NEW GUINEA GOLD CORPORATION

Management Discussion & Analysis
For the Quarter Ended 30th September 30, 2008

INTRODUCTION

The following Management Discussion and Analysis of the Company's financial position is for the three month period ended 30th September, 2008 compared to 30th September, 2007. 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 20th November 2008, unless otherwise indicated.

OVERALL PERFORMANCE IN QUARTER & FUTURE OUTLOOK

The highlights for the quarter were the continuing high grade gold drill intersections in the Oxide Gold cap at the Sinivit Mine, and very high value intersections in the underlying sulphide mineralisation. Tellurium and silver were identified as potential significant credits in the sulphide mineralisation.

Some of the results are summarised below. These results have been previously announced and all drill hole results and location data are included in previous Press Releases.

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Oxide gold results include:

Hole No	From (m)	To (m)	Length (m)	Gold g/t
SCG118	2	22	20	17.2
SCG158	14	22	8	13.4
NGC051	12	24	12	16.9
NGC053	0	24	24	10.5
CGC002	12	28	16	15.8
CGC005	10	26	16	10.8
CGC043	0	20	20	12.9
CGC018	10	14	4	22.9
SGC183	8	14	6	13.6
NGC011	0	6	6	11.5
NGC037	18	22	4	31.8
NGC100	2	14	12	17.0
SGC206	0	8	8	5.8
SGC215	0	14	14	23.5
including	0	8	8	36.7
CGC080	12	26	14	7.5

Note: True thickness of intersections unknown.

Some of the sulphide gold results are shown below:

Hole No	From (m)	To (m)	Length (m)	Gold g/t	Copper %
SCG176	16	24	8	4.9	0.85
SCG182	20	26	6	5.2	2.03
SCG188	20	30	10	4.4	2.18
SCG189	8	28	20	25.7	2.19
including	12	26	14	36.0	3.09
including			2	158.0	4.32
SGC190	16	26	10	2.8	1.47
SGC193	4	14	10	10.1	0.94
including	10	12	2	10.5	4.48
CGC002	22	26	4	17.5	3.21
CGC005	22	24	2	10.5	2.35
CGC043	16	18	2	7.7	2.16

Note: True thickness of intersections is unknown

Representative tellurium and silver values in the sulphide gold zone, together with gold and copper are shown below.

Hole No	From (m)	To (m)	Length (m)	Gold g/t	Copper %	Silver g/t	Tellurium g/t
CGC0043	16	18	2	7.72	2.16	135	3940
SGC0188	20	30	10	4.4	2.18	51	289
SGC0189	12	26	14	36.0	3.09	113	1467
SGC0176	18	24	6	5.5	0.16	22	217
SGC0182	20	26	6	5.2	2.03	68	84
SGC0188	20	26	6	4.4	2.18	51	289
SGC0190	16	26	10	2.8	1.47	46	223

Sinivit Mine gold and silver production for the quarter ended 30th September 2008 was 1,170 ounces and 243 ounces respectively as against forecast production (Press Release dated 19th August 2008) of 1900 ounces gold. Subsequent to the end of the quarter 729 ozs of gold and 140 ozs of silver were produced in October. Current forecast production for November, as at 25th November 2008, is approximately 1,500 ozs gold, as against an earlier forecast of 1,090 ozs gold. In November total operational cash cost at Sinivit Mine is forecast to be equivalent to approximately 1,000 ozs gold at US$750 oz.

Gold production was less than forecast for the quarter, and the vat leach operation has been slower to ramp up production than anticipated for the following reasons (all previously disclosed):

- a crushing circuit breakdown which resulted in the crushing operation being out of service for the entire month of July
- slower than anticipated gold leach rates
- present crushing circuit is inadequate to achieve optimum production
- lower gold grades in the September quarter than average resource grades

In the Preliminary Assessment study it was expected that 80% recovery of gold from vats would be achieved over 2 months. This has now drawn out to four to six months or longer and consequently instead of 40,000t of ore at an average grade of 5.3g/t gold being leached at any one time, we now anticipate having to leach 80,000t to 100,000t at any time. This has necessitated building and operating more vats simultaneously, although this is not an increase on the ultimate requirement for vats. Metallurgical advice suggests that the present leach time can be accelerated by use of shallower vats and better solution flow through the vats. This is being implemented.

