NEW GUINEA GOLD CORPORATION

Management Discussion & Analysis
For the Quarter Ended March 31, 2009

INTRODUCTION

The following Management Discussion and Analysis of the Company's financial position is for the three month period ended March 31, 2009 compared to March 31, 2008. This discussion should be read in conjunction with the attached annual consolidated financial statements and related "Notes to the Consolidated Financial Statements" which have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

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 in this report is current to May 22, 2009 unless otherwise indicated.

OVERALL PERFORMANCE / HIGHLIGHTS IN FIRST QUARTER 2009

- Performance/highlights have not changed significantly since lodgement of MD & A for the year ended December 31, 2008.
- The Company recorded a small profit for the first quarter of 2009 of $26,005 including a net operating profit from mining operations of $1,930,211.
- Gold production from the Sinivit Mine was 1,601ozs, as against zero production in the first quarter of 2008.
- Exploration/development drilling was in progress as at May 22, 2009, at the following projects: Sinivit, Imwauna (Normanby), Weioko (Sehulea), Allemata and Mt Penck.

DISCUSSION

The Company recorded a small profit of $26,005 for the first quarter of 2009, but available cash was reduced largely due to increased exploration expenditures. The profit was recorded after taking into account increased inventories of gold mineralization in vats and on crushed mineralization stockpiles. These inventories are reflected in the net mine operating profit of $1,930,211.

With improved weather expected from the forthcoming dry season vat construction, mining, crushing and consequently gold production are all expected to significantly improve compared to first quarter 2008 results.

A new presentation for the Annual General Meeting is available at www.newguineagold.ca.

RESOURCE STATEMENT

The resources are the same as stated in the MD & A for the year ended December 31, 2008.

RESOURCE STATEMENT

1. **Imwauna Project**

   An Inferred Resource of 1.8 million tonnes at 12.2g/t gold and 20g/t silver for 706,000ozs gold and 1,160,000ozs silver.

2. **Sinivit Project**

   Indicated Resource of 713,000t at 5.7g/t gold for 132,000ozs gold.
   Inferred Resource of 340,000t at 3.2g/t gold for 35,000ozs gold.

Management considers there are three very significant points in respect to the above resources: their relatively high-grade; they commence at surface; and are largely amenable to open cut extraction.

BUSINESS & DEVELOPMENT STRATEGY

This remains the same as stated in the MD & A for the year ended December 31, 2008.

RESULTS OF OPERATIONS

The Company's net profit for the quarter ended March 31, 2009 was $26,005 or $0.0002 per common share compared to a net loss of ($747,172), or ($0.01) per common share, for the same period last year. The Company received $14,153 in interest payments on cash balances, deposits and long term receivables. Interest revenues fluctuate according to the amount of funds held in deposit and the interest rates attained during the period. The net profit for the quarter ended March 31, 2009 includes results from mining operations which produced a net operating profit of $1,930,211. This net operating profit included metal sales, net of refining and royalty costs, of $1,539,468 and non-cash deferred mining costs amortization and equipment depreciation charges totalling $863,544.

The difference between the net profit for the quarter ended March 31, 2009 and the net loss for the same period in 2008 was $782,082 and was mainly attributable to the net profit from mining operations mentioned above. The mine was still in the commissioning phase at March 31, 2008 so there was no equivalent amount included in the result for the quarter ended March 31, 2008. Other items that contributed to the increase in net profit between the two periods included higher interest and other income, lower other general and administration costs, and lower financing costs of $243,147 compared to $268,946 for the same period in 2008. The higher interest and other income was primarily due to $69,162 (quarter ended March 31, 2008: $nil) of interest charges accrued on the long term debtor owed by the Company's Mt Sinivit mine joint venture partner's share of capital and operating costs. The financing costs for the quarter ended March 31, 2008 included one-off costs of $197,266 associated with a short-term loan from Vangold Ltd while the current period costs include $181,217 relating to the amortization of costs associated with the convertible debentures issued in December 2008 and January 2009. Offsetting the increase in net profit were impairments, caused generally by market conditions, to the Company's investments in Pacific Kanon Gold Corporation and related receivables, and increased employee stock based compensation, both detailed below. The Company also had a foreign exchange gain in the quarter ended March 31, 2009 of $64,975 compared to a loss of ($52,745) during the same period in 2008 because of fluctuations in foreign currency rates.

Significant non-cash costs, totalling $2,391,947 (quarter ended March 31, 2008: $117,111), included in the Company's net profit for the quarter ended March 31, 2009 included non-cash impairments and bad debt write offs of $262,477 (quarter ended March 31, 2008: $nil), total amortization and depreciation expenses of $930,908 (quarter ended March 31, 2008: $60,706), share of losses from equity accounted associates of $42,285 (quarter ended March 31, 2008: $56,405), and stock-based compensation expense of $1,156,277 (quarter ended March 31, 2008: $nil). The net profit for the period also includes $74,656 interest income accrued and not received during the quarter ended March 31, 2009 (quarter ended March 31, 2008: $12,894). Non-cash income and expenditure does not affect the financial condition of the Company.

