



Canada:
900 – 595 Howe Street
Vancouver, B.C., Canada, V6C2T5
Phone: +1 604.689.1515, ext 103
Fax: +1 604.687.8678
Email: ba@primarycapital.net

Australia:
P.O. Box 7996
Gold Coast Mail Centre, Qld 9726
Phone: +61 (7) 5592.2274
Fax: +61 (7) 5592.2275
Email: info@newguineagold.ca

Investor Relations
Forbes West
Email: forbes@sherbournegroup.ca

Trading Symbols: TSX-V: **NGG**
Frankfurt: **NG8**
Web Site: www.newguineagold.ca

Date: December 3, 2010

To: Sedar Filing

Subject: Revised Management Discussion & Analysis for periods ended June 30, 2010 and September 30, 2010

Further to my letter dated November 29, 2010 regarding revised Consolidated Financial Statements for the period ended June 30, 2010, attached are revised Management Discussion & Analysis for the periods ended June 30, 2010 and September 30, 2010.

Re Related Party Transactions note in the June Quarterly Accounts; NMC Mining Corporation has never had Directors in common with New Guinea Gold Corporation and is therefore not a related party.

A handwritten signature in black ink, appearing to read "Maurice Gannon". The signature is fluid and cursive, with a large initial "M" and "G".

Maurice Gannon
President/Acting Chief Executive Officer

NEW GUINEA GOLD CORPORATION

Management Discussion & Analysis For the Quarter Ended June 30, 2010 and for the Six Months to June 30, 2010

INTRODUCTION

The following Management Discussion and Analysis of the Company's financial position is for the quarter ended June 30, 2010 compared to June 30, 2009 and for the six months to June 30, 2010. 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 August 27, 2010 unless otherwise indicated. All currency is CAD\$ unless otherwise specified.

OVERALL PERFORMANCE IN QUARTER

The main points for the quarter are summarised below. For discussion and analysis of these points refer to the relevant sections later in this MD & A.

1. Profit/Loss

The Company's net loss for the quarter ended June 30, 2010, was \$478,533 or \$0.0025 per common share compared to a loss of \$3,643,591 or \$0.02 per common share for the same period last year. The Company's net loss for the six months to June 30, 2010 was \$633,199 (see selective Financial Information) compared to \$3,617,586 for the same period last year.

2. Revenue

Revenue from gold and silver sales for the quarter from the Sinivit Mine was \$1,526,149 compared to revenue of \$2,450,745 for the same period in 2009. Revenue for the six months to June 30, 2010 was \$2,975,227 compared to revenue from gold and silver sales for the comparable period in 2009 of \$4,041,906. The Sinivit Mine is discussed in detail on page 5 of this MD&A.

3. Cash and Marketable Securities

The Company had cash of \$462,785 at June 30, 2010, plus marketable securities at fair market value of \$3,072,310. At August 25, 2010 the Company had cash of approximately \$1.5 million plus marketable securities at present market value of approximately \$4 million – see items 5 and 6. No value has been given to the NMC Mining Corporation shares.

4. Sinivit Mine and Exploration

Gold production at Sinivit Mine for the quarter was 1,078ozs. High grade gold/copper was intersected in several drill holes – the best result was 6m at 65g/t gold and 3.9% copper. A 3D Induced Polarization (IP) Survey was completed. Gold production at Sinivit Mine for the six months to June 30, 2010 was 2,501ozs. For discussion of the Sinivit Mine see page 5.

5. Coppermoly Ltd - (Mt Nakru, Simuku and Talelumas Projects)

NGG associate company, Coppermoly Ltd ("Coppermoly"), announced that joint venture partner, Barrick (PNG Exploration) Limited ("Barrick"), intersected in their first hole at the Mt Nakru Project, 213.75m at 0.92% copper and 0.33g/t gold. NGG holds 20,973,684 shares, representing a 15% interest in Coppermoly. As at August 25, 2010, those shares had a market value of CAD\$2,781,278.