We have not achieved the crushing rate of 20,000t/month through the present crushing circuit. A crushing consultant reviewed the operation and recommended that an additional cone crusher be added to the circuit to achieve the 20,000t/month. The capital cost of the crushing upgrade plus additional minor capital for vats/gold recovery circuit etc to achieve 2,500 to 3,000 ounces/month is estimated at AUD$900,000. Implementation is planned for the first quarter of 2009.

The extended crushing circuit breakdown in July 2008 was due to the maintenance contractor who maintains NGG's crushing equipment not having correct spare parts on site.

After discussions with the contractor we believe this has been rectified and will not happen again.

The lower gold production in the September quarter was partly due to processing lower gold grades during that period – averaging less than 3g/t gold. At present, we are accessing plus 6g/t gold material but gold grades will fluctuate as the mineralisation is not uniform in grade as mining progresses, although overall, we believe that 5.3g/t gold average or better, will be achieved.

We recently commissioned a fourth operational vat and currently have 4 vats leaching. The earthworks for 3 further vats are completed; they are presently being lined with HDP plastic and will come on stream over the next few months.

Leaching rates have been highly variable – for example our first vat yielded 1,000 ounces within four weeks compared to some of the newer vats which have leached much more slowly. A senior metallurgist is presently at Sinivit reviewing the leaching process and will provide further input on process improvements.

We believe the problems at Sinivit have been identified and corrective measures either implemented or underway. Those not yet implemented will be corrected by April 2009.

As noted above, Sinivit exploration has been more successful than we could have expected with excellent drill intersections in both the oxide gold cap and the underlying unoxidised sulphide mineralisation. Based on current and previous drill intersections and surface mapping and geochemistry, and distribution of known "oxide" gold mineralisation at surface, the present Exploration Target (as defined in NI 43-101) for sulphide mineralisation at Sinivit is 1.5 to 2.0 million tonnes at a grade of 8 to 12g/t gold, 1.0 to 2.0% copper, 50 to 150g/t silver, and 500 to 1,000g/t tellurium.

Part of this Exploration Target would be open-pittable, and part may have to be accessed by underground methods. An additional concentrating circuit would be required to recover the sulphide mineralisation.

As required under NI 43-101, we note:

*"The Exploration Target, or **present potential quantity and grade** is conceptual in nature and there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource."*

Operational statistics for the quarter were as follows:

- gold mineralisation mined – 31,508 tonnes
- gold mineralisation crushed – 30,902 tonnes
- crushed product loaded into vats - 30,012 tonnes at 2.37g/t gold average grade
- waste mined - 35,593tonnes
- earth mined in formation of vats - 82,269 tonnes

In October crushed product increased to approximately 13,500 tonnes (the best month to date) as against the long term objective of 20,000t/month. As mentioned above this objective can only be achieved in second/third quarter 2009 on completion of the crusher upgrade. **The grade of mineralisation mined, crushed and loaded into vats increased to more than 6g/t in November 2008.**

Production at Sinivit is anticipated to increase to approximately 3,500 ounces in the fourth quarter, and after the addition of a second cone crusher, 4,500 ounces in Q1/09, 7,000 ounces in Q2, and 8,500 ounces in Q3. This increase in production is contingent on all planned upgrades being completed, no severe weather, and good availability of all contractor plant.

A review of **total** company expenditure from May 2008 to the end of October 2008 showed that average monthly expenditure over that period was AUD$1,160,000 (including loan repayments but excluding depreciation).

During this period a total of 3,240 ounces of gold was sold at an average net proceeds rate of US$865 per ounce or AUD$1,000 per ounce. At these selling prices a total of 1,120 ounces per month would have been required to remain cash neutral for **total** company expenditure.

The net **total** company cash burn **after gold sales** for the period was AUD$619,000 per month or at the approximate average exchange rates prevailing during that period, US$534,000 per month. The net **total** company cash burn includes all Sinivit, exploration (including Imwauna and Pacific Kanon properties) Australian, Papua New Guinea, and Canadian overheads.

It is very important to note that NGG operates in three currencies – CAD$, AUD$, and PNG Kina. The majority of costs are in Kina, but there are also significant costs in CAD$ and AUD$. Currencies are very volatile at present, and movements in currencies have been impossible to predict. For reasons for which we are unaware the PNG Kina has **actually appreciated by up to 15% against** the US$, 25% against the CAD$ and 40% against the AUD$ over the past few months.

