROJECT (92% NGG)

The Sinivit Gold Project is located 50 kilometers 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 16th June 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 and 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.

Sinivit can be summarized as follows:

- The Sinivit resources have been defined near surface over 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.
- The primary mineralisation is gold/copper/telluride and the initial mine will process the oxide cap of this mineralisation. Mineralisation is open both along strike and to depth.
- Head grade for the oxide mineralisation is projected at 5g/t gold, with open pit mining and vat leach processing. Mining and processing are relatively simple.
- Average grade of the unoxidised gold/telluride mineralisation, from drilling completed to date, is expected to average between 10 and 14g/t gold.
- Resources - Indicated, 713,000 tonnes at 5.7g/t gold for 132,000ozs gold and Inferred, 340,000 tonnes of 3.2g/t gold for 35,000ozs gold.
- Exploration is underway with two drill rigs on site, both owned and operated by the Company. NGG expects to produce an updated 43-101 compliant resource estimate in late 2008.

One of the highlights of recent work at Sinivit was the receipt of excellent intersections in the initial grade control, R.C. drilling. Results such as 18m at 22.6g/t gold, 12m at 25.66g/t and 19m at 19.02g/t gold were intersected. These results were announced on 5th April 2007.

For a detailed description of the Sinivit Gold Project refer to the Independent NI 43-101 report dated January 30, 2006, filed on Sedar on the Company's web site at www.newguineagold.ca

The first gold sales were realized during the quarter from the commissioning of Vats 1A and 1C. These were small vats constructed specifically for commissioning.

The initial pour which, in effect, commissioned the elution circuit was 3.65kg of dore, which in turn contained about 70% gold - 2,564g/t gold or 82ozs. The gold was sold to Itaipreziiosi South Pacific Ltd and after a 1.5% fee, realized K157,688.00 or approximately US\$62,000.00.

A further pour which occurred early in October completed the leaching of Vat 1C and resulted in 2.6kg of dore. This dore contained 1548g/t gold or 50 ozs and was also sold to Itaipreziiosi Pacific Ltd and after a fee of 1.5% realized K105,227.00 or approximately US\$39,000.00. Commercial production has commenced and the first commercial vat, Vat 1, is filled with ore and leaching is in progress. Approximately 1,000 ozs gold is expected to be leached from this vat over the next two months, with 500-700 ozs available by early December. The second commercial vat, Vat 2, will contain 21,000 tonnes of ore, and leaching should commence in the near future. Vat 3 is under construction and should be completed in January.

Mining / Earthmoving

Additional mining equipment provided by the mining contractor, HBS Machinery, arrived on site during the quarter and the mining fleet is now at full strength. Two new trucks and one 30t excavator were added bringing the fleet to four trucks and three excavators.

- Since the inception of the mine and to 30th September 2007, the following material has been moved:
- Ore – South Pit, 3810 bcm or 9943 tonnes
North Pit, 3893 bcm or 10,161 tonnes
- Waste - 23,246 bcm or approximately 46,000 tonnes
- Material moved for vat and/or road construction – 324,552 bcm or approximately 650,000t

In future the above figures will be reported in quarterly increments.

The mining is at present a few weeks behind schedule.

Crushing Circuit

Working satisfactorily.

Vat Leaching

As noted above, vat leaching is now proceeding satisfactorily after falling slightly behind schedule. Vat 1A and 1C are complete – gold recovery estimated at 80% but not verified.

Vat 1, first production vat of 6,800t is full and leaching has commenced **with excellent gold grades in the leach solution**. Vat 2 is presently used as a safety feature for Vat 1.

Elution Circuit

The Elution Circuit is working satisfactorily and there have been two gold pours to date. Deposition of gold on activated carbon and stripping of such activated carbon is satisfactory.

Grade Control

Currently 140 holes have been completed to a nominal depth of 30m. Surface trenching and sampling has been proceeding satisfactorily. A News Release dated September 17th 2007 detailed excellent results from this drilling and is shown below:

"New Guinea Gold Corporation ("NGG" or the "Company") reports that further drilling continues to define wide intersections of high grade gold within the confines of the Southern Oxide Pit. Some of the better intersections are shown below and all intersections above a cut off of 0.5g/t are listed in Table 1.