6. **Vangold Resources Ltd - (Mt Penck, Fergusson and Allemata Projects)**

Vangold Resources Ltd (“Vangold”), during the quarter, completed a 3D IP survey on the Mt Penck and Fergusson Projects. NGG holds 6,219,455 shares, representing a 13% interest in the issued shares in Vangold, as at August 25, 2010, these shares had a market value of CAD\$1,150,599.

Due to Vangold’s Corporate restructure earlier this year NGG now owns 61,110 Vangold Energy Ltd and 146,068 IBC Advanced Alloys Corp Shares. At August 25, 2010, these shares had a market value of CAD\$30,555 and CAD\$19,719 respectively.

7. **NMC Mining Corporation (formerly 7238550 Canada Ltd) – (Normanby - Imwauna, and Sehulea - Weioko Projects)**

The Normanby and Sehulea tenements were renewed during the quarter removing the last condition for the agreements with NMC Mining Corporation (“NMC”) to be finalized. The \$3 million advanced as a loan by NMC to repay the Convertible Note (see 9 below), was repaid to NMC with the issuance of NGG shares and warrants. NMC, on August 25, 2010 paid to NGG approximately \$1.4 million as a condition of the above agreements. Once documentation and approval from the PNG Government is received, NMC will hold a direct 50% interest in Normanby and Sehulea. After the above payment (less a credit of approximately \$450,000 received on August 25, 2010), and expenditure on the properties of CAD\$8 million, NMC will be entitled to a further 50% interest in both Normanby and Sehulea.

NGG holds 15,682,269 shares representing a 45% interest in NMC.

A Preliminary Assessment of the Imwauna Project was completed in April 2010. The results were very positive but recommended a program of drilling and 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.

8. **Gold Anomaly Ltd – (Crater Mountain Project)**

NGG holds a 10% interest carried to Bankable Feasibility in the Crater Mountain Project. Gold Anomaly Ltd (“Gold Anomaly”) is conducting a major bulldozer/excavator benching and trenching program on this property. Initial assays from channel sampling include 5m at 40g/t gold. Crater Mountain is a major gold bearing system (see section on Gold Anomaly on page 14).

9. **Placements/Loans**

The Convertible Note arranged through Bolder Investment Partners was repaid on June 9, 2010. This repayment was part of the NMC agreement 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.

10. **Mining/Earthmoving Contractor Dispute**

No date has yet been set to resolve NGG’s claim against HBC Machinery (“HBS”). The background is:

Original 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. NGG 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 5,161,389 or approximately \$2,100,000 Canadian.

The contractor’s action resulted in gradually decreasing gold production throughout 2009 and into 2010. **The contractor’s equipment has now been replaced by predominantly NGG owned and operated equipment.**

RESOURCE STATEMENT

1. **Imwauna Project (subject to agreements with NMC Mining Corp.)**

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 two very significant points in respect to the above resources: their relatively high-grade, and the fact that they commence at surface.

EXPLORATION TARGETS

1. Imwauna Project

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"*.

2. Sinivit Project

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 10g/t gold 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, and 1,200,000ozs gold and 30,000t copper (plus possible credits in tellurium and silver).

Current geophysical surveys, if successful, could substantially increase this Exploration Target.

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"*.

CORPORATE STRUCTURE

The attached chart showing Corporate Structure, as at July 29, 2010, summarises the various assets owned by NGG.

NGG's main asset is the Sinivit Mine and surrounding exploration potential.