During the quarter ended March 31, 2009 the Company completed $400,438 (quarter ended March 31, 2008: $395,972) in exploration and evaluation on its mineral property interests, but no expenditure on mine development and commissioning (quarter ended March 31, 2008: $1,635,710). During the quarter the Company had $1,591,161 of gold sales (quarter ended March 31, 2008: $359,626, 100% offset against mine development costs when the mine was still in the development/commissioning phase).

Summary of Quarterly Results (Unaudited) for the quarters ended June 30, 2007 to March 31, 2009:

	2009	2008				2007		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	$	$	$	$	$	$	$	$
Gross revenue	1,591,161	3,373,622	975,414	1,542,346	-	-	-	-
Interest & other income	108,254	207,104	90,748	195,168	46,324	460,183	38,944	22,027
Net profit/(loss)	26,005	(971,121)	(3,392,807)	(2,296,050)	(747,172)	(275,728)	(297,999)	(604,362)
Basic/diluted profit/(loss) per share	0.0002	(0.01)	(0.02)	(0.01)	(0.01)	(0.00)	(0.00)	(0.01)

FINANCIAL CONDITION

At March 31, 2009, the Company had working capital of $8,112,996 (March 31, 2008: $4,172,819). The change in working capital between the two periods is principally due to an increase in mining inventories to $8,397,140 (March 31, 2008: $nil). Offsetting the increase in mining inventories was a decrease in available cash to $2,076,334 at period end (March 31, 2008: $5,728,461) and a decrease in amounts receivable and prepayments to $331,924 at March 31, 2009 (March 31, 2008: $1,107,264), while current liabilities stayed relatively static at $2,773,002 as at March 31, 2009 compared to $2,896,907 at March 31, 2008. This was primarily owed to the Bank of South Pacific Ltd, a Papua New Guinea domiciled bank, for a fully drawn advance, and trade creditors.

The Company's long-term obligations at March 31, 2009 included $2,474,729 (March 31, 2008: $nil) for the fair value of 3,000,000 outstanding convertible debentures which must be repaid in April 2010 unless converted to shares at the discretion of the debenture holder within 30 days of maturity. Other long-term obligations at March 31, 2009 included asset retirement obligations and the fair value of embedded derivatives (related to the convertible debentures) totalling $238,312 (March 31, 2008: $nil) both realizable in 2010.

At May 22, 2009 the Company is committed to paying approximately $580,000 for accounts payable and approximately $980,000 in short-term bank debt.

CAPITAL RESOURCES AND LIQUIDITY

Capital resources of the Company consist primarily of cash and liquid short-term deposits of approximately $2,100,000 at March 31, 2009 and $1,000,000 at May 22, 2009.

The Company's cash requirements include funding its ongoing mining and exploration operations, as well as its administration and corporate activities. The Company also needs to be able service its bank debt and convertible debentures over the next 12 months. The Company routinely prepares cashflow and expenditure budgets to monitor cash requirements on an ongoing basis. The Company has budgeted for mine operations to fund liquidity requirements for at least the next 12 months. Capital markets may need to be accessed again to fund the Company's operations. There is however no certainty that the Company will be able to obtain funding from capital markets in the future.

The Company does not anticipate the payment of dividends in the foreseeable future.

CASH FLOWS

Including expenditure attributable to mining work in progress and inventory items, the Company has not yet generated positive cash-flow from mining operations. The Company is working towards producing cash flows from gold production to fund ongoing mining and exploration operations, as well as its administration and corporate activities. In the past the Company has also been able to fund its operations by issuing its shares or convertible debt securities either through financings or the exercise of existing share purchase warrants and stock options.

Cash used for operating activities in the quarter ended March 31, 2009 increased to $506,049 compared to $351,416 in for the same period in 2008. This increase in operating cash used was mainly due to the costs from commercial production, including the build up of work in progress inventories, included in the current quarter but not the March 2008 quarter. The increase in cash used for operating activities during the March 2009 quarter was offset by revenue from mine operations, an increased foreign exchange gain and an increase in accounts payable and accrued liabilities.

Cash used in investing activities decreased from $3,682,233 in the quarter ended March 31, 2008 to $869,613 in the quarter ended March 31, 2009. The difference is primarily due to development of the Mt Sinivit mine was finalized in the March 2008 quarter and the purchase of shares in the Coppermoly float also in the March 2008 quarter.

