Amended and Restated

NEW GUINEA GOLD CORPORATION

Management Discussion & Analysis
For Quarter Ended December 31, 2010 & Year Ended December 31, 2010

INTRODUCTION

This document has been amended to clarify the Company's position and performance and to better meet the standards under which it reports. In particular it has been amended to ensure that the content is compliant with the disclosure requirements of NI 43-101. More detail has been provided in relation the company's operations and forward-looking statements.

The following Management Discussion and Analysis of New Guinea Gold Corporation's ("NGG" or "the Company") financial position is for the year ended December 31, 2010 compared to December 31, 2009, and for the quarter to December 31, 2010, compared to the quarter ended December 31, 2009. 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).

The technical information in the Management Discussion and Analysis was prepared under the direction of Robert D. McNeil, Acting CEO, a Fellow of the Australasian Institute of Mining and Metallurgy and a "qualified person" as defined by National Instrument 43-101.

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.

Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking information, including, but not limited to: -

- Failure to establish further economic mineral resources;
- Delays or failure in obtaining extensions to required government approvals and permits;
- Changes in national or local governmental legislation or regulation;
- Changes in taxation or other government levies;
- Political or economic instability or other acts of civil unrest;
- Terrorism;
- Inflation;
- Changes in currency exchange;
- Fluctuation in commodity prices; and
- Delays in the development of projects.

In addition forward-looking statements are based on various assumptions including but not limited to: -

- The expectations and beliefs of management;
- The assumed long-term price of commodities;
- The continuity of approvals and permits issues by governments;
- Access to financial capital; and
- Access to appropriate equipment and labour.

Should any of the risks or uncertainties materialise or any of the underlying assumptions prove incorrect, actual results may vary from materially from those described herein. Readers are advised not to place undue reliance on forward-looking statements and except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward-looking information.

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 part of the report is current to May 2 , 2011 unless otherwise indicated, whereas the information in the financial part of the report is current at April 29, 2011.

BUSINESS & DEVELOPMENT STRATEGY

The Company is involved in mineral exploration and mine development in Papua New Guinea ("PNG"). NGG has direct interests in one gold property and indirect interests in six gold properties through shareholdings in Vangold Resources Ltd ("Vangold"), NMC Mining Corp ("NMC") and Gold Anomaly Ltd ("Gold Anomaly") and/or carried interests in three projects. NGG also has indirect interests in three porphyry copper-gold-molybdenum properties (known as two projects – Nakru and Simuku) through shareholdings in Coppermoly Ltd ("Coppermoly"). In excess of 110,000 metres of drilling has been completed on these properties and this drilling has located extensive gold or copper-gold-molybdenum mineralisation in each of the properties (Figure 1).

The divestment of the above projects to other Companies was necessary in 2008, 2009, and 2010 for NGG to remain a viable entity and to ensure that all projects had adequate funding to remain in good standing and/or move forward to development. As a result of lower than expected cashflow from the Sinivit Mine, weakness in the Company's share price, (partly caused by the global financial crisis), NGG had insufficient sources of cash to continue funding all projects. The Board recognised that it is preferable to have a smaller or indirect interest in a project going forward than a major interest in a project which is stalled or may cease to be an asset at all if the Company is unable to maintain it in good standing.

NGG's principal objective in 2011 is to determine the long term future of the Sinivit Project by defining the sulphide (copper, gold, silver, and tellurium) potential of the project. In tandem with the above objective we intend to continue our efforts to increase gold production, preferably by implementing alternative processing.

CORPORATE STRUCTURE

NGG's exploration/development interests are shown in the accompanying chart (Figure 2). In addition to Sinivit, NGG holds significant shareholdings and/or carried interests in ten properties – three with Vangold, three with Coppermoly, two with NMC, and two with Gold Anomaly (Figure 2).

NGG's main focus in its own right is the Sinivit Project in which it holds a 92% interest and is negotiating to acquire the remaining interest from Goldmines of Niugini Holdings Ltd ("GMNH").

Significant and potentially economic gold and/or copper mineralisation has been defined in drill core at all of the above projects. Summary details of each project are given under the relevant company.

NGG's spread of interests significantly reduces the corporate risk associated with the Company. In addition to income from, and the potential for development of the Sinivit mineralised systems, some or many of the projects noted above could develop into a major mine with significant financial gain for NGG.

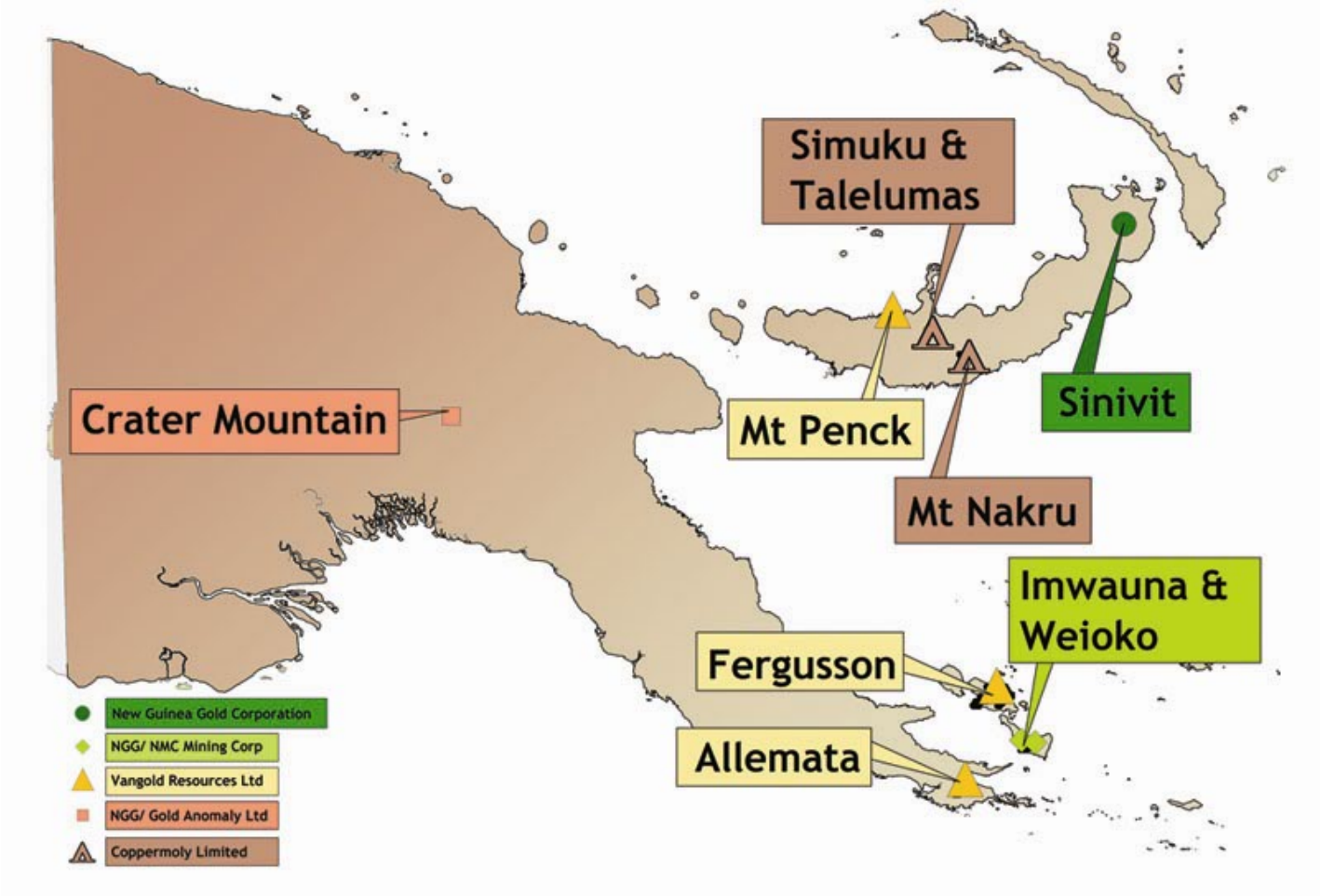

Simuku &
Talelumas
Crater Mountain
Mt Penck
Sinivit
Mt Nakru
Imwauna &
Weioko
Fergusson
Allemata
New Guinea Gold Corporation
NGG/ NMC Mining Corp
Vangold Resources Ltd
NGG/ Gold Anomaly Ltd
Coppermoly Limited