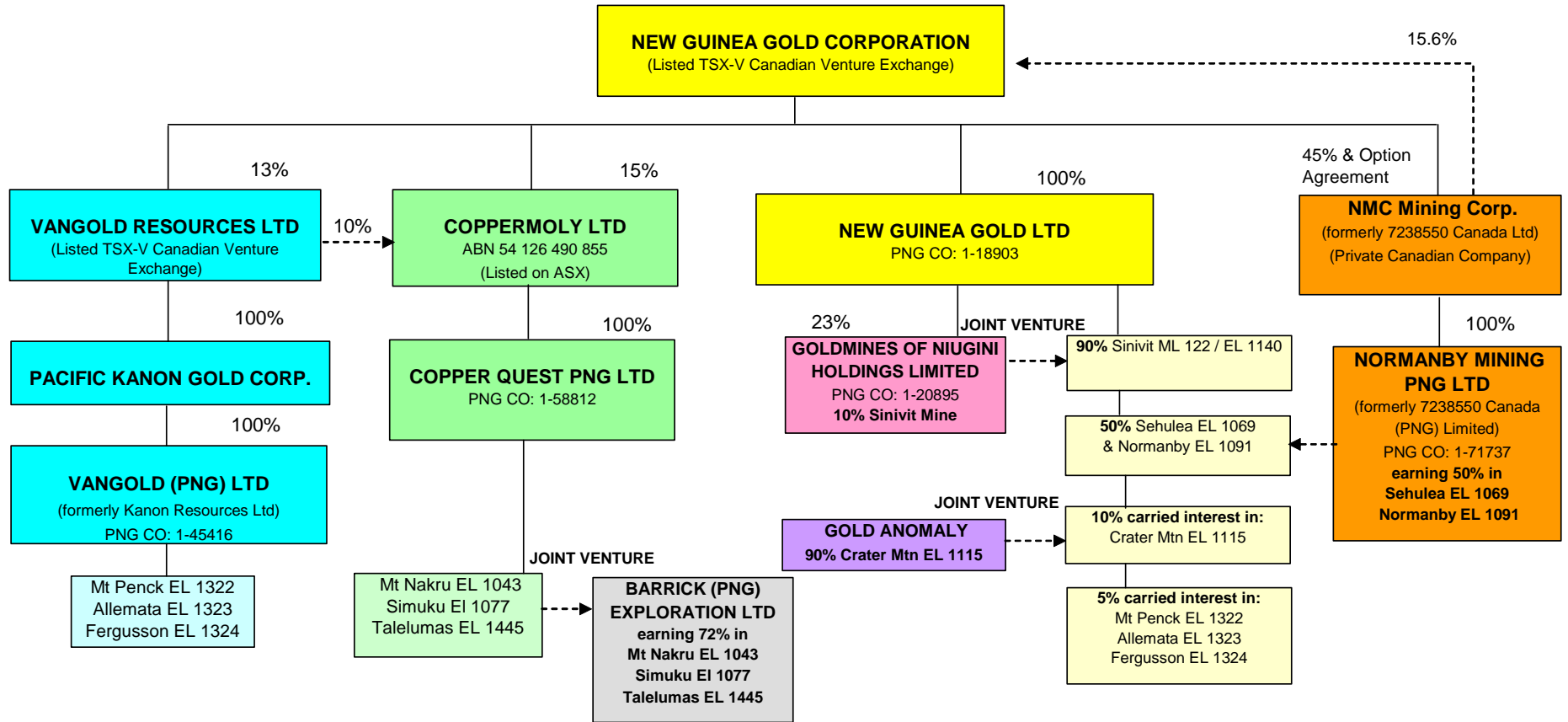
During the quarter, and subsequent to the end of the quarter, NGG reduced its equity in Coppermoly, to 15%, 20,973,684 shares.

Later in the quarter, the renewal of EL 1091 Normanby triggered certain conditions of NGG's agreements with NMC, resulting in NMC moving to acquire a 50% direct interest in EL's 1091 and 1069.

NGG continues to hold a 13% interest in Vangold (6,219,455 shares) and various carried interests in certain projects held by Vangold. NGG also holds a 10% carried interest in Gold Anomaly's Crater Mountain Project.