Cash flows from financing activities in the quarter ended March 31, 2009 included the net proceeds from the second tranche of convertible debentures issued in January 2009. These proceeds were used entirely for the retirement of bank debt during the quarter. Cash flows from financing activities during the quarter ended March 31, 2008 was mainly from the exercise of outstanding 30 cent warrants.

NEW GUINEA GOLD CORPORTION PROJECT SUMMARY

New Guinea Gold Corporation (NGG) and Pacific Kanon Gold Corporation (PKG – 50% owned by NGG) own and operate for exploration purposes, six diamond core drill rigs, one RC drill rig, and several excavators and D6/D7 bulldozers. The mining at Sinivit is conducted by a rental arrangement from HBS Machinery of Lae, Papua New Guinea. HBS provide most supervision, operators and machines for the mining operation.

During the quarter, drilling was carried out at Sinivit, and Weioko (Sehulea) with drilling commencing at Imwauna, Mt Penck and Allemata in April 2009.

At May 22, 2009 NGG and PKG had two drills at Sinivit, two at Mt Penck, and one each at Imwauna, Weioko and Allemata.

New Guinea Gold Project Summary

Project	Type	Beneficial Ownership	Plan
Sinivit	Quartz telluride gold system	92% NGG	Mine – gold production and further exploration to increase Resource in 2009
Imwauna (Normanby property)	High-grade vein swarm system in metamorphics; disseminated gold in volcanics	100% NGG	Explore and complete Preliminary Assessment/Feasibility Study early 2010
Weioko (Sehulea property)	Potential bulk mineable gold	100% NGG	Explore and produce NI 43-101 resource estimate
Mt. Penck	Epithermal gold	Kanon 80% NGG 20%	Explore and produce NI 43-101 resource estimate
Allemata (PKG property)	Quartz gold veins	Kanon 100%	Drill
Fergusson (PKG property)	Epithermal gold & silver	Kanon 100%	Drill
Mt. Nakru (Coppermoly property)	Porphyry gold/copper	NGG 50%	Under exploration and development by Coppermoly
Simuku (Coppermoly property)	Porphyry copper/ gold/ molybdenum	NGG 50%	Under exploration and development by Coppermoly
Crater Mountain	Porgera style gold mineralization	10% NGG	Triple Plate Junction/Celtic Minerals, Anomaly Resources funding, NGG 10% free carried interest to bankable feasibility
Feni	Lihir style gold mineralization	50% NGG 50% Vangold	Vangold earning 75%

SINIVIT GOLD PROJECT (92% NGG BENEFICIAL OWNERSHIP)

The Sinivit Gold Project is located 50 kilometres south-southwest of Rabaul in the Baining Mountains of the Gazelle Peninsula, East New Britain Province, Papua New Guinea. It can be accessed by road from the town of Kokopo (one hour drive) and the port of Rabaul. A jet airport at Kokopo has several daily flights to Port Moresby and Lae.

NGG is mining the oxide cap of a quartz, tellurium, copper, silver and gold system. Although the initial project has a relatively short life, NGG has an active exploration/development program with the objective of defining additional gold mineralization. The known mineralization is open at depth and there are numerous other, as yet unexplored, targets within the Sinivit properties. The potential to increase mineralization at the project is described in the Independent Technical Report dated January 2006 which can be found on the company's website www.newguineagold.ca . The Company cautions, however, that there is no certainty that further mineralization will be defined.

Sinivit can be summarized as follows:

- 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.

- The Sinivit Resource has been defined near surface over a one-kilometre length of a ten kilometre long structural zone. This structural zone is known to contain sporadic, largely untested or unexplored gold mineralization over its entire length.

- The primary mineralization is sulphide mineralization (gold/copper/tellurium/silver) but the initial mine will only process the oxide cap of this mineralization. Mineralization is open both along strike and to depth.

- Head grade for the oxide mineralization is projected at 5g/t gold, with open pit mining and vat leach processing.

- Average grade of the unoxidised sulphide mineralization, from drilling completed to date, is expected to average between 10 and 12g/t gold.

- Exploration is underway with two drill rigs on site, both owned and operated by the Company. A third rig may be added mid year.

- Initial Exploration Target for sulphide mineralization at Sinivit is defined within a zone 750 to 1,250m long, averages 3m wide, extends to 300m depth and grades between 10 and 12g/t gold, 1% copper, 400ppm tellurium and 100g/t silver. The initial Exploration Target thus contains between 640,000ozs of gold, plus 20,000t copper, plus 1,200,000ozs gold and 30,000t copper (plus possible credits in tellurium and silver).

  As required we include the following continuing statement: *"The Exploration Target is based on extensive surface outcrops, mine open pits, and approximately 20 drill-holes which intersect the mineralization. The 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"*.