Figure 1

NEW GUINEA GOLD CORPORATION

Corporate Structure

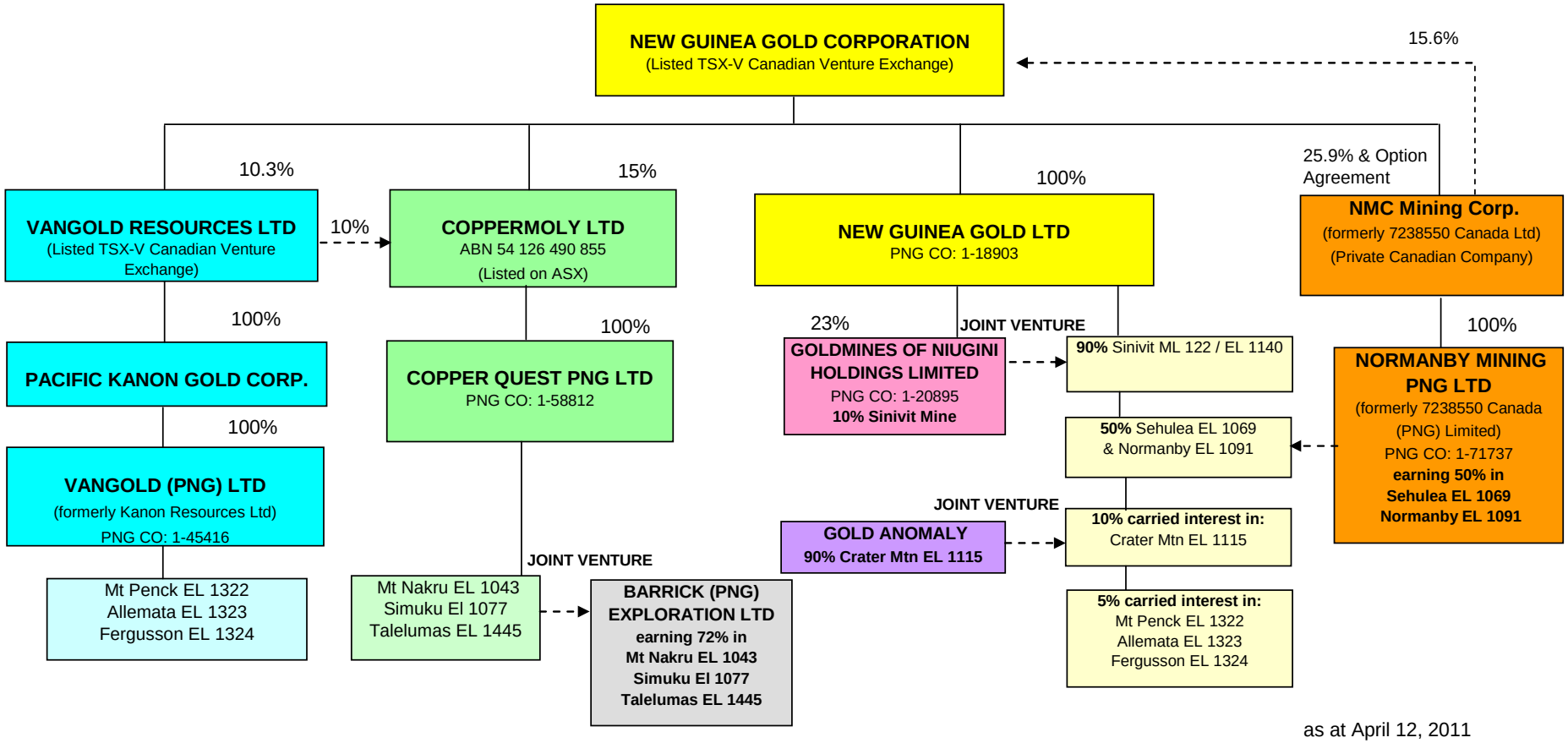


Figure 2

QUARTER ENDING DECEMBER 31, 2010

The Company's net loss for the quarter was $2,351,008 compared to a loss of $4,008,200 for the equivalent period in 2009.

The Company's principal investments/joint venture associate companies Coppermoly, NMC, Vangold and Gold Anomaly are shown under **Corporate Structure.**

SINIVIT MINE

Sinivit gold production in the Q4 2010 was 1,891ozs compared to 884ozs in Q4 2009. Silver production for Q4 was 365ozs.

Sinivit production continued to improve both in ounces of gold and the quality of gold in dore in the Q4 2010. Gold production in Q4 increased 26% over Q3 and 75% over Q2.

The Company made substantial progress in cost reduction during Q4. The monthly cash mine operating costs have been reduced by approximately 26% for the three months ended December 31, 2010 compared to the January to June monthly average. Quarterly cash mine operating costs are total cash costs for the mine including mine and local administration and exploration on the Mining Lease. Cash mine operating costs are unaudited, do not include depreciation and capital costs, require estimates in some cases, and are determined by Company accounting staff. Cash mine operating costs can vary substantially as major purchases such as carbon, cyanide and lime are purchased only every 3 to 6 months, thereby distorting the cash cost for the period in which they were purchased. There were no such purchases in the quarter ending December 31, 2010.

Revenue from metal sales for the quarter was PNG Kina 6,532,133 or CAD $2,634,825, with the cash mine operating cost estimated at PNG Kina 3,748,188 or CAD $1,499,277.

Drilling and trenching continued at Kavursuki with results released in March 2011.

EXPLORATION/ASSOCIATE COMPANIES/JOINT VENTURES

On October 18, 2010, the following drill hole results were released for the Imwauna Project which is a joint venture with NMC.

Assay Summary (0.5g/t cut off)

Hole No	Intersection		Length [1] (m)	Gold (g/t)	Silver g/t	Final Depth (m)
	From (m)	To (m)				
IMH 176	46.35 71.20	57.40 71.55	**11.05** 0.35	**19.50** 4.30	**31.40** 68.20	90.10
IMH 177	42.50 86.15	49.15 87.50	**6.65** 1.35	**22.90** 4.30	**47.40** 25.60	91.41
IMH 178	0.00 4.65	3.90 4.75	3.98 0.10	5.17 4.95	17.70 49.00	37.90

[1] True width is uncertain but estimated to be in approximately 70% of the above length

The primary intent of these holes was to obtain metallurgical test samples to determine the metallurgical characteristics of the Imwauna system at 30m to 50m below surface. A secondary consideration was to obtain additional confirmation of the widths and grades in this southern high grade zone within the Imwauna Vein System. Hole IMH176 intersected the main mineralisation approximately 4m vertically nearer the surface than IMH177.

Both holes intersected the mineralisation between former holes IMH53 and IMH74 (see Press Release dated October 18, 2010, for more detail). Hole IMH178 steepened and was abandoned as it would not have intersected the main mineralised zone, however, it did intersect a second gold mineralised zone approximately 20m to the east of the main zone (3.9m at 5.17g/t gold).

On October 19, 2010, extensive rock chip samples from the Kela's area at Imwauna (a separate zone to the west of the Imwauna Zone) gave excellent results with 20% of all samples greater than 4g/t gold and 42% greater than 1g/t gold. Excavator trenching of this zone is expected to be carried out in the Q2 2011.

On October 25, 2010, Coppermoly announced further results from their joint venture with Barrick (PNG Exploration) Ltd ("Barrick") at Mt Nakru. At Nakru 2 Barrick intersected 34.2m at 1.07% copper and 0.23g/t gold between 141m and 175.2m downhole. For further results released in 2010 see below in year ending December 31, 2010.

Vangold completed a 3D-Induced Polarisation (IP) chargeability/resistivity survey and further geochemical gold sampling at Igwageta Project (Fergusson Property). On November 9, 2010, it was announced that first order gold and arsenic soil anomalies were defined associated with a strong 3D-IP chargeability anomaly. Abundant visible nuggety gold was also located on fractures in the outcropping rhyolitic volcanics in of the gold/arsenic/chargeability anomalous zone. The strong and coincident geochemical, geophysical and visual gold anomalies are extremely encouraging and together they confirm the high gold prospectivity of the prospect.

Vangold also announced on November 18, 2010, that drilling had recommenced at the Mt Penck Project. Mt Penck is a major sulphide system with widespread sulphides indicated by 3D-IP Surveys and extensive gold mineralisation already noted in drill holes, trenches and geochemical samples.

On November 11, 2010, Gold Anomaly announced that drilling was to commence at the Crater Mt Project. They noted in respect to the drilling program that:

- Focus on proving the geological model of diatreme-breccia hosted mineralisation indicated by two separate zones of mineralisation.
- Drilling to test the geological model of a potential sub-vertical diatreme-breccia zone situated between the two zones if mineralisation defined by previous drilling and sampling.
- This zone has never been drilled as the two zones of mineralisation were previously thought unrelated.
- The diatreme and related breccias have been altered and mineralised by both mineralisation events.

In summary it is noted that gold production and revenue increased significantly in the Q4 2010; exploration activity by associate or partner companies also increased substantially compared to the Q4 2009 with significant drill results from the NGG/NMC joint venture and by Coppermoly at Mt Nakru. Exploration activity is expected to continue to increase in Q1 2011 with drilling planned at Sinivit, Nakru, Mt Penck, Fergusson and Normanby Projects. Other surface exploration is also planned for the Allemata and Sehulea Projects.

YEAR ENDING DECEMBER 31, 2010

NGG's investment profile changed significantly in 2010. NGG needed to substantially reduce its exploration commitments in 2009 to match available cash resources. As a consequence of these limited available funds, NGG, rather than retain direct and fundable (by NGG) interests in many projects, negotiated indirect interests with other parties, resulting in no further funding requirements by NGG for these projects. However, the retained indirect interests, and/or joint ventures in the event of a significant discovery and mine development, **would be a major asset for NGG without further financial commitments in most projects.**

Funding by NGG from end of Q1 2010 onwards was restricted to the Sinivit Project, and this continued through into 2011. **NGG is focused on enhancing the Sinivit Project.**

The various interests owned by NGG in other company's or projects are shown on Figure 2.

The main points for the year are summarised below.

- **Profit/Loss**

The Company's net loss for the year ended December 31, 2010 was $6,957,071 or $0.03 per common share, compared to a loss of $8,802,145 or $0.05 per common share for the year ended December 31, 2009. The change in profit/loss from year 2009 was largely due to reduced costs at the Sinivit Mine, losses related to the sale of mineral property interests to NMC Mining Corporation (NMC) ($529,040), the settlement of the NMC Bridge loan ($1,074,024), and the write-off of the GMNH receivable ($4,841,978).

- **Revenue from Metal Sales**

Revenue for the year from gold and silver sales from the Sinivit Mine was PNG Kina 19,679,655 or CAD $7,608,547. This compares to revenue of CAD $7,106,526 for the year to December 31, 2009.

- **Gold Production**

Gold production for the year totaled 5,895ozs compared to 6,359ozs in the year to 31 December 2009. As noted above, revenue was up due to the increased gold price.

- **Cash and Marketable Securities**

The Company had cash at December 31, 2010 of $1,280,203 plus marketable securities at market value of $4,407,862, compared to cash of $3,627,136; and marketable securities at market value of $98,800 at December 31, 2009.

As at April 20, 2011, the Company had cash of $1,280,203 and marketable securities at market value of $4,407,394. This does not include any value for the 15,682,269 shares in NMC.

- **Discussion re Gold Production/Revenue from Gold Sales**

Gold production at Sinivit peaked in the last quarter of 2008, declined from Q2 2009 to a low at the end of 2009, and gradually increased throughout 2010 (although 2010 production was slightly lower than 2009). Production continued to gradually increase in Q1 of 2011.