NEW GUINEA GOLD CORPORATION

Corporate Structure



SINIVIT GOLD PROJECT (92% NGG BENEFICIAL OWNERSHIP)

Sinivit gold production for the second quarter was 1,078 ounces. This was below expectations and less than first quarter production of 1,423.28 ozs.

There are, however, encouraging signs that production in the second half of 2010 will significantly improve. Gold production at Sinivit is a function of tonnes of ore crushed; gold grade of ore crushed; tonnes placed in vats/heaps; and copper in ore placed in vats.

Sinivit mine layout is shown on the accompanying plan.

Permeability of the vats was earlier considered a major problem, but we now believe that although lower permeability slows gold production it does not significantly inhibit final production or recovery.

For most of the time Sinivit has been in production we have not been able to crush and place in vats/heaps sufficient ore per month to sustain gold production, on average, above 500 ozs per month.

For example, between November 2009 and June 2010, we placed in vats/heaps 53,593 tonnes – an average of 6,699 tonnes per month. This figure is also an indication of the crushing performance which was about 7,000 tonnes per month. Thus 7,000 tonnes per month produced, on average, 400 ozs of gold per month.

Throughout this calendar year we have gradually improved crushing performance and during the three months of May, June and July, we crushed approximately 49,000 tonnes (19,000 tonnes in July), or, on average, over 16,000 tonnes per month. We believe that it is now likely, subject to reasonable weather conditions, that we can sustain crushing at 16,000/18,000 tonnes per month of ore, and perhaps move to more than 20,000 tonnes per month.

On a strictly arithmetic basis, because of the increased crusher output, all other variables being constant, by September 2010, production should increase significantly.

We now have to ensure that we can place 17,000 – 20,000 tonnes per month in vats or on heaps. A delay in delivery of HDPE vat plastic liners has resulted in a build up of the crushed ore stockpile. We should place 20,000 tonnes per month, for the first time, in vats or on heaps in August and September, which will give rise to increased gold production from September onwards.

Copper content of the ore has emerged as an increasing problem with depth at Sinivit. Copper occurs as oxide and secondary copper minerals that are soluble in cyanide solution. This increases our overall production cost by increasing the consumption of cyanide and carbon (in columns). If copper content continues to increase it may require additional expenditure in the gold elution circuit. Our gold buyer imposes a 1% penalty because of high copper content in the gold dore.

We have included a table entitled “*Production Summary - Sinivit to June 30th, 2010*” in this MD & A to illustrate processing, gold recovery from vats and heaps and possible ultimate gold recovery with a change in processing method. This table and the accompanying notes below are intended to give an overview of the oxide gold operations at Sinivit.

In addition to the vats shown in the accompanying table, since June 30, 2010, as a policy, we are moving to construct heaps over original vats. Heap 1, which is over Vat I, has come on line with approximately 6,500 tonnes, Vat F is also now on line with approximately 13,500 tonnes (has capacity for 26,000 tonnes to 30,000 tonnes). Heap 2 is currently being prepared over Vat 3 (expected to be approximately 20,000 tonnes). The earthworks for Vat G have been completed and this Vat is currently being lined in preparation to receive crushed material. At August 11, 2010, there was 26,500 tonnes of crushed material on stockpile ready to load the above Vats and Heaps.

It is important to realize that recovery of gold from the oxide mineralisation at Sinivit is 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 larger 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 contained gold is not recovered by vat/heap leaching.

The table is divided into several sections – **vat designation; ore mined and placed in vats/heaps; gold production to June 30, 2010; 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.

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 June 30, 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 June 30, 2010, 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 June 30 2010, there was 7,946 ozs 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 June 30, 2010, there was theoretically 17,884 ozs 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.

The original Mineral Resource estimates were given in the “Technical Report on the Sinivit Property, Papua New Guinea” dated January 30, 2006, and available on Sedar or at www.newguineagold.ca.