This appreciation has led to overall increased costs and possible and actual exchange rate losses (still to be quantified). As the PNG Kina is a resource currency and is dependent on oil and mineral revenues for approximately 85% of GDP, we believe it is likely the Kina will decline against all the above currencies in the near term with a consequent reduction in overall NGG costs.

Forecast cash costs and cash flows can change significantly in any of these currencies in the present unstable markets. Gold prices and currency fluctuations are now both significant risk factors. The Kina is not a floating or widely traded currency and its value is set by the Bank of PNG.

Outlook

At US$750 gold and current exchange rates, it is anticipated that the Company as a whole will be cash flow positive (including any loan repayments and all other expenditures) from January 2009. **In the interim, to reduce cash burn, most exploration, including Imwauna, has been placed on hold and other costs reduced wherever possible.** Sinivit Mine cash costs (includes all local administration, management and supervising costs), also based on present exchange rates, will rise to average AUD$1,100,000 or US$750,000 per month from November 2008.

Based on these cash flow projections and current rates, by July 2009, the cash cost per ounce of gold produced at Sinivit will be AUD$361 or US$250. To cover **total company** costs at that time, (excluding loan repayments) we will need to produce 1,500 ounces of gold per month at US$750 gold and current exchange rates or 1,120 ounces of gold per month at US$1,000 gold and current exchange rates. **This figure includes substantial exploration costs at Sinivit, Imwauna and the Pacific Kanon properties.**

We are examining additional cost reductions in 2009 in all aspects of the operation – Sinivit, Australia and Canadian overheads and exploration.

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.

EXPLORATION

Sinivit exploration continues to be encouraging and significant results have been noted earlier in this MD & A.

Drilling continued using two diamond core drill rigs at **Imwauna (Normanby Property.** There was no material change in the status in this project during the quarter although a task group has now been formed to take the project through to the Preliminary Assessment stage by the second quarter 2009.

A large excavator trenching program was completed at Pacific Kanon's (50% NGG) Fergusson Project and smaller programs at Yup River and Bismarck.

COPPERMOLY LTD

Coppermoly is listed on the Australian Securities exchange and is carrying out assessment programs on the Simuku and Nakru Projects in New Britain, Papua New Guinea.

NGG holds a direct 47% interest in Coppermoly and a further indirect interest through Pacific Kanon Gold.

Coppermoly has completed its initial drill assessment programs for both projects, has substantially reduced outgoings and will complete an assessment of all data by February 2009.

At Simuku, in 2008, Coppermoly drilled 15 diamond core holes for 4,194m. Several kilometres of new excavator and bulldozer trenching were also completed.

At Nakru 7 holes were completed for a total of 668.5m. Substantial excavator trenching; soil sampling and an IP survey were also completed.

PACIFIC KANON GOLD CORPORATION

The IPO for this company is on hold due to the present unstable market conditions.

STRATEGY

Strategy and corporate restructure remains the same as described in the MD&A for the quarter ended 30th June 2008.

RESULTS OF OPERATIONS

The Company's net loss for the nine months ended September 30, 2008 was $6,436,029 or $0.04 per common share compared to a loss of $1,713,760 or $0.01 per common share in the same period ended 2007. The Company received $123,171 in interest payments on cash balances and deposits. Interest revenues from cash held fluctuate according to the amount of funds held on deposit and the interest rates attained during the period. The Company also charged $133,498 of interest to its joint venture partner in the Mt Sinivit gold mine, Gold Mines of Niugini Holdings Ltd, on its share of capital invested in the mine. This amount has been added to the total amount owed to the company by Gold Mines of Niugini Holdings Ltd.

The increase in net loss for the nine months ended September 30, 2008 compared to the same period in 2007 was $4,722,269 and is largely due to the inclusion of the net operating result for the Mt Sinivit gold mine from April, 2008. A net share of profits/losses from equity accounted associates contributed $1,081,351 to the Company's overall net loss (2007: $11,698 net gain). This was largely from the Company's equity accounted interest in Coppermoly Ltd, which wrote-off its exploration expenditure for the six months ended June 30, 2008. The policy to write-off exploration costs, adopted by Coppermoly, is conservative and the resultant equity accounting loss in NGG is a non-cash transaction and does not affect the financial condition of the Company. The increased loss can also included increased interest and borrowing costs of $256,923, compared to the same period last year. The Company also had a foreign exchange loss in the nine months ended September 30, 2008 of $224,863 compared to a gain of $176,021 during the same period in 2007 because of fluctuations in foreign currency rates.

