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New Island Resources Inc. (NIS : TSX-V)

Date: August 22, 2006
Price: \$0.24



KEY INFORMATION

BALANCE SHEET (as at March 31, 2006) *

Current Assets	\$ 479,185
Total Assets	3,477,645
Current Liabilities	522,672
Long-Term Debt	nil
Shareholders' Equity	2,954,973

* New Island completed a \$2 million financing in April 2006

SHARES OUTSTANDING (as at May 30, 2006)

Basic	*37,266,943
Options	3,725,000
Warrants	8,096,000
Fully-Diluted	49,087,943

**management and insiders own approximately 14% of the total shares issued and outstanding

COMPANY OVERVIEW:

New Island Resources Inc. is a junior mineral exploration and development company focused on gold properties in eastern Canada. The company's principal assets, which are all located on the island of Newfoundland, include a 70% interest in the Pine Cove property near Baie Verte, a 100% interest in the large Glover Island property in Grand Lake, and a 100% interest in a marble deposit at Deer Lake. In addition, New Island holds an option to acquire the Nugget Pond property and mill at Baie Verte from Richmont Mines Inc. (RIC:TSX).

Pine Cove Property

The Pine Cove gold property is located near the town of Baie Verte in northwest Newfoundland. The property comprises

Highlights:

- purchase of New Island Resources by another public company is currently in due diligence process
- Pine Cove property expected to commenced production in the fourth quarter of 2006
- holds an option to acquire the Nugget Pond mine and property from Richmont Mines Inc.

approximately 660 hectares held under a mining lease. Pine Cove hosts a deposit encompassing the gold bearing Thunder and Lightning zones. From 1988 through 1992, 12,540 metres of drilling was completed, which demonstrated the presence of significant gold mineralization.

During 2004, a 6,500 ton bulk sample of ore was processed at Richmont Mines' Nugget Pond mill located about 50 km east of Pine Cove. The sample yielded 1,050 ounces of gold at a 96.6% recovery rate. Management currently plans to process an additional 75,000 tons of ore at Nugget Pond prior to the construction of a mill on site at Pine Cove. This larger sample is expected to yield approximately 12,000 ounces of gold, with 70% of the cash flow retained by New Island.

Pine Cove is currently under option to Anaconda Gold Corporation (ANX:TSX-V). Under the terms of the agreement, Anaconda earned a 30% interest in Pine Cove by completing a feasibility study. Following the completion of the positive feasibility study, Anaconda made a decision to bring Pine Cove into production based on indicated resources of 2,635,000 tonnes grading 2.93 grams per tonne (gpt) for 248,000 ounces of gold and inferred resources of 254,000 tonnes grading 2.11 gpt for 17,000 ounces of gold. Anaconda can earn an additional 30% interest in the property once commercial production is achieved. The necessary permits have been applied for and production is anticipated to commence during the fourth quarter of 2006.

Glover Island

The Glover Island property, which is 100%-owned by New Island, comprises 201 mining claims encompassing 4,067 hectares covering a 16 km zone of gold mineralization.

Between 1990 and 2003, 60 holes were drilled to test six of 17 gold prospects, which had been exposed from trenching activity. This drilling was successful in encountering significant intersections hosted in felsite sheets, quartz veins, mylonite and conglomerate. Based on the \$3 million expended since 1990, management believes that a gold resource in the range of two to five million ounces can be visualized and the company estimates that a further \$2 million to \$3 million of drilling will be required to validate this potential and identify an economic resource. New Island will continue to aggressively carry out exploration and development activities at Glover Island in order to solidify the potential of this project.

Nugget Pond Option

In November 2005, New Island obtained a 12-month option to purchase the Nugget Pond mill and property from Richmond at a price of \$2.5 million, plus the assumption of reclamation liabilities. Under the terms of the agreement, New Island has made a non-refundable deposit of \$250,000 and must complete \$1 million in exploration on the property. Should the option be exercised, Richmond has the right to retain a 30% interest by paying \$1 million to New Island. In July 2006, this agreement was amended whereby Richmond will forgo its right to purchase a 30% interest in exchange for one million New Island shares at a deemed price of \$0.30 per share. During the term of the option, Richmond will remain the owner and operator of the facilities and will undertake the processing of the 75,000 tons of Pine Cove ore.

From 1997 to 2001, the Nugget Pond mine produced 537,672 tons of ore at an average grade of 0.32 ounces of gold per ton with a mill recovery rate of 97.96%, yielding 168,745 ounces of gold at a cash cost of \$220 per ounce.

In April 2006, New Island commenced the drilling of four holes at Nugget Pond in order to confirm previous drill results on the property. In early June 2006, the company indicated that this four hole program was successful in further delineating the gold mineralization of the Footwall zone. Reported gold grades ranged from 2.1 gpt over 4.7 metres to 99.3 gpt over a 0.62 metre width. The company has since recommenced drilling on the footwall and North South zones to further define mineralization. Also, upon completion of a geophysics survey which is in progress, New Island plans to commence drilling other identified targets on the property.

Deer Lake

This property is made up of 242 hectares and contains large marble deposits of various attractive colors. The commercial viability of this project remains under review.

Takeover

On June 7, 2006, New Island announced the intent of a public company to acquire all of its outstanding shares. New Island had granted an exclusivity period until July 3, 2006, to enable the company to conclude its due diligence and to negotiate and complete definitive documentation relating to a possible acquisition by that company of all of New Island's shares. The terms of any such transaction, including price, have not yet been agreed upon. On July 10, 2006, the company reported that takeover discussions are continuing.

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