The “oxide resource” in that report for the Sinivit and Kavursuki zones can be summarised as follows:

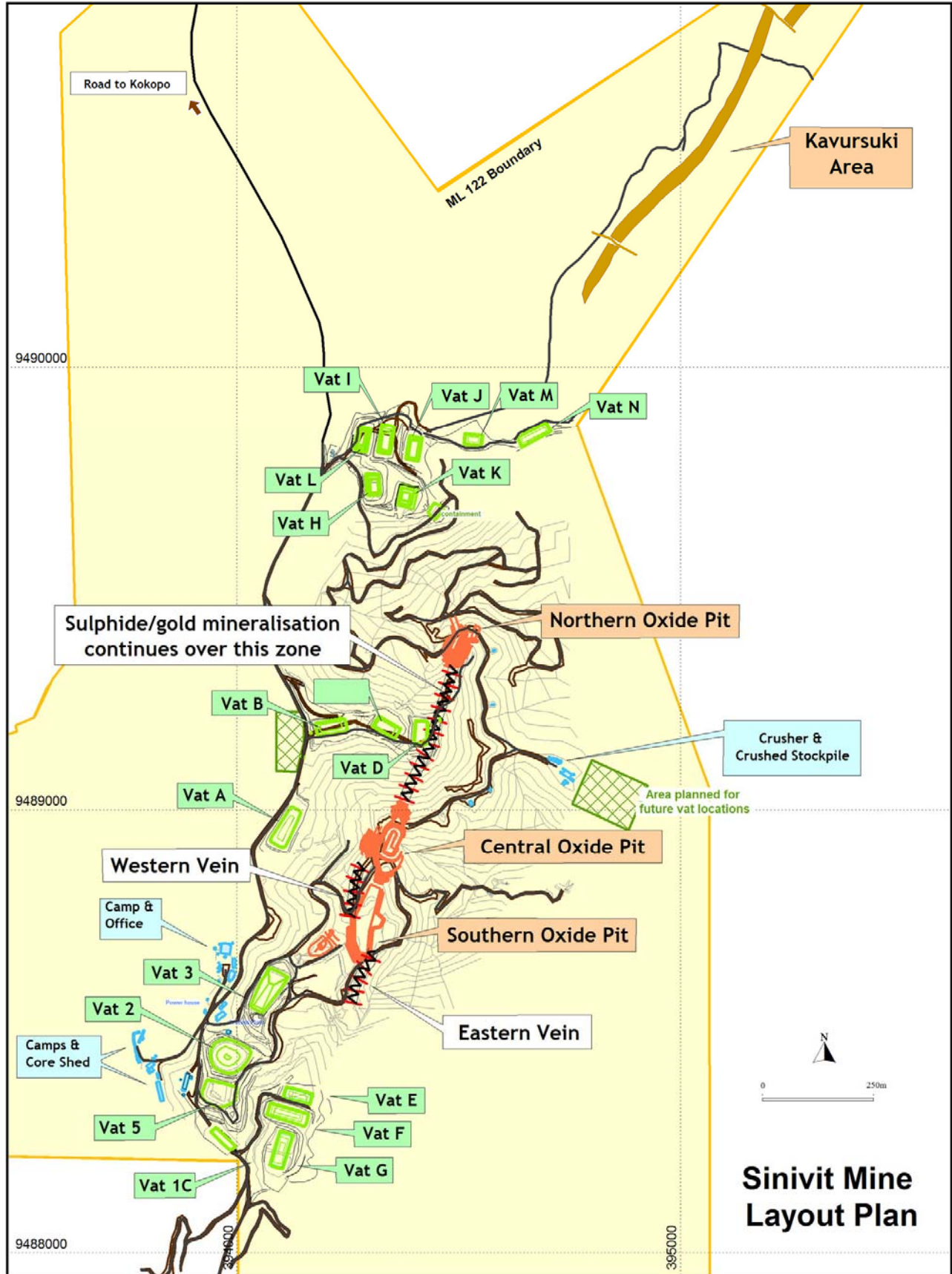
Indicated Resource:	413,100t at 4.40g/t gold for 58,400 ozs gold
Inferred Resource:	322,900t at 2.85g/t gold for 29,600 ozs gold
High copper (average copper content 0.86%)	
Indicated Resource:	98,800t at 4.0g/t for 12,700 ozs gold

In addition, the Technical Report quoted an Indicated Mineral Resource for the initial pit design (included in the above Resources) of 306,400t at 5.31g/t gold for 52,300 ozs gold.