Hole No	From (m)	To (m)	Length (m)	Gold (g/t)
SCG106	4	24	20	14.27
<i>including</i>	20	24	4	30.25
SCG107	0	22	22	13.80
SCG109	0	8	8	30.73
<i>including</i>	0	4	4	54.05
SCG118	0	22	22	27.10
<i>including</i>	16	22	6	52.30

Note:

1. **The surface sample, 0-2m in hole 109 returned 91.8g/t gold**
2. *Hole SCG106 terminated in 24.3g/t gold over last 2m sample*
3. *Hole SCG107 terminated in 4.79g/t gold over last 2m sample*
4. *Hole SCG113 terminated in 14.4g/t gold over the last 2m sample*
5. *Hole SCG118 terminated in 89.7g/t gold over the last 2m sample.*

Bob McNeil, CEO and Chairman commented: *"This drilling program of 119 holes has defined a previously unknown high grade gold zone within the resource (and proposed pit) which extends over a length of 80m between 9852N and 9930N, varies up to 10m in width, extends to the surface in part and below the limit of drilling at 30m, also in part. Individual intersections are not true widths as gold appears to occupy a steeply dipping zone"*.

TABLE 1

Section line (Northing)	Hole Number	Interval			Gold g/t
		From (m)	To (m)	Length (m)	
9888	SCG082	0	6	6	0.50
		8	12	4	9.34
		20	24	4	1.60
		26	30	4	0.61
9888	SCG083	4	8	4	2.59
		12	14	2	2.89
9888	SCG084	2	6	4	0.73
		14	16	2	3.39
9888	SCG085	2	4	4	1.26
9882	SCG086	-	-	-	-
9882	SCG087	0	4	4	2.99
		12	14	2	4.85
9882	SCG088	2	4	2	1.18
		14	18	4	0.75
9882	SCG089	-	-	-	-
9876	SCG090	6	8	2	1.22
9876	SCG091	-	-	-	-
9876	SCG092	12	16	4	4.73
9876	SCG093	8	10	2	0.89
		12	14	2	0.65
		18	22	4	3.00
9870	SCG094	-	-	-	-
9870	SCG095	-	-	-	-
9870	SCG096	12	14	2	0.91
		16	20	4	1.49
9870	SCG097	14	20	6	1.89
9870	SCG098	12	14	2	4.71
9864	SCG099	14	22	8	2.81
9864	SCG100	8	12	4	0.95
9864	SCG101	8	10	2	0.76
9858	SCG102	12	14	2	0.61
		20	22	2	1.63
9912	SCG103	4	8	4	5.94
9912	SCG104	0	8	8	1.34
9918	SCG105	-	-	-	-
9912	SCG106	4	24 (EOH)	20	14.29
9900	SCG107	0	22 (EOH)	22	13.80
9900	SCG108	0	8	8	6.38
		20	26	6	3.80
9900	SCG109	0	8	8	30.73
9906	SCG110	0	4	4	16.23
9894	SCG111	-	-	-	-
9894	SCG112	-	-	-	-
9882	SCG113	28	30 (EOH)	2	14.4
9876	SCG114	0	2	2	0.51
9834	SCG115	8	10	2	0.61
		18	22	4	1.67
9834	SCG116	4	6	2	1.34
		12	16	4	2.01
9834	SCG117	8	10	2	0.87
9852	SCG118	2	8	6	3.15
		10	22	12	27.10
9840	SCG119	0	4	4	0.84

Note: EOH indicates end of hole
- indicates all results are less than 0.5g/t gold

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. For further information see NI 43-101 report dated January 30,2006 at www.newguineagold.ca .

Cash Flow

Initial small gold sales of gold recovered during the plant commissioning phase were made in early September and October. The initial sale was K157,688 and the second sale was K105,227.00 for approximately US\$101,000.00.

Further sales are likely in December but full monthly production of 3,000 ozs will not be achieved until first quarter 2008, particularly as there will be a two week shut down over the Christmas/New Year Period.

Landowner Relations

The landowner groups presently provide transportation of workers to and from Kokopo using a truck with a finance guarantee by the Company. In addition 20 to 30 landowners are employed by the Company.

Liason with Government

Presentations were made to the Managing Director of the Mineral Resources Authority and to the Minister for Mines by Bob McNeil and Ces Iewago respectively.

Description of the Operation

The following description is included to ensure shareholders are fully informed of the process from mining to production of gold bars.

Gold mineralisation is mined by open pit methods and crushed to less than 10mm. Prior to mining the mineralisation to be mined is defined by R.C. or blast hole drill holes so that gold mineralisation can be separated from waste. Mining, grade control and crushing have all been successfully commissioned.