The decline in gold production in the second half of 2009 and first half of 2010 was due to the following:

- excessive rainfall;
- the contractor dispute in middle 2009 which resulted in the Company continuing operations with minimal mobile equipment until early 2010;
- reduced suitable sites for vat construction; and
- increase in copper content of the mineralisation with depth which impacts on the gold recovery circuit.

The above concerns have now largely been remedied, but it is not expected that gold production will exceed 2,500ozs/quarter in the near future unless the processing method (i.e. moving from vats/heaps to CIP/CIL or variant thereof) is changed.

Revenue and net revenue increased in 2010 due to the increase in the price of gold and a substantial reduction in operating costs. The main contributing factor to a reduction in operation costs was the move from vats to heaps. Heaps are now being built on top of older vats thus eliminating the cost of building vats.

A comparison of the quarterly production, revenue and quarterly cash mine operating costs are given in the table below. These figures may differ slightly from audited figures in the accounts due to exchange rate conversion from PNG Kina to CAD$. The figures below use exchange rates at the end of each quarter and may be less accurate than the figures in the accounts.

	Gold Sold (ounces)	Gold Purity in Dore	Revenue		Average Quarterly Cash Mine Operating Costs	
			CAD$	PNG KINA	CAD$	PNG KINA
March 31, 2010	1,423[2]	-	1,449,078	4,153,333	1,790,850	5,116,716[1]
June 30, 2010	1,078	5% to 16%	1,562,149	3,478,994	2,251,366	5,116,716[1]
September 30, 2010	1,503	9.5% to 14%	1,998,495	4,889,265	2,336,193	5,698,035
December 31, 2010	1,891	24.8% to 36.2%	2,634,825	6,532,133	1,499,277	3,748,188
TOTAL	5,895		**7,608,547**	**19,053,725**	**7,877,686**	**19,679,655**
March 31, 2011	1,971	22% to 63%	2,597,854	6,877,487	1,412,000	3,750,000[3]

[1] Based upon the six month period ending June 2010.

[2] Approximately 300ozs in the March quarter were actually produced in December 2009, but were not sold and noted in the accounts until January 2010.

[3] from press release

- **Funding**

In December 2009 and January 2010, NGG raised CAD$5.1 million in private placements. These funds were used to repay debt to Bank of South Pacific and Coppermoly, for capital upgrades at the Sinivit Mine, to fund royalties due to Sinivit Landowners and for working capital.

NGG now owns most of the equipment, trucks, excavators, grader, existing and new crusher and screens, and ancillary equipment at the Sinivit Mine. Some of this equipment is financed through a 2-year business loan from the Bank of South Pacific which is scheduled to be paid out in Q4 2011.

The above additional capital provided a more flexible and satisfactory arrangement for mining and processing activities at Sinivit compared to the previous contractor arrangement with HBS Machinery ("HBS").

The Convertible Note arranged through Bolder Investment Partners was repaid on June 9, 2010. This repayment was part of the agreement with NMC whereby NMC has acquired a 50% interest in the Normanby and Sehulea tenements. NMC provided the $3 million to repay the Note by way of a loan to NGG. NGG has, as a subsequent event, repaid this loan to NMC by the issuance of 26,855,994 shares and 26,855,994 warrants (exercisable at $0.225 by August 4, 2012). A finder's fee of 5,454,454 shares in NGG was paid in respect to the above loan.

NMC, in respect to a joint venture agreement on the Normanby and Sehulea properties paid to NGG on August 25, 2010 a cash payment of CAD$1,000,000 plus refund of expenditures by NGG on the above properties.

In 2010, NGG sold down its holding in Coppermoly from approximately 30 million shares to approximately 21.5 million shares (total 8.5 million shares) with proceeds of AUD $919,427, CAD$827,814. These funds were used for working capital.

- **Mining/Earthmoving Contractor Dispute**

Sinivit mining equipment contractor, HBS, unilaterally terminated its Hire Agreement without due notice at the end of June 2009, and HBS removed their equipment from site. New Guinea Gold views this as a breach of the Hire Agreement, specifically HBS's removal of certain equipment from the site, which under the Hire Agreement, is now beneficially owned by NGG and, failure to give the requisite 30 days' notice before removing any piece of equipment from the site. NGG will vigorously pursue claims against HBS in the Papua New Guinea Court for damages totalling Kina 2,928,430 or approximately CAD$1,200,000.

The Contractor's action resulted in gradually decreasing gold production throughout the remainder of 2009 and into 2010. As at the date of this report the Contractor's equipment had finally been replaced by predominantly NGG owned and operated equipment. This resulted in gradually increased gold production throughout the remainder of 2010.

In early 2011 the Parties agreed to mediate the proceedings. If mediation fails our legal representatives will list the matter with a view to getting a trial date at the National Court (of PNG).

PROJECTS / EXPLORATION / ASSOCIATE COMPANIES

SINIVIT GOLD PROJECT (92% NGG BENEFICIAL OWNERSHIP)

The technical information in this document relating to Sinivit, unless otherwise specified, was prepared under the direction of Robert D. McNeil, President and CEO, a Fellow of the Australasian Institute of Mining and Metallurgy and a "qualified person" as defined by National Instrument 43-101.

The Sinivit Gold Project is NGG's main focus. It 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 plans 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 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 mineralisation will be defined.

The Sinivit Project is owned 90% by NGG and 10% by Gold Mines of Niugini Holdings ("GMNH"). NGG, in turn, owns approximately 22% of GMNH. NGG is at present in negotiation with GMNH to purchase the remaining equity in the Project.

Sinivit can be summarised as follows:

- Resources – the 2006 report entitled "Technical Report on the Sinivit Property, Papua New Guinea" by independent Qualified Person, Ralph Stagg, identified the following resources:

  Oxide zone "low copper" indicated mineral resource estimate

Tonnes	Grade g/t Au (uncut)	Grade g/t Au (cut)	Grade Cu ppm
413,100	4.40	3.42	323

  Oxide zone "high copper" indicated mineral resource estimate

Tonnes	Grade g/t Au (uncut)	Grade g/t Au (cut)	Grade Cu ppm
98,800	4.00	3.70	8,585

  Northern Sulphide zone indicated mineral resource estimate

Tonnes	Grade g/t Au (uncut)
201,600	9.42

- The mineral resources represent the *in situ* resources prior to the initiation of mining in 2007. Subsequent production from the oxide portion of the resource is summarized in the "Production Summary" on page 12.

- 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 mineralisation over its entire length.

- The primary mineralisation is sulphide mineralisation (gold/copper/tellurium/silver) but the mine and leaching operation only processes the oxide portion of this mineralisation. The Northern Sulphide zone cannot effectively be treated by the current operation.

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

2010 Production

Mine Statistics 2010

	Tonnes Mined	Tonnes Crushed	Tonnes Placed vats/heaps	Gold Produced (ozs)
Quarter 1	27,368	29,965	24,150	1,423
Quarter 2	43,248	42,850	16,762	1,078
Quarter 3	47,858	48,187	46,124	1,502
Quarter 4	21,549	25,470	9,727	1,890
TOTAL	**140,023**	**143,472**	**96,763**	**5,893**
Quarter 1, 2011	24,072	34,487	30,435	1,971

In 2010, the use of vats was terminated and production moved to the use of heaps (leach). NGG now intends to build heaps on top of most vats, using the vat as the pregnant pond for pregnant or gold bearing fluid, prior to deposition of gold on carbon. The move to vats does not appear to have had a detrimental effect on recovery and has significantly reduced costs.

It is important to realize that recovery of gold from the oxide mineralisation at Sinivit is mainly a function of ore crush size. Our present circuit crushes ore to 90% to 95% -8mm. Much of the gold is still held, after leaching, in the 1 to 8mm particles, and to recover this gold the ore must be **pulverized to 0.1mm size fractions.** This cannot be achieved in the present processing circuit. 30% to 40% of the cyanide soluble gold is not recovered by the present vat/heap leaching.

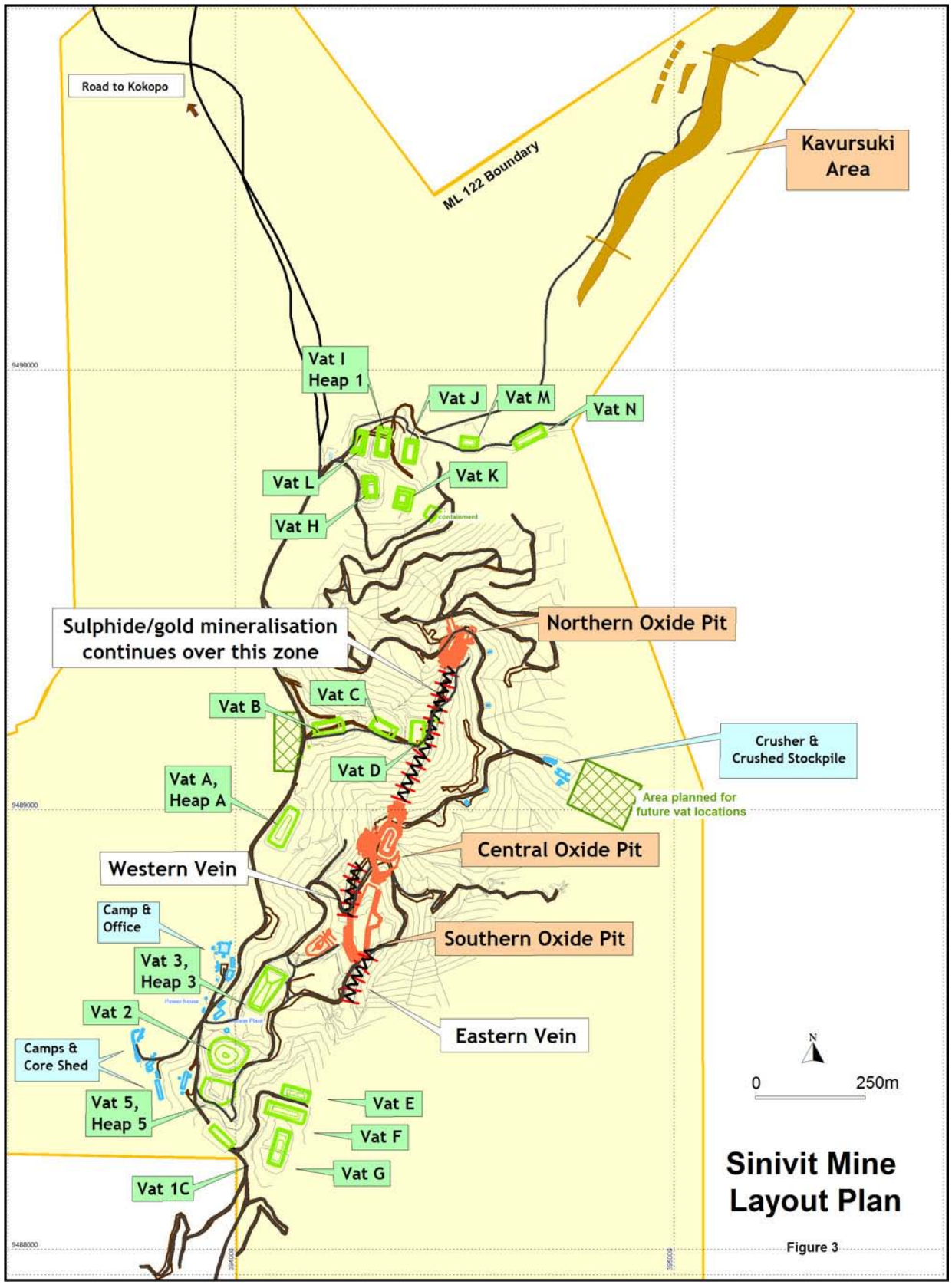
Figure 3 below shows the Sinivit Site as at the end of 2010.