The Company had a stock-based compensation expense of $345,975, representing the value of stock options granted to employees, during the nine months ended September 30, 2008, compared to $338,499 in the same period in 2007. This is non-cash expenditure.

During the nine months ended September 30, 2008 the Company completed $1,422,306 in exploration expenditures, and $372,092 in development and commissioning expenditures on its mineral property interests. During the period $3,161,093 was reclassified to inventories and deferred mining costs from development and commissioning expenditures. During this same period the Company had $292,803 of metal sales, which were offset against mine development costs as the mine was still in the development/commissioning phase to March 2008. From April 2008 the mine was in commercial production with $2,517,760 in metal sales and, $6,343,801 in operating and royalty costs.

Summary of selected quarterly results

The following table presents selected unaudited financial information for each of the last eight quarters ended September 30, 2008:

	2008			2007
	Q3 September 30	Q2 June 30	Q1 March 31	Q4 December 31
	$	$	$	$
Revenue	1,065,637	1,719,719	46,324	460,183
Net loss	(3,392,807)	(2,296,050)	(747,172)	(275,728)
Basic/diluted loss per share	(0.02)	(0.01)	(0.01)	(0.00)
	2007			2006
	Q3 September 30	Q2 June 30	Q1 March 31	Q4 December 31
	$	$	$	$
Revenue	38,944	22,027	13,836	81,269
Net loss	(297,999)	(604,362)	(811,399)	(80,186)
Basic/diluted loss per share	(0.00)	(0.01)	(0.01)	(0.00)

FINANCIAL CONDITION

At September 30, 2008 the Company had working capital of $3,613,949 (2007: $434,576). The Company has $416,500 of long term bank debt due for repayment by the end of 2009 and no other long-term obligations. The change in net working capital at September 30, 2008 compared to September 30, 2007 was largely due to $3,595,301 reclassified as inventories and deferred mining costs from mine development costs. There was a decrease in cash of approximately $327,000 and an increase in amounts receivable of approximately $188,000 at September 30, 2008 compared to the same time last year. There was also an increase in current liabilities of $259,000 for the same period. The increase in amounts receivable was largely due to an increase in reimbursable amounts from related companies and the main mining contractor at the Mt Sinivit mine. The increase in current liabilities was primarily due to the fully drawn advance from the Bank Of South Pacific Ltd, a Papua New Guinea domiciled bank.

At November 20, 2008 the Company had approximately $1,469,000 in cash while it is committed to paying approximately $796,000 for expenses billed and $2,085,500 for a fully drawn advance. The fully drawn advance is now due in five quarterly payments of $416,500 by December 31, 2009.

CAPITAL RESOURCES AND LIQUIDITY

The Company has adequate cash reserves and forecast metal sales to continue operations at current levels, and has been able to fund its operations in the past by the issue of shares as needed. As noted in subsequent events, the Company has agreed with Bolder Investment Partners, Ltd. to raise $3,000,000 of debentures to increase working capital reserves, fund capital items for the Mt Sinivit mine and increase mineral exploration activity. The Company has warrants and stock options outstanding but, as of November 20, 2008, none of those options were “in-the-money”. 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.

CASH FLOWS

The Company has not yet generated positive cash flow from mining operations, but predicts that this should change, barring unintended delays, toward the end of the fourth quarter 2008. 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 January 1, 2007 to December 31, 2007 and to the date of this report are as follows:

	Number of Shares	Share Capital
		$
Balance, December 31, 2006	108,723,434	26,988,402
Private placements	14,688,708	5,506,922
Exercise of warrants	4,482,700	1,344,810
Exercise of stock options	679,400	221,506
Stock-based compensation on exercises	-	233,825
Total shares issued	19,850,808	7,307,063
Balance, December 31, 2007	128,574,242	34,295,465
Issued as part of short term funding agreement	400,000	188,000
Exercise of warrants	26,508,238	7,817,690
Exercise of stock options	760,000	227,285
Stock-based compensation on exercises	-	749,027
Total shares issued	27,668,238	8,982,002
Balance, November 20, 2008	156,242,480	43,277,467

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.