It should be noted that the above grades and gold are based on total or fire assays. Cyanide soluble grades are not available for the Resource.

The contained gold in the Resources can be compared to the gold mined to June 30, 2010. The total gold mined to June 30, 2010 based on cyanide soluble assays, was 34,000 ozs compared to 71,000 ozs total gold in Indicated Resource plus 29,600 ozs in Inferred Resource.

NGG’s Resource consultants, Mining Associates Pty Ltd, are presently reviewing the Pit Plan and Resources to determine how much of the total Resource, which was not originally included in the pit plan, can now be mined. In addition, diamond drilling is underway at Kavursuki to further define this Resource which was also not included in the original pit plan.



**Sinivit Mine
Layout Plan**

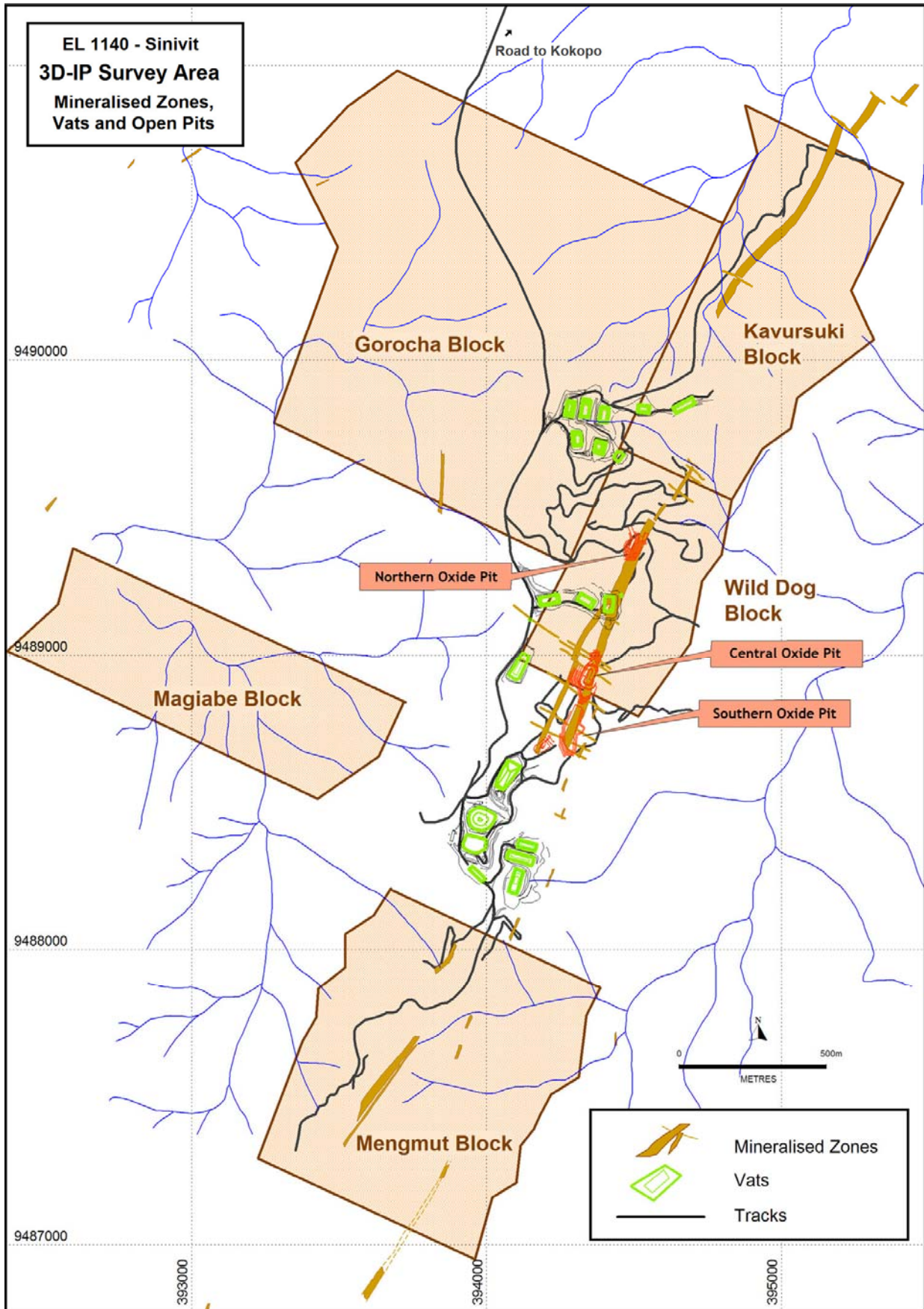
NEW GUINEA GOLD CORPORATION

June 2010

PRODUCTION SUMMARY - SINIVIT to JUNE 30th, 2010

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 todate	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	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	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	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	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	0	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	0	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	0	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	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	25,987.0	4.63	42,248.8	61.5%	16,261.8	7,027	76.78	6.03	55,023.8	47.2%	29,037
Vat D	10,710.0	32,146.0	5.69	60,939.9	52.8%	28,793.9	15,728	76.38	7.45	79,789.5	40.3%	47,644
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
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	11,884.4	3.44	22,638.6	52.5%	10,754.3	9,833	62.55	5.50	36,195.5	32.8%	24,311
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	31,382.0	4.38	62,988.8	49.8%	31,606.8	16,075	79.64	5.50	79,095.5	39.7%	47,714