- The crushed gold mineralisation is placed in double (high density plastic) lined and covered vats and soaked in a high PH and weak cyanide solution. The cyanide dissolves the gold over a period of months with approximately 50% of the recoverable gold passing into solution in the first two weeks. In the longer term it is envisaged that two or more vats will be leaching at the same time. The leaching is working satisfactorily.
- The gold in leach solution (pregnant leachate) is pumped through steel columns loaded with activated carbon. The gold adsorbs to the carbon. This has been successfully achieved.
- The gold is then re-dissolved or stripped from the carbon in an "elution circuit", electrowon on to a steel wool, which is then smelted to produce a gold dore bar. The

stripping solution is a high temperature (100 degrees) caustic solution containing cyanide.

- After gold dore bar is produced (a mixture of gold,, silver, slag and other metals), the dore is shipped to a gold refinery for sale or production of high purity gold and then sale.

NORMANBY PROPERTY – Imwauna Gold Project (NGG 100%)

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 kilometers, and occurs in the same geological zone and is along structural trend from Placer Dome's former Misima Mine (5 million ounces of gold). It was selected by management for a major evaluation program in 2006 to extend the known mineralisation and to build a substantial resource base.

It was intended to use two drill rigs throughout 2006, but financial constraints resulted in only one rig being used. A second rig was moved to Normanby Island in March 2007 to speed up evaluation. Both rigs are owned and operated by the Company.

Approximately 150 holes have now been drilled at this project (208 on the property), 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:

- Historical inferred resource, based on initial 15 drill holes, of 990,000 tonnes of 6.1g/t gold and 12g/t silver for 194,000oz gold and 382,000oz silver.
- Drilling to define resources and the potential of the property is in progress and will continue throughout 2008.
- Best drill results such as 3.7m of 94.4g/t gold and 7.2m of 16.5g/t gold.
- Trial mining completed – had an average grade of 14.1g/t gold over a 2.2 m mining width.
- Bulk sampling of 38 excavator trenches over 1,240m strike length averaged 26.4g/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 at Imwauna defined some excellent, and previously unknown, high to very high-grade gold intersections towards the southern end of the Imwauna structural zone, (shown in the next table).

Hole Number	From (m)	To (m)	Interval (m)	Gold g/t	Silver g/t
IMH 067	120.2	126.2	6.00	68	68
Including	123.2	126.2	3.00	106	95
IMH 068	39.80	42.2	2.40	13.7	65
IMH 069	99.10	109.10	10.00	18.1	31
Including	105.40	107.60	2.20	32.5	49
IMH 074	63.00	69.45	6.45	20.9	49
IMH 082	80.8	86.4	5.6	36.16	44
IMH 091	8.3	12.1	3.8	21.1	44

The mineralised zone at Imwauna, which has been drilled to date, represents 10-15% of the potential mineralised area as defined by surface trenching, soil gold geochemistry and geophysical surveys.

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 past quarter drilling continued at Imwauna and extended to Ebessowa using two of the Company's own drill rigs. One drill rig was out of commission for approximately 6 weeks awaiting parts.

Drilling has now extended both north and south of the previous drilled area at Imwauna with the last hole completed being IMH119. Results to and including hole IMH101 have been released (see below) and the results of the additional holes, IMH 102 to IMH119 should be released progressively over the next two months.

Drilling is continuing with deeper holes planned beneath high grade intersection 5.6m at 36.2g/t gold including 0.4m at 438g/t gold. On August 15, 2007, the Company released the following results: *"Results from holes IMH98 to IMH101, above a cut off of 0.5g/t gold, are listed below. The highest result was 87.5g/t over a relatively narrow interval of 0.1m within a wider zone of 0.55m at 19.88g/t gold. The longest interval in the above holes was 5.9m at 4.92g/t gold at about 90m vertical depth in hole IMH101.*

SUMMARY ASSAY RESULTS

Hole No	Interval			Gold g/t	Silver g/t
	From	To	Length		
IMH098	45.0	46.0	1.0	8.72	34
	65.9	66.2	0.3	17.40	52
IMH099	51.8	52.60	0.8	9.60	33
	67.8	68.30	0.5	0.80	3
	107.60	107.70	0.1	0.50	0
IMH100	16.10	17.10	1.0	0.94	2
	49.90	50.45	0.55	19.88	9
			0.10	87.50	41
IMH101	119.10	125.0	5.9	4.92	9
	144.10	144.55	0.45	0.66	3

Note: True thickness of intersections is uncertain but likely to be between 70 & 100% of the intersected length.