In the quarter to March 31, 2009, the following are mine statistics:

- Mineralization mined - 27,066 tonnes
- Mineralization crushed ready for placing in vats - 30,802 tonnes
- Mineralization loaded into vats - 18,600 tonnes

Since the end of the quarter a further 12,073 tonnes of mineralization was loaded into Vat 1. Vat J is expected to be lined and ready to load by the end of May, 2009.

Vats B, C, D, H and I are currently leaching and, on average, are about 10% leached. Remaining leachable gold in the above vats as at May 10, 2009 is estimated to be approximately 12,000ozs gold, (this may not all be recoverable). It is planned to bring vats 4 and A back on line to complete recovery of gold in those vats when pumps and carbon columns are available. Those vats theoretically contain a further 1,700 ozs of leachable gold.

Exploration and pit operations have defined two additional oxide gold zones, not included in present resources. These zones were described in a Press Release dated May 25, 2009: *"The **Eastern Vein**, which is adjacent to the northern end of the Southern Oxide Pit (see site plan in presentation at www.newguineagold.ca), has been defined over an approximate 200m strike length, and is presently defined by the better results below. Further trenching is currently in progress.*

***RC Drilling**:*

SGC0133	*2m at 8.03 g/t gold*
SGC0206	*2m at 18.60 g/t gold*

***Diamond Drilling**:*

09WDD129	*from 2.5 to 12.3m 9.8m at 13.30 g/t gold*
	incl. 3.0m at 24.10 g/t gold

***Trenching**:*

2m at 4.08 g/t gold & 2m at 3.81 g/t gold

***The Western Vein** dips shallowly west (at surface) and is adjacent to the northern end of the Southern Oxide pit and the present crushing pad (also see site plan in presentation at www.newguineagold.ca). The dimensions of the Western Vein still remain to be defined, but would appear to have a strike length of at least 200m.*

Summary of some of the better results:

RC Drilling:

CGC0018	*4m at 22.85 g/t gold*
CGC0028	*2m at 15.30 g/t gold*
CGC0035	*2m at 14.65 g/t gold*
CGC0074	*16m at 4.95 g/t gold*
CGC0075	*2m at 21.40 g/t gold*

Diamond Drilling:

87WDD028	*7.4m at 2.96 g/t gold*
	incl. 0.4m at 13.50 g/t gold
87WDD035	*2.2m at 9.15 g/t gold*

Trenching:

2m at 32.50 g/t gold & 2m at 27.60 g/t gold

(these trench samples are over 100m apart along strike)

Grab Samples:

0.60, 1.42, 8.28, 2.47, 0.42, 2.80, 0.25, 1.65, 1.79, 20.67,

2.60, 0.36, 11.06, 0.54, 2.75, 1.65, 2.23, 24.90, (values are in g/t gold).

Note: The true thickness of drill intersections above is uncertain, but are likely to vary between 50% and 80% of the quoted intersection".

NORMANBY PROPERTY

Imwauna Gold Project (NGG 100%)

An Inferred Resource of 1.8Mt at 12.2g/t gold and 20g/t silver was announced during 2008. This part of the Imwauna Project is a 1.5km long structural zone, up to 100m wide, with numerous, semi-continuous zones of gold mineralization. The Resource lies within a 5 km by 2 km zone with extensive surface gold anomalism in soils and rock chips, most of which remains to be explored in detail.

The Imwauna project is located within the Normanby Property, south-east Papua New Guinea. The Company owns 100% of this property. Imwauna is a gold project.

The Imwauna project contains defined gold mineralization scattered over approximately 10 square kilometres, 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 mineralization and to build a substantial resource base.

To summarize:

- Drilling to increase Resource and upgrade Inferred Resource to Indicated and Measured status is in progress.
- Preliminary Assessment/Feasibility study is in progress to determine economic parameters of Project with an objective of production at 50,000 to 100,000ozs/year by 2011.
- Bonanza grades are common, mineralization commences at surface and a substantial part of the Resource could probably be mined by open cut.
- 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 2.2m 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.

- The bonanza/high-grade nature of part of the mineralization is indicated by the following drill-holes:

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 approximately 10% of the potential mineralised area as defined by surface trenching, soil gold geochemistry and geophysical surveys. At present one drill rig is operating, we expect a second rig to move to Imwauna in May 2009 on completion of the Weioko program, and a third rig in July 2009 on completion of the Allemata program.

An initial Exploration Target has been estimated for the Imwauna Project. Although most of the mineralization drilled to date has been high-grade, relatively narrow veins in metamorphics, some parts of the project host disseminated lower-grade mineralization in volcanics. As drilling progresses, more lower-grade mineralization may be defined, lowering the overall grade. The uncertainty in the proportion of high and lower-grades that may ultimately be defined, means there is a large range in the Exploration Target.