Prior to 2003, Macmin Silver Ltd (Administrator Appointed) ("Macmin"), a company with two directors in common with the Company, was the Company's joint venture partner in certain properties through Macmin's wholly-owned subsidiary, Macmin PNG Ltd, which the Company acquired from Macmin in 2003. Macmin is currently a major shareholder in the Company.

At the date of this report, the Company was owed $243,555 by Macmin due to advance payments for exploration and mine operating expenditure to be outlaid by Macmin (2007: owed $661,659 to Macmin).

Disclosure Controls

The Company has adopted a policy of disclosure controls and procedures and will continue to review these, as appropriate, from time to time. The Chief Executive Officer and Chief Financial Officer have concluded that, the process in place was effective enough to ensure that material information was accumulated and communicated to management in a sufficiently timely manner for management to make decisions regarding the Company's disclosure as required by securities legislation.

Internal Controls

The Company has designed and put in place internal controls over financial reporting. The internal controls have an inherent weakness in the area of segregation of accounting duties, in that the accounting staff is small in number and it is not practical or cost effective to increase accounting personnel to enable the segregation of all accounting duties in the company of this size. The Chief Executive Officer and Chief Financial Officer have reviewed the process and have concluded that the controls in place give reasonable assurance that relevant and reliable financial information is available for reporting and for the preparation of interim and annual financial statements in accordance with Canadian GAAP.

Contractual Obligations

As noted in the "Subsequent Events" section the Company has engaged Bolder Investment Partners, Ltd. to act as Agent for an Offering, of up to $3,000,000 of Debentures.

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, 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 POLICIES INCLUDING INITIAL ADOPTION

Comprehensive Income, CICA Handbook Section 1530

In 2007 the Company adopted section 1530 which introduces new standards for reporting and display of comprehensive income. Comprehensive income is the change in equity (net assets) of an enterprise during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners.

Financial Instruments, CICA Handbook Section 3855

In 2007 the Company adopted new handbook Section 3855 which prescribes when a financial asset, financial liability, or non-financial derivative is to be recognized on the balance sheet and whether fair value or cost-based measures are used. It also specifies how financial instrument gains and losses are to be presented.

Pursuant to these new standards, the Company has included a new statement of comprehensive income with its financial statements and has applied fair value accounting to certain of its financial instruments. This has resulted in the recognition of unrealized gains and losses as other comprehensive income or loss which appear on the statement of comprehensive income or loss.

Capital Disclosures, CICA Handbook Section 1535

Effective January 1, 2008, the Company adopted new CICA Handbook section 1535 which requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance.

Financial Instruments - Disclosure and Presentation, CICA Handbook Sections 3862 and 3863

Effective January 1, 2008, the Company adopted new CICA Handbook sections 3862 and 3863 which replace CICA Handbook Section 3861, Financial Instruments - Disclosure and Presentation. These standards increase the disclosures currently required, which will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel.

New Accounting Pronouncements

The following pronouncements recently issued by the Canadian Institute of Chartered Accountants ("CICA") will likely impact the Company's future accounting policies:

International Financial Reporting Standards ("IFRS")

In February 2008 the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

OUTSTANDING SHARE DATA

The Company has one class of shares and there were 156,242,480 shares issued as at November 20, 2008 (128,574,242 shares issued as at December 31, 2007) and 172,305,684 on a fully diluted basis.

The Company has a stock option plan and at the date of this report there were 7,345,600 options outstanding exercisable into one common share between $0.23 and $0.49 (7,225,600 options outstanding as at December 31, 2007).

The Company has 8,717,604 warrants outstanding as at November 20, 2008 exercisable into one common share between $0.55 and $0.65 (35,225,842 warrants outstanding as at December 31, 2007).

SUBSEQUENT EVENTS

The company has engaged Bolder Investment Partners, Ltd. to act as Agent for an Offering, of up to $3,000,000 of Debentures, maturing April 30, 2010, bearing interest at base rate of 10% per annum payable semi-annually and subject to certain other terms including possible bonus interest at maturity and default remedies. At maturity Debentures will be repaid in cash, unless between 30 and five days before maturity Debenture holders have made a written election to have the principal amount of their Debentures converted into shares at a price of C$0.20 per shares.