The above holes are fill-in holes in the central part of the Imwauna Vein system between the northern and southern high-grade zones. The results are essentially as expected and prove continuity of the system, albeit over narrower and/or lower grade vein widths.”

SEHULEA PROPERTY – Weioko Gold Project (NGG 100%)

The Weioko gold project is a key Company gold project, is part of the Sehulea Property (NGG – 100%) which is situated on Normanby Island in Milne Bay Province and adjoins the Normanby Property which contains the Imwauna Project. For details of all drill results, geology etc refer to the NI 43-101 report at www.newguineagold.ca . To date 29 Reverse Circulation holes and 23 Diamond Core holes have defined extensive gold mineralisation to depths of up to 100m over an area of 400m by 200m. No current NI 43-101 resource has been estimated but such a resource may be available late in 2008.

The key points which make this property attractive are:

- Disseminated and vein style mineralisation known from drill holes, trenching, geochemical and geophysical surveys over an area of 5 sq kms.
- Drill results such as 28m at 2.1g/t gold, 14m at 4.56g/t gold, 21m at 3.6g/t gold, 1.6m at 14.2g/t gold.
- Diamond saw cut sampled trench results such as 164m at 4.0g/t gold and 16m at 20.3g/t gold.
- Excellent access near coast, airstrip at Sehulea and near the key Company gold project at Imwauna.

Results of drilling at the Weioko Prospect were released in a Press Release dated October 29, 2007.

“New Guinea Gold Corporation (the Company) reports that of seven drill holes completed to test possible extensions to the Weioko prospect, Sehulea Property, Papua New Guinea, six holes intersected gold intervals above 0.5g/t gold. The best results are shown below and all results above 0.5g/t gold are given in the accompanying table.

Hole	Intersection		Interval	Gold	Silver
No	From (m)	To (m)	(m)	g/t	g/t
WEH039 (including)	5.7	13.0	7.3 1.3	2.46 7.49	7
WEH041	27.0	28.6	1.6	14.15	44
	34.6	35.6	1.0	5.96	10
	44.9	44.9	12.4	1.40	12
WEH042	91.9	93.6	1.7	3.34	2
WEH043	17.1	20.4	3.3	3.35	2
	27.0	30.0	3.0	1.17	4

Bob McNeil, CEO and Chairman commented: “these seven holes were drilled to extend our knowledge of the disseminated gold/silver Weioko system with holes drilled peripheral to previous drill holes and to test above a geophysical Induced Polarization (IP) anomaly approximately 500m north and 200m east of the previously drilled Weioko gold mineralisation. The Weioko prospect is part of a five square km area with extensive and numerous soil gold and arsenic geochemical anomalies and several IP anomalies. The present results are certainly encouraging as they continue to expand our knowledge of this large disseminated and vein gold system, however comprehensive drill testing to define an NI 43-101 resource is unlikely to commence until later in 2008 as cash flow funds become available from the Sinivit Mine.”

DRILL INTERSECTIONS ABOVE 0.5g/t GOLD

Hole No	Intersection		Interval	Gold (g/t)	Silver (g/t)
	From	To			
WEH036	No results above 0.5g/t gold				
WEH037	9.2	9.4	0.2	0.82	13
	37.7	37.8	0.1	1.27	32
WEH038	4.4	9.0	4.6	0.79	4
	17.1	20.4	3.3	3.35	6
	27.0	30.0	3.0	1.17	4
WEH039	5.7	13.0	7.3	2.46	7
	20.5	22.0	1.5	0.50	5
WEH040	38.5	43.0	4.5	0.62	4
WEH041	27.0	28.6	1.6	14.15	44
	31.5	32.5	2.0	0.53	5
	34.6	35.6	1.0	5.96	10
	44.9	57.3	12.4	1.40	12
	63.3	66.5	3.2	0.67	5
WEH042	11.16	12.2	0.6	0.95	4
	20.9	22.2	1.3	0.58	7
	28.8	30.8	2.0	0.6	5
	37.6	49.7	12.0	0.85	6
	91.9	93.6	1.7	3.34	2
	97.7	102.5	4.8	0.52	5

KANON RESOURCES LTD

Kanon Resources Ltd (KRL) presently has interests in six projects in Papua New Guinea; Mt Penck, Bismarck, Yup River, Allemata, Fergusson and Mt Nakru. These projects are advanced in that five have substantial gold mineralisation already defined on these properties by Kanon or earlier explorers. Highlights include drill intersections in the range of 3m at 20g/t gold to 33m at 2.41g/t gold (at a 0.5g/t cut off). Trench intersections have included results as high as 3m at 180g/t gold. All trench and drill intersections above an 0.5g/t gold cut off are listed under the relevant project at www.newguineagold.ca. The above results are examples only and may not be representative of all intersections.