The initial Exploration Target ranges from a minimum of 4 million tonnes at 12g/t gold for 1.5 million ozs gold to 30 million tonnes at 3g/t gold for 3 million ozs gold. These estimates are based on approximately 200 drill-holes including several historic holes at “The Knob”, soil gold anomalism and several kilometres of excavator trenching.

As required we include the following cautionary statement: *“The potential quantity and grade of the exploration target is conceptual in nature and there has been insufficient exploration to define a further Mineral Resource and it is uncertain if further exploration will result in the determination of a further Mineral Resource”.*

SEHULEA PROPERTY

Weioko Gold Project (NGG 100%)

The Weioko Gold Project is a key NGG gold project and part of the Sehulea Property (100% NGG). The Project has been partly explored to date but the drilled mineralization represents less than 5% of the known gold in soil anomalous area (approximately 12 sq kms in area). For location map, tables of drill and trench results, maps of geochemical soil anomalies and IP anomalies see Press Release dated March 30, 2009, and for recent drill results a Press Release dated May 25, 2009.

The Project is situated on Normanby Island, Milne Bay Province of Papua New Guinea and is 10km NE of NGG’s premier project – the Imwauna Gold Project. Any future development of this project would probably occur in association with development of the Imwauna Project.

NGG is nearing completion of a modest 15 diamond core drill program which is required by the PNG government to keep the project in good standing and is targeting definition of higher-grade gold zones known in trench; possible extensions of the known mineralization indicated by geochemical and geophysical surveys; and collecting samples for metallurgical testing. Assays to date complement and support previous drilling with intersections such as 28m at 2.56oz/t gold, (including 1m at 29.2g/t gold, and 35.99g/t silver), and 34m at 2.76g/t gold (including17m at 4.54g/t gold).

The results of this drilling program, when included with results from 29 RC holes and 23 diamond core holes already completed, should be sufficient to allow a resource estimation to be completed in accordance with the guidelines of NI 43-101.

Previous surveys have included soil geochemistry, rock chip sampling, side looking radar and Induced Polarisation (IP) geophysical surveys. Geochemical soil anomalism covers an area of 6 kms by 2 kms (12 sq kms) – and only a very small part of this anomalous area has been tested by either drilling or trenching.

IP survey results show a well defined anomaly over the drilled mineralization and further similar IP anomalies along strike and to the north-west.

The geochemistry results and IP surveys coincide in several areas which are regarded as favourable for the occurrence of gold mineralization similar to the drilled mineralization at Weioko. These targets will be scheduled for drill testing later in 2009 or in 2010.

To summarize:

- Gold mineralization has been defined in approximately 50 drill-holes at Weioko over an area of 300m by 120m to a depth of 70m. Mineralization commences at surface and is also defined in trenches.

- This mineralization will be further defined in the current program and the total drill-holes should be sufficient for a resource to be estimated in accordance with the guidelines of NI 43- 101 later in 2009.

- Only a small part of the potentially gold mineralised area has been drill tested and, after consideration of soil geochemistry, rock chip and IP results it can be concluded that there is a high probability that additional gold mineralization will be defined within the 12sq km gold anomalous area.

- Drill results include 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 include 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.

PACIFIC KANON GOLD PROPERTIES

Mt Penck Project (PKG – 80%, NGG – 20%)

Mt Penck is the principal PKG property and will be subject to a concerted exploration effort to define resources later in 2009.

More than 80 holes totalling 6,000m have been completed with intersections such as 72m at 1.79g/t gold, 2m at 36.7g/t gold and 43m at 2.35g/t gold. Bulldozer trenching has yielded results such as 40m at 8.89g/t gold, 97m at 3.39g/t gold, 5m at 60g/t gold, and 3m at 180g/t gold. All results are available in the NI 43-101 report on Sedar or at www.newguineagold.ca .

The Mt Penck property is in West New Britain Province, Papua New Guinea. Access to the property is usually by road from the provincial capital of Kimbe. The property is within a few kilometres of the coast.

Mt Penck is an eroded strata-volcano with gold mineralization associated with an intrusive complex. The Company has identified a 4 square kilometre arsenic/gold geochemical anomaly within the 100 square kilometre license. Most of the licence is yet to be explored.

Drilling, using two Company owned diamond core rigs commenced in April, 2009. Initial assay results should be reported in early June, 2009.

Allemata Property (182.4 sq km - PKG 100%)

The Allemata property was once known as the Milne Bay Goldfield. From 1899 to 1926, the Goldfield produced 14,320 ounces of gold, mainly from alluvial deposits. In 1931, mining commenced with high-grade hard rock mining. Platinum was discovered and mined from 1933 to 1941, producing a total of 6 kilograms of platinum. 1,000 ounces of gold was produced in 1938 and 1939 from the Louise/ Ulo Ulo, Jumbo/Juno and Rough Ridge Mines. This property has not been mined since World War II.