The table below, is a production summary up until February 28, 2011. The table is divided into several sections – **vat designation; ore mined and placed in vats/heaps; gold production to February 28, 2011; results relating to crushed ore; results relating to pulverized ore; percentage relationship between crushed and pulverized cyanide soluble gold; and results and predictions relating to pulverized ore.**

All results in the table are cyanide soluble gold. This is the amount of gold which is dissolved in cyanide solution for the two main divisions – crushed ore and pulverized ore. Total gold from fire assay is not shown. Note that we only have reliable cyanide soluble gold for crushed ore since Vat B. Cyanide soluble grades and thus cyanide recoverable gold in vats before Vat B, is estimated (reason for 110% recovery from Vat 1).

The cyanide soluble gold in crushed ore is relevant to the current vat/heap leach process. It is the recoverable gold in the crushed product.

The cyanide soluble gold in pulverized ore is relevant to possible gold recoveries in processes that grind the ore finely and leach the gold in tanks – carbon in leach (CIL), carbon in pulp (CIP) or some modification of these processes.


Road to Kokopo
ML 122 Boundary
Kavursuki Area
Vat I Heap 1
Vat J
Vat M
Vat N
Vat L
Vat K
Vat H
Sulphide/gold mineralisation continues over this zone
Northern Oxide Pit
Vat C
Vat B
Vat D
Crusher & Crushed Stockpile
Area planned for future vat locations
Vat A, Heap A
Central Oxide Pit
Western Vein
Camp & Office
Southern Oxide Pit
Vat 3, Heap 3
Vat 2
Eastern Vein
Camps & Core Shed
Vat 5, Heap 5
Vat E
Vat F
Vat G
Vat 1C
N
0
250m
Sinivit Mine Layout Plan
Figure 3

PRODUCTION SUMMARY - SINIVIT at FEBRUARY 28, 2011

CYANIDE SOLUBLE GOLD

COLUMN:	1	2	3	4	5	6	7	8	9	10	11	12
			CRUSHED ORE						PULVERISED ORE			
VAT DESIGNATION	Tonnes in Vat	Total Grams of Gold Poured to-date	Grade (g/t)	Grams of Gold in Vat	Cumulative Recovery from Vat to-date	Grams of Gold Remaining in Vat	Grams of Gold Remaining in Vat to 60% Recovery	Percentage Crushed v's Pulverised Ore Grades	Grade (g/t)	Grams in Vat	Cumulative Recovery from Vat to date	Grams of Gold Remaining in Vat
Vat 1a	1,079.0	509.5	1.24	1,336.9	38.1%	0.0	-	70.00	1.77	1,909.8	26.7%	1,400
Vat 1	7,001.0	23,011.1	2.98	20,877.0	110.2%	0.0	-	70.00	4.26	29,824.3	77.2%	6,813
Vat 1C	3,316.0	3,602.0	1.24	4,108.5	87.7%	0.0	-	70.00	1.77	5,869.3	61.4%	2,267
Vat 1CLift	5,852.0	21,099.2	4.06	23,759.1	88.8%	0.0	-	70.00	5.80	33,941.6	62.2%	12,842
Vat 2	21,439.6	51,077.2	2.78	59,602.1	85.7%	8,524.8	-	71.28	3.90	83,614.4	61.1%	32,537
Vat 3	24,530.0	36,288.6	1.93	47,392.0	76.6%	11,103.3	-	70.00	2.76	67,702.8	53.6%	31,414
Vat 4	13,976.0	61,201.2	5.28	73,793.3	82.9%	12,592.1	-	75.75	6.97	97,412.7	62.8%	36,212
Vat A	18,950.0	32,645.0	1.82	34,489.0	94.7%	1,844.0	-	70.00	2.60	49,270.0	66.3%	16,625
Vat B	9,950.0	35,830.2	5.97	59,401.5	60.3%	23,571.3	16,288	68.38	8.73	86,863.5	41.2%	51,033
Vat C	9,125.0	28,156.0	4.63	42,248.8	66.6%	14,092.8	4,858	76.78	6.03	55,023.8	51.2%	26,868
Vat D	10,710.0	32,407.0	5.69	60,939.9	53.2%	28,532.9	15,467	76.38	7.45	79,789.5	40.6%	47,383
Vat H	7,929.0	24,433.0	4.82	38,217.8	63.9%	13,784.8	5,396	76.87	6.27	49,714.8	49.1%	25,282
Vat I	11,942.0	40,654.6	4.53	54,097.3	75.2%	13,442.6	13,156	60.32	7.51	89,684.4	45.3%	49,030
Vatl Heap I	6,739.0	7,435.0	2.02	13,612.8	54.6%	6,177.8	2,835	79.53	2.54	17,117.1	43.4%	9,682
Vat J	9,944.0	26,190.0	3.09	30,727.0	85.2%	4,537.0	-	74.82	4.13	41,068.7	63.8%	14,879
Vat K	6,581.0	13,701.0	3.44	22,638.6	60.5%	8,937.6	8,019	62.54	5.50	36,200.3	37.8%	22,499
Vat M	6,830.0	9,343.6	1.50	10,245.0	91.2%	901.4	3,975	46.15	3.25	22,197.5	42.1%	12,854
Vat N	14,381.0	38,885.0	4.38	62,988.8	61.7%	24,103.8	8,572	79.64	5.50	79,095.5	49.2%	40,211
Vat 5	28,605.0	31,907.0	1.81	51,775.1	61.6%	19,868.1	14,880	66.40	2.73	77,978.7	40.9%	46,072
Vat E	12,307.0	27,147.0	4.03	49,597.2	54.7%	22,450.2	13,761	72.74	5.54	68,180.8	39.8%	41,034
Vat F	25,938.0	34,122.0	2.08	53,951.0	63.2%	19,829.0	11,166	71.48	2.91	75,479.6	45.2%	41,358
Vat 3 Heap 2	26,025.0	27,306.0	2.75	71,568.8	38.2%	44,262.8	40,775	63.07	4.36	113,469.0	24.1%	86,163
Vat L	9,727.0	20,864.0	2.82	27,430.1	76.1%	6,566.1	555	76.84	3.67	35,698.1	58.4%	14,834
Vat G	17,857.0	19,805.0	3.14	49,101.6	40.3%	29,296.6	20,695	72.74	3.78	67,499.5	29.3%	47,694
TOTALS:	**310,733.6**	**647,620.2**	**2.45**	**761,847.4**	**85.0%**	**214,464.5**	**180,399**		**4.39**	**1,364,605.6**	**47.5%**	**716,985**
OUNCES:		**20824 ozs**		**24497 ozs**		**6896 ozs**	**5801 ozs**			**43878 ozs**		**23054 ozs**

An explanation of aspects of the table follows:

- Vat designation – indicates the vat number and location as shown on the included site plan.
- Columns 1 and 2 – show the tonnes placed in vats/heaps and gold produced to February 28, 2010. The tonnes are estimated using *"truck factors"* and may over estimate tonnage by 5% to 10%.
- Columns 3 to 6 – show data for crushed ore including the cyanide soluble grade of mineralisation placed in vat; amount of cyanide soluble gold in vats, and thus theoretical total gold that could be recovered from each vat; gold recovered and sold to February 28, 2011, and theoretical gold which could still be recovered from these vats by vat leaching. No further gold can be recovered from vats 1a, 1, 1c, 1c Lift, as these vats have either been de-commissioned or had new vats built on top of them. As at February 28, 2011, there was 6,896ozs of gold in these vats which could still theoretically be recovered by vat leaching.
- Column 7 – shows the gold remaining in vats, assuming **60% recovery of gold from pulverized ore cyanide leach assay. This is an accounting figure to estimate value of "gold in stock", used in the Company accounts.** This figure of 60% is arbitrary and was adopted before regular cyanide gold assays were completed on crushed ore. Vats 1a to Vat A, and Vat J are fully leached for accounting purposes.
- Column 8 shows the percentage of cyanide extractable gold in crushed sample relative to pulverized sample
- Columns 9 to 12 – show the gold grades and gold extractable from **pulverized ore** by cyanide leach. As at February 28, 2011, there was theoretically 23,054ozs of gold still in vats that could theoretically be recovered by cyanide leach processes such as CIP or CIL or some modification of these processes.

Exploration

Drilling at Sinivit

Reverse circulation (RC) drilling continued to define previously unknown high grade zones at Sinivit which will be incorporated in the mine plan. Examples (not an exhaustive list) are as follows:

- RC drilling intersected high grade gold results in the Central Oxide Zone extension - 12m at 36.6g/t gold including 4m at 101g/t gold (see Press Release dated May 31, 2010).