NGG and Vangold Resources Ltd. (VAN:TSX) (“Vangold”) (collectively the “Companies”) have previously announced a corporate restructuring whereby, a separate company, Pacific Kanon Gold Corp. (“Kanon”), will acquire all the shares of Kanon Resources Limited (“KRL”), currently owned 50% by NGG and 50% by Vangold. The restructuring is effectively an alternate method of financing five of the properties owned by Kanon (the “Properties”) rather than issuing further shares in the parent companies. It will allow exploration on the Kanon properties to be substantially enhanced, with commensurate increased chance if a major discovery and without further dilution of NGG share capital.

Kanon has vended its 50% equity in the Mt Nakru tenement into Coppermoly Ltd and has been issued 10,526,311 shares in Coppermoly as a vender consideration.

As a part of the restructuring, NI 43-101 technical reports have been completed on the properties. Reports for the Mt Penck, Bismarck, Yup River, Allemata and Fergusson properties have been filed on SEDAR (www.sedar.com) and posted to the Companies’ websites (www.newquineagold.ca, and www.vangold.ca).

The Technical Reports were jointly prepared by Ralph Stagg, Bsc. MSc. FAusIMM, MIMMM, CE, and Peter Swiridiuk BSc. (Hons), Dip Ed. MAIG, Independent Qualified Persons for the purposes of NI 43-101. In each case, the Independent Qualified Persons recommend exploration programs for the projects and express the opinion that the properties are of sufficient merit to justify the proposed investment in exploration.

A prospectus for KRL is currently being reviewed by the TSX-V and the BCSC.

COPPERMOLY LTD

The IPO for Coppermoly Ltd is sponsored by Australian Brokers, Novus Capital and South Pacific Securities and London broker VSA Capital. A prospectus has been issued for the purposes of offering up to 80,000,000 shares at AUD\$0.25 each and to raise up to AUD \$20 million before costs. It is expected to list on the Australian Stock Exchange (ASX) in late December 2007.

The Company will retain 29,473,683 shares and Pacific Kanon Gold Corporation (PKG) 10,526,316 shares in Coppermoly Ltd giving the Company an effective approximately 27% interest in Coppermoly if this IPO is fully subscribed.

Some of the key points in regard to Coppermoly are listed below. For a complete review of Coppermoly please refer to www.coppermoly.com.au . The points below are intended to indicate that the interest in Coppermoly is significant for the Company.

- PNG is known to contain major copper/gold and or molybdenum deposits such as the Ok Tedi mine, the former Panguna mine, and the Yanderra, Frieda River and Kodu deposits. The country hosts very large orebodies, which means Coppermoly is exploring in the right geological environment.
- Coppermoly has exploration title to three large copper/gold/molybdenum systems, Simuku, Mt Nakru, and Plesumi, on the island of New Britain – each system or prospect is known to have mineralisation over approximately 10 sq kms.

- Two of the systems were effectively discovered and first explored by Esso when Chairman Bob McNeil was General Manager for Esso Papua New Guinea Inc in the early 1980's.
- Exploration completed on the projects includes some 54 drill holes, approximately 40 kms of bulldozer/excavator trenching, further kilometers of hand trenching, aeromagnetics and radiometrics, some geophysical surveys such as induced polarization, extensive auger soil and other geochemical surveys.
- The above exploration has defined copper/ gold /molybdenum mineralisation such as the following drill intersections, all of which have been previously announced.
 - 74m at 0.78% copper
 - 94m at 0.43% copper and 0.46g/t gold
 - 205m at 0.4% copper
 - 58m at 0.53% copper and 0.1g/t gold
 - 77m at 0.50% copper and 0.1g/t gold
 - 6m at 0.6% molybdenum
- Coppermoly's objective will be to define, over the next 2 years, JORC (Australian Stock Exchange standard) compliant resources with grades greater than 0.5% copper equivalent and to take at least one project to pre-feasibility stage.
- Two systems, Simuku and Nakru, have excellent locations. They are well situated for development with road access to the tenements, access to a deep water port, at Kimbe (capital of East New Britain Province), and extensive existing infrastructure and relatively easy logistics (compared to other similar deposits in PNG) in the Kimbe area. Tailings disposal should not be difficult as terrain is moderate and areas exist for either nearby sub - sea disposal of tailings or stable tailings dams on land.
- These properties were not taken to development earlier because of the low prices for metals in the 1990's.
- Chairman and CEO of the Company, Bob McNeil, will be non-executive chairman of Coppermoly Ltd.