The Company's exploration program, including trenching and drilling, defined numerous gold zones that will require further drill testing to evaluate their economic potential.

The Allemata property is easily accessible. It is reached by a 20 kilometre all weather road from the port of Alotau and Gurney International Airport. Logging roads provide access throughout the property. Management believes that this project could be developed relatively easily.

Drilling and geochemistry on the Allemata property identified two main gold areas on which the Company is focusing exploration. Other geochemically anomalous zones remain to be explored.

Ulo Ulo Prospect hosts vein style gold mineralization in a 400m by 400m area. Much of the gold is in relatively narrow gold zones, or wide, lower-grade zones. The Company believes the Ulo Ulo target may be a high-grade vein system similar to NGG's Imwauna Property on Normanby Island.

Haluba Prospect hosts disseminated and stockwork gold mineralization greater than 0.5g/t over a 500 metre by 200 metre area. This deposit is believed to be similar to Kavola East deposit at Mt Penck, and based on drill-hole results to date, averages 2 to 4g/t gold.

In total, (including historic holes), 17 holes for 1,120m have been drilled and more than 2 kilometres of trenching completed. Drill results included 1.0m at 17.65g/t gold; 1.55m at 5.87g/t gold; 7.1m at 3.44g/t gold and 20m at 2.2g/t gold. Trenching results include 84m at 1.7g/t gold and 4m at 100g/t gold.

Drilling using one NGG owned diamond core rig commenced in April, 2009. Initial assay results are expected to be reported early in June, 2009.

Fergusson Property (254 sq km - PKG 100%)

Fergusson Property is on Fergusson Island, an island adjacent to NGG's Imwauna property on Normanby Island. Access is by boat or fixed wing aircraft.

Previous explorers completed 86 drill-holes for approximately 6,000 metres of drilling and defined several prospects with significant gold in drill hole. At the Igwageta Prospect a zone some 1,500 metres by 500 metres of anomalous gold was defined with drilling highlights such as 26m at 1.06g/t gold; 10m at 8.14g/t gold; 12m at 5.88g/t gold; 25m at 2.93g/t gold; and 20m at 3.04g/t gold.

In 2008 PKG, using an excavator, cut 12 trenches totalling 2.3km in length, over a 500m long section of the geochemical anomaly. Within a broader alteration zone, two narrower zones, one 6m to 8m wide and the second 2m to10m wide, of strongly silicified rhyolite and hydrothermal breccia respectively were noted.

Assays are still being compiled and assessed and will be released in the near future.

No results were reported in 2008 and exploration will recommence in the near future with excavator trenching, and drill testing is planned for the above anomalous gold zones.

An evaluation of the 2008 program is being prepared and will be released as a Press Release in the near future. In a recent reconnaissance visit, visible gold was noted in several parts of the system.

COPPERMOLY LTD PROJECTS (NGG direct and indirect interest approximately 50%)

For a complete review of Coppermoly please refer to www.coppermoly.com.au . The main points are described below:

- Coppermoly has exploration title to three large copper/gold/molybdenum systems, **Simuku, Nakru, and Plesumi**, on the island of New Britain – each system or prospect is known to have mineralization over approximately 10sq 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 76 drill-holes, approximately 50 kms of bulldozer/excavator trenching, several further kilometres of hand-trenching, aeromagnetics and radiometrics, some surface geophysical surveys such as induced polarization, extensive auger soil and other geochemical surveys.
- **The Nakru and Simuku projects have separate gold and/or molybdenum potential** which may be amenable to early development. At Nakru, trench results included 35m at 7.26g/t gold and 42m at 2.70g/t gold including 3.0m at 16.8g/t gold. At Simuku, trench results include 78m at 0.133% molybdenum and drill results 19m at 0.32% molybdenum and 0.10% copper.

In 2008 Coppermoly completed 22 diamond core holes totalling 5,074 at Simuku and Nakru. In addition, a major IP survey at Nakru identified two large anomalies corresponding to copper in drill intersections and trenches. The IP surveys suggested that the mineralization so far defined in drill hole is much more extensive than previously known. At "Nakru One" the IP anomaly has dimensions of 700m by 200m-250m, and at "Nakru Two" 500m by 200m.

At "Nakru One" prospect trenching encountered 90m at 1.08g/t gold and 204ppm molybdenum, and 20m at 1.52g/t gold and 239ppm molybdenum. Hole 14 at "Nakru One" intersected 11m from surface of 2.84g/t gold and hole 17 intersected 63.7m at 0.5% copper from 25.7m depth (including 28.4m at 1.1% copper).