- RC drilling also defined very high grade gold and copper mineralisation at the Southern Oxide Zone – 14m at 33.0g/t gold and 3.2% copper, including 6m at 65.0g/t gold and 3.9% copper. This hole is backed up by several nearby holes which intersected 12m at 10.28g/t gold and 1.85% copper; 8m at 12.64g/t gold and 1.23% copper; (see Press Release dated August 17, 2010).

Geophysical Survey

A geophysical survey completed in mid 2010 defined 18 target zones, either chargeability IP, resistivity or conductivity anomalies (Figure 4). In most cases these anomalies can be correlated with surface indications of known mineralisation. The IP Survey was also conducted over the known Central Sulphide Zone. Although the IP response here was of modest intensity, it has shown that this mineralisation did give an IP response and thus, by analogy, similar intensity anomalies defined at Gorocha, Kavursuki, and Memgmut could also be defining similar sulphides. The results of the northern part of the survey are illustrated on the chargeability and resistivity images and in several cross sections shown in a Press Release dated September 13, 2010.

In addition to targets related to the Sinivit structure, the survey defined a strong IP anomaly in the valley to the west of Sinivit (known as Magiabi). There are extensive surface indications of copper in this area and it has been noted previously as a potential diatreme complex or porphyry copper system. The IP response is also shown in the relevant Press Release.

The complete results of the IP survey, including survey specifications, cross sections and commentary can be accessed at www.newguineagold.ca .

Management commented: *The geophysical results showed that the area between the northern oxide pit and Kavursuki could be highly prospective. There are major resistivity anomalies which could be indicating gold bearing silicification, extending from close to surface to depths of plus 300m. Chargeability anomalies at Kavursuki (which coincide with resistivity anomalies) and at Gorocha, a large area to the north of the northern oxide pit, suggest the presence at depth of similar sulphide mineralisation to the Central Sulphide Zone (gold/copper/tellurium). To the west, at Magiabi a very significant IP and resistivity anomaly is present. Further IP and resistivity anomalies are also present south of the mine at Memgmut.*

The Gorocha anomaly coincides with a zone previously described as the Jog Structure (a dilational zone between the Sinivit or Wild Dog Structure and the Gunsap Mt Structure) which other geologists in the past have speculated could be the location of major sulphide mineralisation. The Magiabe anomaly is of particular interest as there is widespread evidence of copper mineralisation at surface. The IP anomaly could represent a breccia pipe. The concept of this area representing an altered porphyry copper system is supported also by aeromagnetic data.

There is also a high conductivity, N-S Zone, to the east of Gorocha which the geophysicist has interpreted as a zone of hydrothermal (mineralisation) fluid flow from which the mineralisation in the Sinivit Structure originated. This zone corresponds to the location of the Gunsap Mountain structure.

In total, the consulting geophysicist has recommended drilling 18 separate targets.

The geophysics indicate the presence of several significant exploration targets – however, the potential of these can only be determined by extensive drilling."

Kavursuki Exploration

In a subsequent event, on March 23, 2011, NGG announced detailed results from Kavursuki exploration.

These results included trench channel samples as high as 14m at 10.21g/t gold and drill results such as 5.25m at 9.45g/t gold.

21 diamond core holes and in excess of 3,000m of excavator trenching confirmed a continuous, mineralised structural zone up to 50m in width, and one km in length, variably silicified and mineralised with gold and silver. By analogy with the Sinivit Zone, it is assumed that at depth, below the limit of oxidation, the Kavursuki mineralisation will be similar to that at Sinivit – i.e. copper/gold/tellurium sulphides. The Kavursuki Zone is probably continuous with the northern extension of the Sinivit Zone, but because of excessive topography, this has not yet been confirmed by drilling.

The distribution of drill holes and most trenching at Kavursuki is shown in Figure 5. Topography in the Kavursuki area is steep which can assist trenching (i.e. expose a face approximately 50m high on a hill slope) or hinder trenching. Some parts of the zone are difficult to sample at surface without very extensive earthworks.

All drill hole summary results are shown in the Press Release, and at www.newguineagold.ca. Best results included:

- 20.3m at 3.28g/t gold including 8m at 6.49g/t gold;
- 5.25m at 9.45g/t gold including 2.6m at 13.74g/t gold;
- 8.1m at 4.06g/t gold including 0.9m at 12.05 g/t gold;
- 4.1m at 2.65g/t gold; 13.4m at 1.92g/t gold; and
- 1.12m at 33.7g/t gold.

28 trenches were excavated on or near the Kavursuki mineralised zone, of which, except for Trench H, all contained at least one 2.0m sample greater than 0.5g/t gold. Significant results include:

- 16m at 2.79g/t gold;
- 4m at 13.72g/t gold;
- 32m at 2.17g/t gold;
- 14m at 10.21g/t gold including 4m at 26.13g/t gold;
- 10m at 3.8g/t gold;
- 12m at 12.29g/t gold including 4m at 20.35 g/t gold;
- 20m at 8.08g/t gold including 4m at 20.35g/t gold;
- 38m at 5.2 g/t gold including 4m at 21.15 g/t gold; and
- 4m at 12.02g/t gold including 2m at 21.15g/t gold.

The mineralised zones shown on Figure 5 are, in general, defined by silicification and the approximate limit of 0.1 g/t gold. These mineralised zones contain 0.1g/t gold or more throughout the entire zone. The higher grade lenses within this zone are narrower, and vary in width from less than 1m to 10m in width. These higher grade zones vary rapidly along strike in terms of grade and width, but to date three high grade zones have been defined at surface. Two zones are towards the northern end, and one zone is in the central part of Kavursuki in the vicinity of Hole 19 (including the 4m at 118.5g/t gold). Drilling is quite wide-spaced over much of the one kilometer length and it is anticipated that closer spaced drill holes will locate further high grade zones.

Strategy forward for Sinivit

Management, after consultation with consultants, Mining Associates Pty Ltd, have formulated a strategy to take the Sinivit Project forward to define the potential of the Project and to determine suitable processes for the extraction of metals from the oxide and sulphide mineralisation.

The main characteristics / conclusions re the Sinivit Project are reviewed below and a phased exploration/development program has been defined.

The Phase 1 program could be partly financed from cash flow, but the Board is presently investigating all possible financing arrangements necessary to complete the entire program.

Objectives

The Sinivit mineralised system has the potential to host a major orebody. The main potential lies in outlining a large body of sulphide mineralization at depth below the known Sinivit and Kavursuki Zones, in adjacent possible, diatreme copper mineralisation, and along strike to the south of the Sinivit Zone.

Exploration of the sulphide mineralisation (copper/gold/tellurium/silver) potential of the system, and development of a process and Mine Plan for extraction of contained metals therein is **the main objective of the strategy forward.**

A supplementary objective is to define the remaining oxide gold resource, in un-mined resources/mineralisation, and remaining in vats/heaps (already mined and crushed) – and to change the processing method to CIP/CIL or a variant thereof to increase recovery of gold to more than 90% (and perhaps contained tellurium).

Conclusions

The Sinivit Vein System, southerly extensions, and lateral diatreme related copper style mineralisation, represent a major mineralised system containing both gold and copper mineralisation. Further exploration is likely to define significant gold and/or copper resources.

The Wafi Deposit (Harmony/Newcrest) in mainland Papua New Guinea is considered possibly an analogous geological setting to that of Sinivit. A recent drill intersection at Wafi was 883m at 2.15% copper and 2.23g/t gold from a depth downhole of 913m.

Two main episodes of hydrothermal alteration and mineralisation are recognised at Wafi.

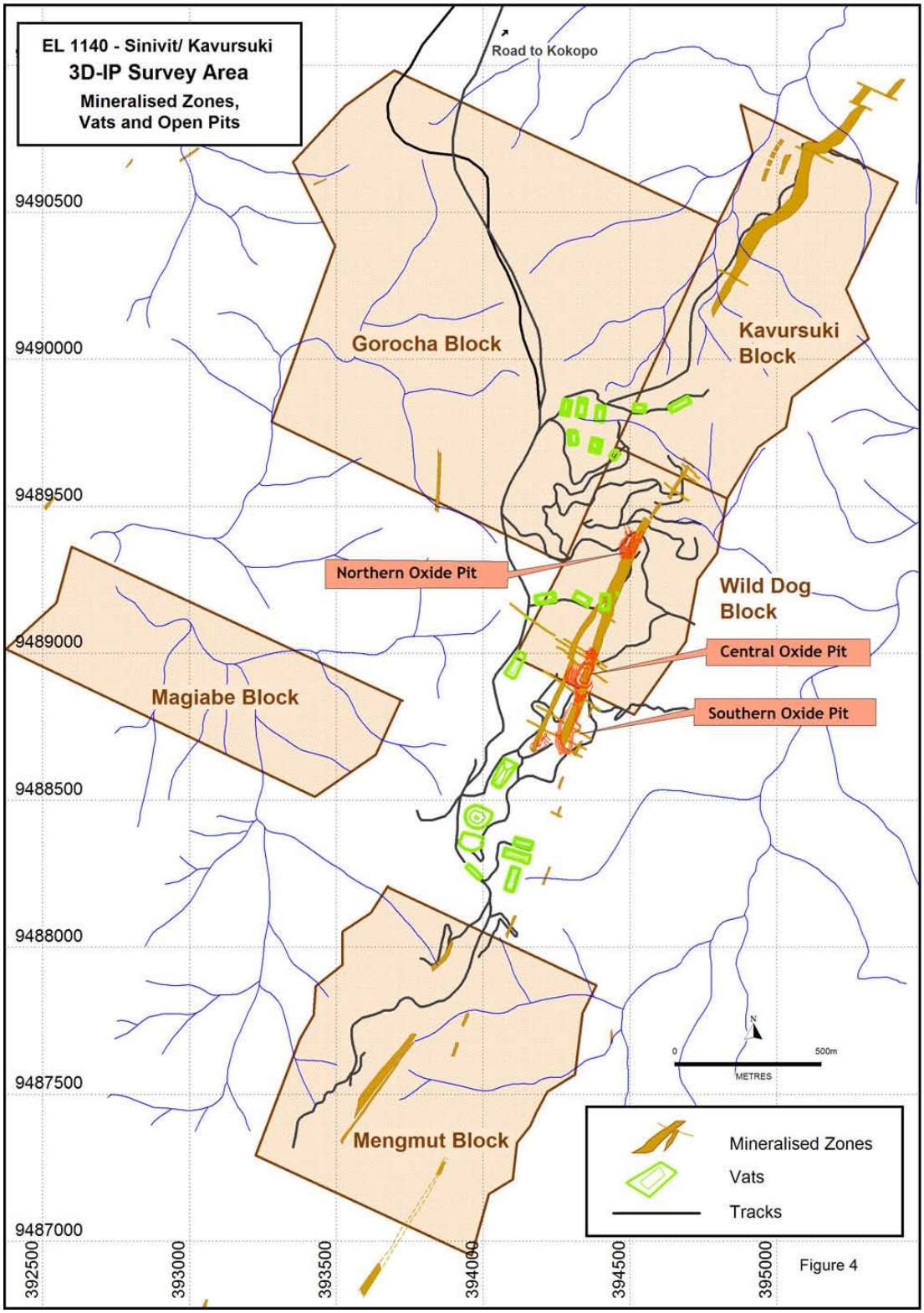
- A porphyry copper system with classical temporally and spatially zoned alteration and mineralisation.