STAFF CHANGES

Wayne Johnston, previously VP Development has been promoted to Chief Operating Officer with responsibility for PNG operations.

Jack Dryzmulski, an experienced geologist who is based in Alotau PNG, has been appointed VP Exploration. On administrative matters Jack reports to Wayne Johnson and on technical matters to the CEO.

Eric Namaliu, an experienced mining engineer, has been appointed as Deputy Mine Manager, is based at the Sinivit Mine, and reports to the Mine Manager.

Salam Malagun, an experienced geologist, has been appointed as Exploration Manager and reports to the VP Exploration.

PRIVATE PLACEMENT

The Company completed a placement to Sprott Asset Management on October 15, 2007. The placement consisted of 2,500,000 units at a price of \$0.50 per unit to raise gross proceeds of \$1,250,000. Each unit consisted of one share and one-half share purchase warrant. One whole warrant entitles the holder to acquire one additional common share at an exercise price of \$0.65 for a period of two years from the closing. The warrants expire October 11, 2009. All securities issued in the Private Placement are subject to resale restrictions expiring on February 12, 2008.

The Company paid a finders fee to Bolder Investment Partners, Ltd. consisting of 7% in cash (\$87,500) and 7% in finders warrants (175,000 finders warrants) with each warrant having the same terms as those in the Private Placement.

The proceeds of the placement will be used for advancement of the Sinivit Mine in Papua New Guinea and for working capital.

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SELECTED FINANCIAL INFORMATION

The following table presents selected unaudited consolidated financial information for the three months ended September 30, 2007 and 2006 and audited consolidated financial information for the years ended December 31, 2006, 2005 and 2004.

	Three months ended September 30, 2007	Three months ended September 30, 2006	Year ended December 31, 2006	Year ended December 31, 2005	Year ended December 31, 2004
	\$	\$	\$	\$	\$
Interest Income	38,944	57,764	239,007	90,309	67,311
Net loss	(297,999)	(670,566)	(1,296,170)	(2,434,467)	(855,840)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.04)	(0.02)
Total assets	21,550,167	15,141,090	16,150,638	7,445,855	8,315,892

The Company's net loss for the year ended December 31, 2006 was \$1,296,170 or \$0.01 per common share compared to \$2,434,467 in the same period ended 2005 or \$0.04 per common share. The Company received \$239,007 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 decrease in net loss for the year ended December 31, 2006 compared to the same period in 2005 was \$1,138,297 and is mainly attributed to reduced stock-based compensation, wages and benefits. Amortization, and repairs and maintenance costs increased due to additional equipment purchases during the 2006 and in the previous fiscal year. The Company had a foreign exchange gain in the year ended December 31, 2006 of \$60,738 compared to a loss of \$151,582 during the 2005 period because of fluctuations in foreign currency rates. Wages in the year ended December 31, 2006 were \$301,386, a decrease of \$140,821 compared to the same period ended 2005.

The Company reported a lower stock-based compensation expense of \$385,800 during the year ended December 31, 2006 compared to \$1,147,248 in the same period in 2005. This is a non-cash expenditure and does not affect the financial condition of the Company.

During the year ended December 31, 2006 the Company completed \$8,169,069 in exploration and development expenditures on its mineral property interests.

RESULTS OF OPERATIONS

Three-months ended September 30, 2007

The Company's net loss for the three months ended September 30, 2007 was \$297,999 or \$0.01 per common share compared to \$670,566 in the same period ended 2006 or \$0.01 per common share. The Company received \$38,944 in interest payments on cash balances and deposits compared to \$57,764 received during the three months ended September 30, 2006, a decrease of \$18,820. Interest revenues fluctuate according to the amounts of funds held in deposit and the interest rates attained during the period.

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The decrease in net loss for the three months ended September 30, 2007 compared to the same period in 2006 was \$372,396. Bank charges and interest increased by \$41,595, up from \$1,639 in the comparable three-month period ended September 30, 2006 to \$43,234 during the current period. Wages for the three months ended September 30, 2007 were \$175,381, a increase of \$54,395 compared to the same period ended 2006.