At Nakru Two, two diamond drill cores intersected high-grade copper associated with the IP anomaly. Hole 1 intersected 51m at 1.21% copper, 0.26% zinc, 3.5g/t silver and 0.1g/t gold, including from 30m to 58m downhole, 28m at 1.9% copper, 0.5% zinc, 5.35g/t silver and 0.1g/t gold. Hole 2, from 36m to 109m downhole intersected 73m at 0.96% copper, 0.22% zinc, 3.86g/t silver, including 26m at 1.65% copper, 0.56% zinc, 6.73g/t silver and 0.13g/t gold. The potential to define a substantial body of mineralization at these grades is excellent.

At Simuku, the drilling and trenching have now provided sufficient data for a resource to be estimated over the northern- most one-third of the system. Of particular significance is that Hole 26 intersected substantial widths of primary mineralization at depth suggesting copper grades were increasing with depth. From 240m to 296m depth, Hole 26 intersected 56m at 0.77% copper, 123ppm molybdenum, 0.11g/t gold and 2.6g/t silver. A significant "chalcocite blanket" is also present at Simuku.

Coppermoly recently released a resource estimated in accordance with the guidelines of the JORC Code (Australian standard). This resource is available in Coppermoly press releases and at www.coppermoly.com.au.

CONVERTIBLE DEBENTURES ISSUED

In December 2008 and January 2009 a total of $3 million in Debentures was raised (see Press Releases dated December 22, 2008 and January 23, 2009). These funds were for working capital, partial repayment of debt to Bank of South Pacific, and for capital to up-grade the Sinivit gold production.

SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of common shares without par value. Shares issued January 1, 2008 to December 31, 2008 and to the date of this report are as follows:

	Number of Shares	Share Capital $
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
Fair value of warrants exercised	-	532,950
Exercise of stock options	760,000	227,285
Fair value of options exercised	-	216,077
Total shares issued	27,668,238	8,982,002
Balance, December 31, 2008 and May 22, 2009	156,242,480	43,277,467

RELATED PARTY TRANSACTIONS

Transactions with related parties are in the normal course of operations and are unsecured, non-interest bearing and due on demand.

Prior to 2003, 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.

At December 31, 2008, Macmin owed the Company $56,761 for shared service used by Macmin (2007: $661,659 owed to Macmin for exploration and mine development expenditures paid for by Macmin).

Coppermoly Ltd ("Coppermoly") was incorporated in 2007 and purchased the Simuku and Mt Nakru properties from the Company in exchange for shares. The Company also purchased shares in the Initial Public Offering of Coppermoly and took up its entitlement to share purchase options during 2008. The Company currently owns 46.7% of the share capital of Coppermoly. As at December 31, 2008 Coppermoly owed the Company $78,541 (2007: $420,331) for exploration expenditures paid for by the Company on Coppermoly's behalf. In 2008 Copper Quest Ltd, a wholly owned subsidiary of Coppermoly, also paid the Company $85,232 for equipment hire which the Company included in interest and other income on the statement of operations and deficit (2007: $nil).

Pacific Kanon Gold Corporation ("PKG"), a company currently working towards a public listing, acquired the Company's interest in Kanon Resources Ltd ("Kanon") for shares in 2007. At December 31, 2008, the total owed by PKG to the Company was $1,036,610 (2007: $514,470). The amount related to exploration expenditures as well as professional and other fees relating to PKG's IPO paid by the Company on PKG's behalf. Due to market conditions and the uncertainty surrounding the successful listing of PKG at December 31, 2008, the Company has provided for the non-collection of this receivable. In 2008 PKG also paid the Company $94,779 in operating fees (2007: $35,780) for managing the exploration programs on PKG's exploration properties and $27,323 for equipment hire (2007: $nil), which the Company included in interest and other income on the statement of operations and deficit.

Goldmines of Niugini Holdings Limited ("GMNH") is the 10% joint venture partner in the Mt Sinivit mine. At December 31, 2008 GMNH owed the Company $1,879,325 (2007: $1,345,197).

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 and equivalents, amounts receivable, marketable securities, investments, long term receivables, accounts payable and accrued liabilities, bank debt, debentures issued and embedded derivatives. The cash and equivalents and bank debt balances in these accounts are in Canadian dollars, Papua New Guinea kina and Australian dollars and are recorded at their carrying value which approximates fair value due to the short-term nature of these items. The amounts receivable, long term receivable accounts payable and accrued liabilities and convertible debentures are stated at amortized cost. The investment is measured at cost while marketable securities and embedded derivatives are recorded at fair vale.

Legal Proceedings

The Company and its subsidiaries are not parties to any legal proceedings and have no contingent liabilities.