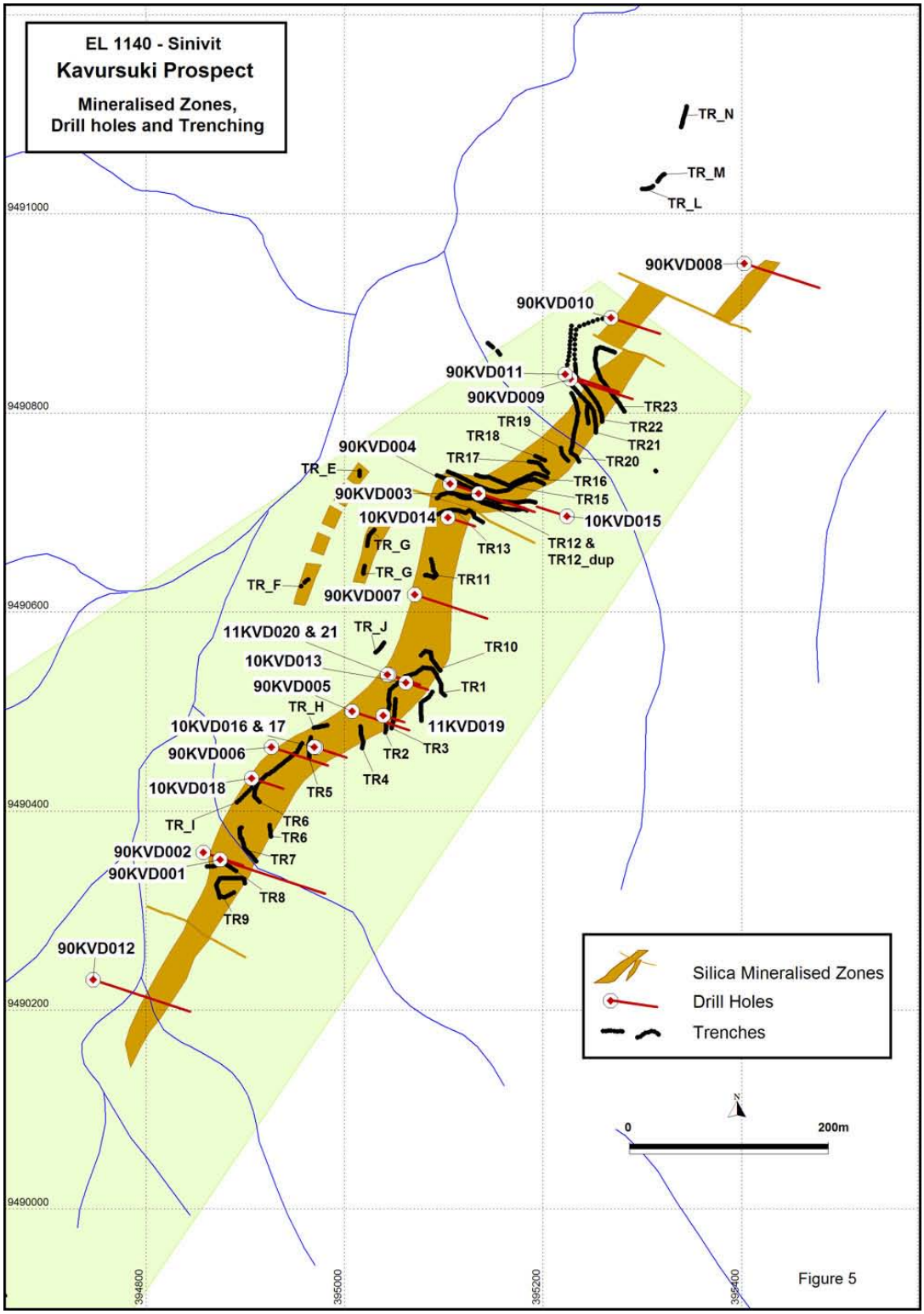
- High sulphidation alteration and mineralisation overprinted the porphyry event around 1 million years later. Gold has been introduced during the high sulphidation event as pyrite within the porphyry stock and in the surrounding gold zones.

Although low grade gold is disseminated throughout much of the alteration at Wafi, zones of more significant gold mineralisation occur around the margins of the diatreme complex in structurally controlled breccias which cross cut the diatreme complex, and in distal settings aligned along the NNE-NE trending transfer structures.

The present defined Sinivit mineralisation consists of the Sinivit vein system which is hosted by the Nengmutka Volcanics, a flat-lying, epiclastic sequence of volcanic sandstone and conglomerate. The Nengmutka Volcanics are thought to represent a caldera margin deposit. There are indications from mapping and sampling (e.g. circular breccia targets with advanced argillic alteration) within the larger Sinivit project that the area may be prospective for buried diatreme-related gold/copper mineralisation.

The mineralisation at Sinivit is considered to be an epithermal style vein system with both low and high sulphidation alteration and mineralogy styles. Low sulphidation gold-telluride mineralisation was deposited within fractured silicified host rocks that are more typical of a high sulphidation system.


EL 1140 - Sinivit/ Kavursuki
3D-IP Survey Area
Mineralised Zones,
Vats and Open Pits
Road to Kokopo
Gorocha Block
Kavursuki Block
Wild Dog Block
Magiabe Block
Mengmut Block
Northern Oxide Pit
Central Oxide Pit
Southern Oxide Pit
9490500
9490000
9489500
9489000
9488500
9488000
9487500
9487000
392500
393000
393500
394000
394500
395000
0
500m
METRES
Mineralised Zones
Vats
Tracks
Figure 4



The oxide gold and/or primary gold/copper/tellurium mineralisation has been defined in moderate detail over a length of 4km from the Mengmut zone in the south to the northern end of the Kavursuki zone. The central 1 km strike length comprises the present Sinivit Resource area and Sinivit Mine.

The Sinivit structure, defined by erratic gold in quartz float, has been traced for a further 8 to 10 kms south. Very limited exploration has been completed on this southern extension.

The main mineralised zone structure which contains mineralisation greater than 0.1g/t gold is of the order of 50m wide. In addition, in some locations, sub-parallel, narrower zones of mineralisation have been located which extend the width of the overall zone (which contains mineralisation) to 100m or more.

The mineralisation within the Sinivit structure occurs in multi-phase steeply dipping hydrothermal quartz tension veins which cross cut the more moderately dipping silicified zones. Mineralisation is best developed near local cross structures. Later mineralisation fills open fractures and cavities in the quartz veins as dark sulphide stringers comprising copper sulphides (chalcopyrite with minor bornite, chalcocite and tennantite) with local occurrences of a wide variety of copper, bismuth, lead, silver sulphide, telluride and sellenide minerals. Gold generally occurs as gold-silver telluride minerals, and native 'mustard' gold occurs as a weathering product of these tellurides.

Intense tropical weathering and leaching has developed a surface profile depleted in copper and silver minerals. This weathering and variable thickness of overlying volcanic ash has inhibited surface exploration. The Sinivit operation is currently mining this oxide material in three pits (northern, central and southern) on the Sinivit structure. Further oxide resources are currently being delineated along strike at the Kavursuki Vein.

The results of the recent 3D IP survey and exploration results at Kavursuki and elsewhere, when taken in conjunction with the previous mapping of geology and alteration and previous surface sampling, provides ample justification for a substantial drilling program and/or re-development program targeted at:

- Definition of oxide resource at Kavursuki.
- Complete a feasibility study re conversion of oxide gold processing from vat/heap leach to CIP/CIL or some variant thereof.
- Test the Magiabe anomaly (possible diatreme related copper gold mineralisation).
- Test the Gorocha Hill anomaly (interpreted dilational jog – possible gold and/or sulphide mineralisation).
- Test potential depth extent of sulphide mineralisation Sinivit and Kavursuki. This high sulphidation mineralisation, mainly copper and gold, plus the Magaibe diatreme mineralisation constitutes the major potential of the Sinivit Project. If the analogy with Wafi is even partly correct, this type of mineralisation, both at depth below the Sinivit structure, at the adjacent Magiabe possible diatreme and elsewhere on the property warrants a **major drill testing program**.
- Test the Southern Sinivit Structure initially by trenching and shallow drill fences across strike length of Sinivit vein system to the south of the mine, penetrating clay alteration cap and targeting vuggy silica alteration.

The oxide ore from the current operations is processed via vat and heap leaches. There are, at April 10, 2011, 17 vats and 3 heaps over vats containing approximately 330,000 tonnes of material (a further heap, 3, of approximately 20,000 was loaded in March 2011). Each vat has been leached with cyanide for varying time span with gold recoveries estimated by NGG of about 60%. As at April 10, 1011, NGG estimate there remains 26,000ozs of cyanide recoverable gold in the vats/heaps.