The company also booked a loss on the de-consolidation of its former subsidiary, Kanon Resources (PNG) Ltd, of \$216,827.

These increased costs were offset by an increase in gain on foreign exchange of \$371,396, from a loss of \$103,942 in 2006 to a gain of \$267,454 during the current period due to fluctuations in foreign currency rates.

During the three months ended September 30, 2007 the Company incurred \$1,979,962 on its mineral properties including \$1,580,890 developing the Mt. Sinivit Mine and \$399,072 in exploration costs

Nine-months ended September 30, 2007

The Company incurred a net loss of \$1,713,760 or \$0.01 per common share for the nine months ended September 30, 2007, as compared to a net loss of \$1,184,012 or \$0.01 per common share for the comparable period in 2006. The Company received \$74,807 in interest payments on cash balances and deposits compared to \$157,738 received during the nine-months ended September 30, 2006, a decrease of \$82,931. 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 of \$529,748 was due to a non-cash loss on de-consolidation of a former subsidiary of \$216,827, wages and benefits increased by \$160,643 due to additional production labour and normal salary level increases, insurance increased by \$107,700 due to additional plant and equipment insurance at the Sinivit mine, bank charges and interest increased by \$127,599 due to interest paid on loan funding, interest income decreased by \$82,931 reflecting lower funds on deposit, increased repairs and maintenance of \$72,553 due to additional plant and equipment at the Sinivit mine. There was also an offsetting increase in foreign exchange gain movement of \$267,454 as a result of currency movements, including the strengthening of the Canadian dollar.

During the nine months ended September 30, 2007 the Company incurred \$5,437,516 on its mineral properties including \$4,309,420 developing the Mt. Sinivit Mine and \$1,128,096 in exploration costs.

SUMMARY OF QUARTERLY RESULTS

The following table presents unaudited selected financial information for each of the last eight quarters ended September 30, 2007.

	Year ended December 31,							
	2007			2006				2005
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q3
	\$	\$		\$	\$	\$	\$	\$
Revenue	13,836	22,027	38,944	36,995	62,979	57,764	81,269	180
Net loss	(811,399)	(604,362)	(297,999)	(329,984)	(183,462)	(702,538)	(80,186)	(210,494)
Basic/diluted loss per share	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)

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FINANCIAL CONDITION

At September 30, 2007, the Company had working capital of \$434,576 (December 31, 2006 - \$991,436). The change in working capital was effected by increased available cash of \$2,078,388 (December 31, 2006 \$1,455,512) due to a private placement financing and exercise of warrants and options, which raised net \$5,637,344 during the nine months ended September 30, 2007.

Current liabilities increased to \$2,565,380 as at September 30, 2007 from \$1,427,934 on December 31, 2006. This was primarily owed to Bank of South Pacific (\$1,673,378) due December 2007 and to Macmin Silver Ltd., a related party, for expenditures made on behalf of NGG. The company has requested that repayment of the loan due to the Bank of South Pacific be extended to June 2008. The Company has no long-term indebtedness or long-term obligations.

The Company is committed to paying approximately \$175,000 of trade other current creditors as at November 28, 2007.

CAPITAL RESOURCES AND LIQUIDITY

Capital resources of the Company consist primarily of cash and liquid short-term deposits of approximately \$1,800,000 at November 28, 2007. Gold sales and exercise of additional warrants will provide further cash to the company in the coming months.

The Company has adequate cash reserves to continue operations at current levels to early 2008, 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 \$10,637,415 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.

The Company has no off-balance sheet arrangements or transactions and none are contemplated.

CASH FLOWS

The Company has not generated a positive cash flow from mining operations. The Company has financed its operations to date primarily through the issuance of common shares and the exercise of warrants and stock options. The Company continues to seek capital through various means including the issuance of equity and/or debt.

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

	Number of Shares	Share Capital \$	Contributed Surplus \$
Balance, December 31, 2005	64,913,496	18,614,693	2,344,266
Private placements	35,615,438	5,940,082	-
Exercise of warrants	7,924,500	2,331,297	-
Exercise of stock options	270,000	62,100	-
Contributed surplus adjusted on exercise of options	-	40,230	(40,230)
Stock-based compensation			918,750
Balance, December 31, 2006	108,723,434	26,988,402	3,222,786
Private placements	12,144,690	*4,463,396	188,902
Exercise of warrants	2,545,200	763,560	-
Exercise of stock options	679,400	221,486	-
Contributed surplus adjusted on exercise of options	-	162,230	(162,230)
Stock-based compensation	-	-	338,499
Balance, September 30, 2007	124,092,724	32,599,074	3,587,957

*Net of issue costs of \$637,394.88, of which \$387,722.88 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.