CHANGES IN ACCOUNTING POLICIES

i) Capital Disclosures

From 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 (see note 3).

ii) Financial Instruments - Disclosure and Presentation

From 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 (see note 4).

iii) General Standards of Financial Presentation

The CICA accounting standards board amended section 1400 to include requirements, from January 1, 2008, for management to assess and disclose an entity's ability to continue as a going concern. The adoption of this amendment did not have an impact on these consolidated financial statements other than disclosures.

iv) Inventories

From January 1, 2008, the Company adopted new CICA Handbook section 3031 which provides additional guidance in the measurement and disclosure of inventories. The revised standard requires inventories to be presented at the lower of cost and net realizable value. In addition, the revised standard requires inventories to include fixed production overhead based on their normal capacity. The adoption of this section did not have a material impact on the Company's consolidated financial statements.

v) Goodwill and intangible assets

In February 2008, the CICA issued section 3064, *Goodwill and intangible assets*, ("Section 3064") replacing Section 3062, *Goodwill and other intangible assets* ("Section 3062") and Section 3450, *Research and development costs*. Various changes have been made to other standards to be consistent with the new Section 3064. Section 3064 will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008.

Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and of intangible assets. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The adoption of this section did not have any impact on the Company's consolidated financial statements.

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:

i) 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, 2010 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 Company has not yet developed an implementation strategy to establish timelines and identify significant differences between Canadian GAAP and IFRS, thus the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

ii) Business combinations

In December 2008 the CICA issued section 1582, *Business Combinations,* replacing section 1581, *Business Combinations*. This standard was amended to require additional use of fair value measurements, recognition of additional assets and liabilities and increased disclosure. Company's adopting section 1582 will also be required to adopt CICA Handbook sections 1601, *Consolidated Financial Statements*, and 1602, *Non-Controlling Interests*. These standards will require a change in the measurement of non-controlling interest and will require the change to be presented as part of shareholders' equity on the balance sheet. In addition, the income statement of the controlling parent will include 100% of the subsidiary's results and present the allocation between controlling and non-controlling interest. These standards will be effective January 1, 2011 however early adoption is permitted. The changes resulting from adopting section 1582 will be applied prospectively and the changes for adopting sections 1601 and 1602 will be applied retrospectively.

At the date of this report the Company did not have any investments in subsidiaries with non-controlling interests and so has assessed that there will be no impact from these new accounting standards on its current consolidated financial statements.

OUTSTANDING SHARE DATA

The Company has one class of shares and there were 156,242,480 shares issued as at May 22, 2009 (156,242,480 shares issued as at March 31, 2009) and 178,357,480 on a fully diluted basis (March 31, 2009: 178,566,489).

The Company has a stock option plan and at the date of this report there were 9,490,000 options outstanding exercisable into one common share between $0.23 and $0.43 (9,490,000 options outstanding as at March 31, 2009).

The Company has 9,625,000 warrants outstanding at the date of this report exercisable into one common share between $0.20 and $0.65 (9,834,009 warrants outstanding as at March 31, 2009).

BUSINESS RISK ASSESSMENT

In addition to operational issues, there are several risks that could affect our business prospects. The feasibility of our mine operations and mineral exploration is significantly affected by changes in the market price of gold and, to a lesser degree, silver. Gold prices fluctuate widely and are affected by numerous factors beyond our control. The level of interest rates, the rate of inflation, world supply of gold and stability of exchange rates can all cause significant fluctuations in gold prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

The exploration and development of our mineral exploration properties will require substantial additional financing. Failure to obtain sufficient financing will result in the delay or indefinite postponement of exploration, development or production on any or all of our properties or even a loss of property interests. Our ability to arrange such financing in the future will depend, in part, upon the prevailing capital market conditions as well as our business performance. There can be no assurance that we will be successful in our efforts to arrange additional financing on satisfactory terms. If additional financing is raised by the issuance of shares, control of the Company may change and shareholders may suffer dilution.

Our business risks also include operating hazards, environmental and other government regulations, competition in the marketplace, and the market for our securities. Our properties are located in PNG and are subject to the laws and regulations of that country. We carry on our exploration activity outside of Canada. Accordingly, we are subject to the risks associated with the fluctuation of the rate of exchange of the Canadian dollar and foreign currencies, in particular the Australian dollar and the PNG kina. Such fluctuations may materially affect our financial position and results.

In accordance with industry practice, the Company is not fully insured against all of these risks, nor are all such risks insurable. Although we maintain liability insurance in an amount that we consider consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, which could lead to significant costs that could have a materially adverse effect upon our financial condition.

SUBSEQUENT EVENTS

There were no material events subsequent March 31, 2009.

DISCLOSURE CONTROLS

As the Company is classified as a Venture Issuer under applicable Canadian securities legislation, it is required to file basic Chief Executive Officer and Chief Financial Officer Certificates, which it has done for the quarter ended March 31, 2009. The Corporation makes no assessment relating to the establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at March 31, 2009.