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NEW GUINEA GOLD and PNG GOLD UPDATE

Merger Discussions Announced

November 4, 2011, Vancouver, BC – **New Guinea Gold Corporation** (“New Guinea Gold” or the “Company”) (TSX-V: NGG, Frankfurt: NG8) and **PNG Gold Corporation** (“PNG Gold”) (TSX-V: PGK) jointly announce that they have entered into a letter of intent with respect to a potential acquisition of New Guinea Gold by PNG Gold. This announcement is being made in response to recent unusual trading volume in New Guinea Gold’s common shares in the absence of any material news from New Guinea Gold.

This letter of intent is effective as of October 29, 2011 and non-binding, except for an exclusivity period and certain other non-material matters.

The terms presently under discussion would involve an arrangement under which New Guinea Gold shareholders would be issued one common share of PNG Gold for each 5.714 common shares of New Guinea Gold held (or an inverse exchange ratio of 0.175 PNG Gold shares for each one New Guinea Gold share).

Management believes the transaction, if consummated, will provide a platform for growth for shareholders of each company in the following manner. It will provide New Guinea Gold shareholders an immediate premium to New Guinea Gold’s recent stock price, and afford a secure and expedient development path for New Guinea Gold’s production and exploration licences on New Britain Island in Papua New Guinea. PNG Gold’s shareholders will benefit from the transaction by the acquisition and recapitalization of the Sinivit Mine. Recapitalization will enable the mine to significantly improve operational performance. PNG Gold’s management also intends to implement an expanded exploration programme. The addition of



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Sinivit will also enhance PNG Gold's ability to advance its 100% earned interest in the Imwauna Property on Normanby Island in Papua New Guinea.

PNG Gold and New Guinea Gold caution that no binding agreement has been reached. The execution of any such agreement would be conditional upon, among other things, completion of satisfactory due diligence by PNG Gold and approval of the directors of PNG Gold and New Guinea Gold. There is no assurance any agreement will be concluded with respect to the transaction described above or any other transaction, or that any transaction if agreed will be completed.

The parties do not intend to make further announcements or communications regarding this potential transaction until a definitive agreement is reached, or discussions are terminated without such an agreement being reached.

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Forward Looking Statements - Certain information set forth in this news release may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of New Guinea Gold and PNG Gold, including, but not limited to the expected benefits from the potential transaction, impact of general economic conditions, industry conditions, volatility of commodity prices, risks associated with the uncertainty of resource and reserve estimates, currency fluctuations, dependence upon regulatory approvals, the availability of future financing and exploration risk. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.