The original Sinivit Mine Plan envisaged using vat and/or heap leach, largely because of the relatively low capital cost and an estimated leach time to extract 80% of cyanide leachable gold over 2 months.

Although capital cost was relatively low – topography, weather (excessive rain), slow leach times in vats, and recovery averaging approximately 60% combined to essentially render vat leaching only marginally economic. The site has moved to heap leaching (which is lower cost) and with improvements in crushing and gold price the

financial fundamentals of the project have significantly improved, although not of the order that was originally envisaged.

In addition to the gold remaining in vats, there remains unmined oxide resources at Sinivit and a larger resource may be defined at Kavursuki. The inferred mineral resource at Kavursuki is not a mineral reserve and does not have demonstrated economic viability.

The project processing should be changed, subject to the feasibility noted below, to using pulverized ore – i.e. gold leached in stirred tanks by CIP or CIL, or a modification of these processing methods. This would allow not only the remaining resources to yield a much greater percentage of the contained gold, but it would also allow re-processing of the crushed ore presently in vats. Due diligence to confirm the economic viability of such a change in processing requires extensive metallurgical testing of vat material plus the in-ground resource; and some additional drilling to complete pit design; assessment of additional capital cost (need to add a mill, tanks, and perhaps extend the present gold elution circuit).

The oxide processing should thus be re-evaluated by way of a feasibility study to determine if it would be economic, perhaps in conjunction with development of a sulphide resource, to extract the remaining oxide gold by way of a CIP/CIL circuit or some modification thereof.

The 2010 metallurgical results indicate that there is potential to add value by extracting the tellurium from the existing vat material. In addition, any future processing of sulphide mineralization should consider tellurium extraction through an appropriate circuit.

Tellurium will require an acid leach extraction, and limestone or lime will have to be sourced so the gold can be subsequently leached using an alkali leach.

Phase 1 Program

Oxide Mineralisation

Definition of the Kavursuki oxide mineralisation to a nominal depth of 50m is estimated to cost $2,040,000.

Further definition of oxide mineralisation at Sinivit is estimated to cost $200,000.

Due Diligence/feasibility re converting to CIP/CIL or variation thereof is estimated to cost $500,000.

Sulphide Mineralisation

The initial drill testing at depth at Kavursuki is estimated to cost $960,000.

The initial drill testing at depth at Sinivit is also estimated to cost $960,000.

Initial testing of geophysical anomalies is estimated to cost $580,000.

Initial exploration of the southern part of the Sinivit Structure is estimated to cost $1,090,000.

The total Phase 1 Program is estimated to cost $6,599,000.

Phase 2 and 3 Programs

Phase 2 and 3 programs will depend on results of Phase 1, but would include construction of a new oxide recovery plant; definition of sulphide resources at Sinivit, Kavursuki, Magiabe and elsewhere on the project; feasibility to determine economics of a plant to extract metals from the sulphide mineralisation; and construction of such a plant as above.

The cost of these programs would be substantial and this cost would be defined at the end of Phase 1 and Phase 2 Programs.

NMC (formerly 7238550 Canada Ltd) – Normanby and Sehulea Projects

On September 16, 2009, and subsequently on February 4, 2010, NGG announced that it had agreed to an amended Option Agreement with Private Company 7238550 Canada Ltd (now NMC) whereby NMC could acquire a 50% interest in EL's 1091 and 1069 by paying to NGG CAD$1 million cash and providing CAD$8 million in exploration/development expenditure for the project. This agreement was conditional on renewal of the above licences by the PNG Government. This condition was met in June 2010.

On April 16, 2010, NGG signed a further deal with Normanby Mining for the sale of the remaining 50% interest in the Normanby and Sehulea properties as follows:

- NGG would be granted a 45% interest in NMC (15,682,269 shares).
- NMC would provide a CAD$3,000,000 loan to NGG (the bridge loan), repayable within 12 months either in cash or, at NGG's option, in shares at the share price current at the time of repayment. If NGG elected to repay in shares a 24 month warrant, exercisable at 50% above the issue price of the shares, will be included.
- Interest rate of 8%.

On August 4, 2010 the Company settled the bridge loan through the issue of 26,855,994 common shares 26,885,994 share purchase warrants with a fair value of CAD$2,954,159 and CAD$537,120. The Company recognized a loss on settlement of $1,074,024 plus interest of $47,747.

The intent of these "deals" was three fold:

- By bringing new participants to the project who have the ability to raise the necessary funds to develop the Imwauna and Weioko Projects.
- The new shareholders should assist in providing better and wider promotion for NGG and increased financial credibility with the PNG Government.
- The CAD$3 million was used to repay the Convertible Note debt, due on April 30, 2010.

A Preliminary Assessment of the Imwauna Project was completed in April 2010. The results were very positive and recommended a program of underground development verification prior to a Bankable Feasibility study being completed. Results of the Preliminary Assessment cannot be released until an updated NI 43-101 Report can be arranged.

NMC recommenced exploration at Normanby in Q4 2010. Results of this exploration are described in the section on Discussion – Quarter Ending December 31, 2010. In addition to recommencing exploration, the camp was upgraded to be able to cope with a three drill exploration/development program to commence in Q1 2011 and subsequent underground exploration.

In a subsequent event, in January 2011, NMC reached agreement to hire and ultimately purchase all NGG equipment at the Normanby Project. Drilling, using the NGG drills commenced in March 2011 and a contract drill was also mobilized to site in late March 2011, commencing drilling in April 2011.

Excavator trenching to accurately define the Imwauna System at surface and to explore adjacent areas such as Kela's also commenced in March 2011. Initial assay results from this work should be available in Q2 2011.

NMC, in February 2011, agreed to merge with TSX-V listed company, International Silver Ridge. Subsequent to the merger International Silver Ridge intends to change its name to PNG Gold Corp. Trading resumed in International Silver Ridge on April 14, 2011. For details see press release dated April 14, 2011.

NGG holds 15,682,269 shares in NMC.

Vangold – Mt Penck, Fergusson and Allemata Projects

On August 20, 2009, NGG sold its 50% interest in Kanon Resources Ltd and 20% interest in the Mt Penck project to Vangold for CAD$3 million, payable as cash, CAD$500,000, and shares CAD$2,116,144. In addition NGG retains a 5% carried interest to bankable feasibility in each of Mt Penck, Fergusson and Allemata Projects.

NGG, at present owns an approximate 10.3% interest in Vangold (6,219,455 shares), but this percentage will be diluted as Vangold raises funds in future share issuances.

Vangold recommenced exploration at both Mt Penck and Fergusson Projects in April 2010. Initial work at Mt Penck was a ground survey to accurately locate all trenches, drill holes etc, and to provide a suitable contour map to allow a Resource to be estimated for Kavola East. The survey was followed by 3D-IP and further soil sampling over an enlarged part of the Mt Penck project.

NGG and Vangold announced on September 20, and 21, 2010 respectively, the preliminary results of a 3D-IP Survey at the Mt Penck Project in Papua New Guinea. The IP survey defined the presence of excellent new targets and showed the potential for significant mineralisation at depth. Notably, the anomalous IP at **Mt Penck suggests the presence of a large and extensive sulphide system or systems.**

The geophysical survey at Mt Penck appears to have enhanced the prospectivity of the Project and based on previous drilling the geophysical anomalies are known at least in part to be related to gold and/or gold/copper mineralisation.

Drilling re-commenced at Mt Penck late in 2010 and three deep holes (MPD73, MPD74 and MPD75) totalling 1189m were completed.

On November 8, 2010 and November 9, NGG and Vangold reported the results of a 3D Induced Polarisation survey and associated geochemical sampling from the Igwageta Prospect at Fergusson. First order gold and arsenic soil anomalies were defined associated with a strong 3D-IP chargeability anomaly. Abundant visible nuggety gold was located on fractures in the outcropping rhyolitic volcanics in the main sector of the gold/arsenic/chargeability anomalous zone. The strong and co-incident geochemical, geophysical and visual gold anomalies are regarded as extremely encouraging and together they confirm the high gold prospectivity of the prospect. The soil geochemical survey results have greatly enhanced the overall prospectivity for a major gold mineralised system at Igwageta. The anomalous soils and 3D-IP indicate a significant system from surface to more than 200m depth. They demonstrate that a major low sulphidation epithermal gold system is present and these types of deposits can have very high grades.

As a subsequent event, drilling commenced to test the anomalous IP and geothermal results in April 2011.

Gold Anomaly – Crater Mountain Project (and surrounding areas)

On November 5, 2010, NGG agreed to a proposal from Gold Anomaly, the major owner of the Crater Mountain Project, to exchange the 10% carried interest (noted above) for 31,250,000 Gold Anomaly shares. Gold Anomaly is listed on the ASX and the shares will be subject to a 6 month escrow period. These shares are not yet listed under marketable securities as the agreement is still pending the approval of the Minister of Mines.

GOA has recently raised further capital for its exploration programs and has a number of other exploration prospects in Brazil and Papua New Guinea. Gold Anomaly is planning to commence drilling at Crater Mountain in the near future. The conversion of an interest in the Crater Mountain Project to equity in Gold Anomaly is expected to return greater value, earlier, to NGG shareholders.

See also previous section on Quarter Ending December 31, 2010.

In a subsequent event on March 25, 2011, Gold Anomaly announced that the first hole at Crater Mountain intersected 82m at 1.6g/t gold within a longer intersection of 284m at 0.82g/t gold.

Coppermoly – Mt Nakru, Simuku and Talelumas Projects

NGG holds 20,973,684 shares, representing a 15% interest in Coppermoly.

Coppermoly holds 100% of three projects: Mt Nakru, Simuku and Talelumas. Coppermoly has entered into an exploration agreement under which Barrick can earn 72% interest in the prospect and is the operator. Barrick have confirmed a substantial exploration budget for 2011 on the Coppermoly tenements.

Coppermoly announced in August that Barrick intersected in their first diamond core hole at the Nakru-1 Prospect, 213m at 0.92% copper and 0.33g/t gold.