During the period under review:

Options exercised

The Company received \$30,000 and issued 100,000 shares upon the exercise of 100,000 options.

Warrants exercised

The Company received \$236,400 and issued 788,000 shares upon the exercise of 788,000 warrants.

Stock options

The Company has granted share purchase options to directors and employees of the Company to purchase common shares of the Company. These options are granted with an exercise price equal to the market price of the Company's stock at the date of the grant. A summary of the status of the stock option plan as of September 30, 2007, and September 30, 2006 and the changes during the period then ended is as follows:

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	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	679,400	0.33	(270,000)	0.23
Cancelled / expired	-	-	(660,000)	0.36
Balance – end of year	7,605,600	0.36	5,755,000	0.36

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.

Warrants

Warrants outstanding at September 30, 2007:

Number of warrants	Exercise Price \$	Expiry Date
28,444,738	0.30	February 20, 2008
6,139,845	0.55	March 23, 2009
1,152,759	0.55	April 19, 2009
35,737,342		

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.

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RISKS AND UNCERTAINTIES

The Company competes with other junior mineral exploration companies, some of which have greater financial resources and technical facilities. The business of mineral exploration and extraction involves a high degree of risks and few properties that are explored are ultimately developed into production. In addition to specific risks disclosed throughout this discussion, other risks facing the Company include competition, reliance on third parties, environmental and insurance risks, statutory and regulatory requirements, metal prices and foreign currency fluctuations, share price volatility and title risks.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by the interim filings, that the Company's disclosure controls and procedures as of the end of such period are effective to provide reasonable assurance that material information related to the Company, is made known to them by others within those entities. It should be noted that while the Company's Chief Executive Officer and Chief Financial Officer believe that the Company's disclosure and controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for designing a system of internal controls over financial reporting, or causing them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with Canadian generally accepted accounting principles. We have designed and implemented a system of internal controls over financial reporting which we believe is effective for a company of our size. During the review of the design of the Company's control system over financial reporting it was noted that due to the limited number of staff, there is an inherent weakness in the system of internal controls due to our inability to achieve appropriate segregation of duties. The limited number of staff may also result in identifying weaknesses with respect to accounting for complex and non-routine transactions due to a lack of technical resources, and a lack of controls governing our computer systems and applications within the Company. While management of the Company has put in place certain procedures to mitigate the risk of a material misstatement in the Company's financial reporting, it is not possible to provide absolute assurance that this risk can be eliminated.

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 a bank and 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.

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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 126,005,224 shares issued as at November 28, 2007 (108,723,434 shares issued as at December 31, 2006) and 167,335,666 on a fully diluted basis.

The Company has a stock option plan and at the date of this report there were 7,505,600 options outstanding exercisable into one common share between \$0.23 and \$0.49.

The Company has 33,824,842 warrants outstanding as at November 28, 2007 exercisable into one common share between \$0.30 and \$0.55.

SUBSEQUENT EVENTS

The Company entered into an Implementation Agreement on 12 October 2007 which will give effect to the second stage of the Company's re-organisation plan announced November 16, 2006. Under the agreement the Company's interests in the Simuku and Mt Nakru properties, are to be transferred into a Papua New Guinea company, Copper Quest Limited which is wholly owned by an Australian company Coppermoly Ltd. Pacific Kanon Gold Corporation will also relinquish its joint venture interest in Mt Nakru and receive shares in Coppermoly Ltd. Coppermoly Ltd is currently undertaking an IPO in Australia to raise between AUD\$8m and \$20m to finance those properties.

The Company will retain 29,473,683 shares and Pacific Kanon Gold Corporation (PKG) 10,526,316 shares in Coppermoly Ltd giving the Company an effective approximately 27% interest in Coppermoly if this IPO is fully subscribed.

Since October 1, the Company has issued 2,500,000 Units for net proceeds of \$1,162,500 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 \$0.65 for two years. The company paid commissions in cash and Units totalling \$87,500 and issued 175,000 agents warrants with the same terms as the Unit Warrants in connection with the private placement.

The Company has also issued 1,912,500 common shares since October 1. The shares were issued pursuant to the exercise of 1,912,500 warrants at \$0.30.