On November 26, 2010, Coppermoly announced that Barrick, in its first diamond core hole at Nakru-2 had intersected 64m at 0.59% copper between 141m and 205m downhole including 10.2m at 1.59% copper. A separate, lower intersection at 290m depth was 4.9m at 13.6% zinc, 0.85% copper, 0.41g/t gold and 24.03g/t silver.

On January 17, 2011, and February 24, 2011, Coppermoly announced further drill hole results from Nakru-1 such as in hole 8, 196m at 0.56% copper and 0.46g/t gold from 67.8m depth, including higher grade intervals such as 23m at 1.3% copper and 2.38g/t gold; in hole 7 there were numerous narrower intervals such as 11.5m at 0.99% copper and 0.35g/t gold, and 3.7m at 1.6% copper and 0.23g/t gold; in hole 10, 89.7m at 0.69% copper and 0.19g/t gold from 84.3m depth, plus numerous other narrower intervals at greater depth; in hole 10A, between 23m and 336m there were 17 separate intervals greater than 0.2% copper such as 25m at 0.57% copper and 0.09g/t gold, 7.6m at 1.14% copper and 0.05 g/t gold.

Also on February 24, 2011, Coppermoly announced that the drilling completed to date had now confirmed copper mineralisation over a strike length of at least 500m at Nakru-1. Nakru-1 is a major copper mineralised system.

RESULTS OF OPERATIONS

Quarter ended December 31, 2010

The Company's net loss for the quarter ended December 31, 2010 was $2,351,008 or $0.01 per common share compared to a net loss of $4,808,200, or $0.02 per common share, for the corresponding quarter last year. The Company received $149,066 in interest payments on cash balances, deposits and long term receivables for the quarter. Interest revenues fluctuate according to the amount of funds held in deposit and the interest rates attained during the period. The net loss for the quarter ended December 31, 2010 includes results from mining operations which produced a net operating loss of $277,629. This net mining operating loss included metal sales, net of refining and royalty costs, of $2,550,558 and non-cash deferred mining costs amortization and equipment depreciation charges totalling $88,566.

During the quarter ended December 31, 2010, the Company completed $76,714 (quarter ended December 31, 2009: $255,710) in exploration and evaluation on its mineral property interests, but no expenditure on mine development and commissioning (quarter ended December 31, 2009: $nil). During the quarter the Company had $2,550,558 of net gold sales (quarter ended December 31, 2009: $1,586,681).

Year ended December 31, 2010

The Company's net loss for the year ended December 31, 2010 was $6,957,071, or $0.03 per common share, compared to $8,802,125 or $0.05 per common share for the year ended December 31, 2009. The Company received $963,338 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 loss for the year ended December 31, 2010 includes results from mining operations which produced a net operating loss of $1,608,248. The net mine operating loss included metal sales, net of refining and royalty costs, of $7,403,259, non-cash amortization of deferred mining costs and equipment depreciation charges totalling $3,294,672, and a decrease in inventory of $2,578,911. Also included in the net loss for the year ended December 31, 2010 is financing costs of $1,439,710 mostly attributable to interest and accretion on the convertible debentures that matured on April 30,

2010, and the settlement of the NMC bridge loan. There was a gain on sale of Pacific Kanon Gold of $1,899,770, a loss of sale on the mineral property interests of $799,496 and a gain on sale of Coppermoly shares of $770,753.

During the year ended December 31, 2010 the Company completed $1,309,261 (2009: $1,121,105) in exploration and evaluation on its mineral property interests. The Company had no expenditure on mine development and commissioning in 2010 (2009: ($-nil). During the year the Company had $7,608,547 (2009: $7,106,526) of gross gold sales.

Reconciliation of Net Loss to EBITDA [1]	**December 31, 2010**	**December 31, 2009**	**December 31, 2008**
Net (loss) before tax for the year	(6,957,071)	(8,802,185)	(7,407,150)
Financing costs	1,439,710	1,220,594	572,781
Interest income	(963,340)	(348,654)	(327,558)
Total amortization and depreciation expenses	3,456,554	6,227,986	3,347,860
EBITDA	(3,024,147)	(1,702,259)	(3,814,067)

[1]**EBITDA** represents an indication of the entity's capacity to generate income from operations before taking into account management's financing decisions and costs of consuming tangible and intangible capital assets, which vary according to their vintage, technological currency, and management's estimate of their useful life. Accordingly, **EBITDA** comprises revenues less operating costs before interest expense, capital asset amortization and impairment charges, and income taxes.

Summary of Selected Annual Information

The following is for each of the three fiscal years ended December 31, 2010, 2009 and 2008:

Selected Annual Information	**December 31, 2010**	**December 31, 2009**	**December 31, 2008**
		$	$
Net metal sales	7,403,259	7,106,526	6,184,185
Interest and other income	963,338	632,776	539,344
Net (loss)after tax	(6,957,071)	(8,802,185)	(7,407,150)
Net loss per share – basic and diluted	0.03	0.05	0.05
Total assets	21,840,022	25,986,983	27,805,127
Long-term liabilities	206,427	809,921	2,115,863
Dividends	-	-	-

Summary of Quarterly Results (Unaudited) for the quarters ended March 31, 2009 to December 31, 2010:

	Year ended December 31,							
	2010				**2009**			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
	$	$	$	$	$	$	$	$
Gross Revenue	2,634,825	1,998,495	1,526,149	1,449,078	1,638,374	1,426,246	2,450,745	1,591,161
Interest & other income	284,838	262,799	256,251	159,452	118,591	132,963	272,968	108,254
Net (loss) after tax	(2,351,007)	(3,972,865)	(478,533)	(154,666)	(4,008,201)	(1,176,398)	(3,643,591)	26,005
Basic/diluted profit/(loss) per share	(0.01)	(0.02)	(0.0025)	(0.00)	(0.02)	(0.01)	(0.02	0.00

FINANCIAL CONDITION AS AT DECEMBER 31, 2010

At December 31, 2010, the Company had working capital of $10,358,272 (December 31, 2009; $5,107,342).

The Company's long-term obligations at December 31, 2010 included nil non-current bank debt (December 31, 2009: $613,715).

CAPITAL RESOURCES AND LIQUIDITY

Capital resources of the Company consist primarily of cash and marketable securities of approximately $4,407,394 (2009: $98,800) at December 31, 2010.

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 over the next 18 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

The Company is working towards producing cashflows 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.

Quarter ended December 31, 2010

Cash from operating activities in the quarter ended December 31, 2010 improved to $370,484 compared to net cash used in operating activities of $1,411,786 in 2009. This turnaround in operating cash flow was mainly due to reduction in inventories. There was also an increase in payables during the quarter.

Cash used in investing activities decreased in the quarter ended December 31, 2010 to $2,066,825 for the corresponding quarter in 2009. The decrease in expenditure on investing activities was mostly due to proceeds from the disposal of the mineral properties to NMC, which included the repayment of debt. Some of the Company's shareholding in Coppermoly was sold in 2010, contributing to investment activity funds, but there were also increased equipment purchases in 2010.

Cash provided by financing activities in the quarter ended December 31, 2010 decreased to $859,955 compared to net cash provided by financing activities of $5,436,170 for the corresponding quarter in 2009. This was largely attributable to the private share placements of $5,075,000 completed in the December 2009 quarter.

Year ended December 31, 2010

Cash used in operating activities in 2010 decreased to $370,484 compared to $1,411,786 in 2009. This increase in operating cash used was mainly due to a decrease in mine operating costs during the year. This increase in operating cash used was offset by an increase in revenue from metal sales and an increase in accounts payable and accrued liabilities.

Cash used in investing activities decreased to $2,066,825 in 2010 from $4,101,986 in 2009. This was due to the sale of mineral property interests during the year. Cashflows from financing activities in 2010 came from a bridge loan facility of $3,000,000 and a $25,000 private placement, offset by repayments of the convertible debenture and repayment of borrowings totalling $3,884,995.

SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of common shares without par value. Shares issued January 1, to December 31, 2010 and to the date of this report are as follows:

	Number of Shares	Share Capital $
Balance, January 1, 2010	187,450,814	46,758,742
Private placements	14,252,083	1,600,000
Loan bonus shares	5,454,545	600,000
Loan repayment plus interest	26,855,994	2,954,159
Balance, December 31, 2010	234,013,436	51,912,901

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, and bank debt. 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 are stated at amortized cost. The investment is measured at cost while marketable securities are recorded at fair vale.

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 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.

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 year ended December 31, 2010. 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 December 31, 2010.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In February 2008 the Canadian Accounting Standards Board ("AcSB") confirmed the date for publicly-listed companies to use IFRS replacing Canadian GAAP for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Therefore, our company will be required to adopt IFRS for its fiscal year commencing January 1, 2011, and the transition plan will require in 2011 the restatement for comparative purposes onto the IFRS basis of amounts and disclosures reported by our company for its prior fiscal year, ended December 31, 2010. Our company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of analyzing the key areas where changes to current accounting policies may be required. The Chief Financial Officer will manage the conversion and report regularly to the Audit Committee.

While an analysis will be required for all current accounting policies, the initial key areas of assessment will include:

- Exploration and development expenditures;
- Provisions, including asset retirement obligations;
- Stock-based compensation;
- Accounting for joint ventures;
- Accounting for investments subject to significant influence;
- Financial Instruments;
- Accounting for income taxes; and
- First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progresses, other elements of our company's IFRS implementation plan will also be addressed, including the implication of changes to accounting policies and processes; financial statement note disclosures; information technology; internal controls; contractual arrangements; and employee training.

The following table summarizes the expected timing of activities related to our transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required.	In progress now
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives.	By May 31, 2011
Assessment of first-time adoption (IFRS 1) requirements and alternatives.	By May 31, 2011
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives.	By May 31, 2011
Resolution of the accounting policy change implications on information technology, internal controls and contractual agreements.	By May 31, 2011
Management and employee education and training.	Throughout the Transition process
Quantification of the Financial Statements impact of changes in accounting policies.	By May 31, 2011