Vat 5	28,605.0	18,152.0	1.81	51,775.1	35.1%	33,623.1	28,703	66.30	2.73	78,091.7	23.2%	59,940
Vat E	12,307.0	13,809.0	4.03	49,597.2	27.8%	35,788.2	27,099	72.74	5.54	68,180.8	20.3%	54,372
TOTALS:	224,447.6	499,245.6	3.33	748,234.7	66.7%	247,129.4	143,280		4.70	1,055,342.4	47.3%	556,205
OUNCES:		16053 ozs		24059 ozs		7946 ozs	4607 ozs			33934 ozs		17884 ozs



Comment

The original 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 of 2 months.

Although capital cost was relatively low – topography, weather (excessive rain), slow leach times in vats, mining contractor disputes and other matters previously announced combined to essentially render vat leaching only marginally economic. Now we are able to move to heap leaching (which is a lower cost), and with improvements in crushing (which have more than doubled crushed product), we believe the financial fundamentals of the project will significantly improve, although not of the order as originally envisaged.

There remains a substantial resource which can probably be extracted by open pit mining and we are confident the current independent review of oxide resources will increase the total resource. **However, we also believe that the project would be better served if processing could be changed 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). Company cash flow over the past year has been severely constrained but we intend to complete the above due diligence in the coming months using funds payable to NGG by NMC before August 21, 2010.

A decision on whether or not to proceed with a processing change could be made later in 2010.

Exploration

- A 3D IP survey was completed at Sinivit. This electrical survey is designed to define zones of sulphide and/or silica mineralisation similar to those already known at Sinivit. The area covered by the survey is shown on the accompanying plan.

The survey was successful in defining several areas which warrant follow up by drilling. The data is still being evaluated and will be released as a Press Release in the near future.

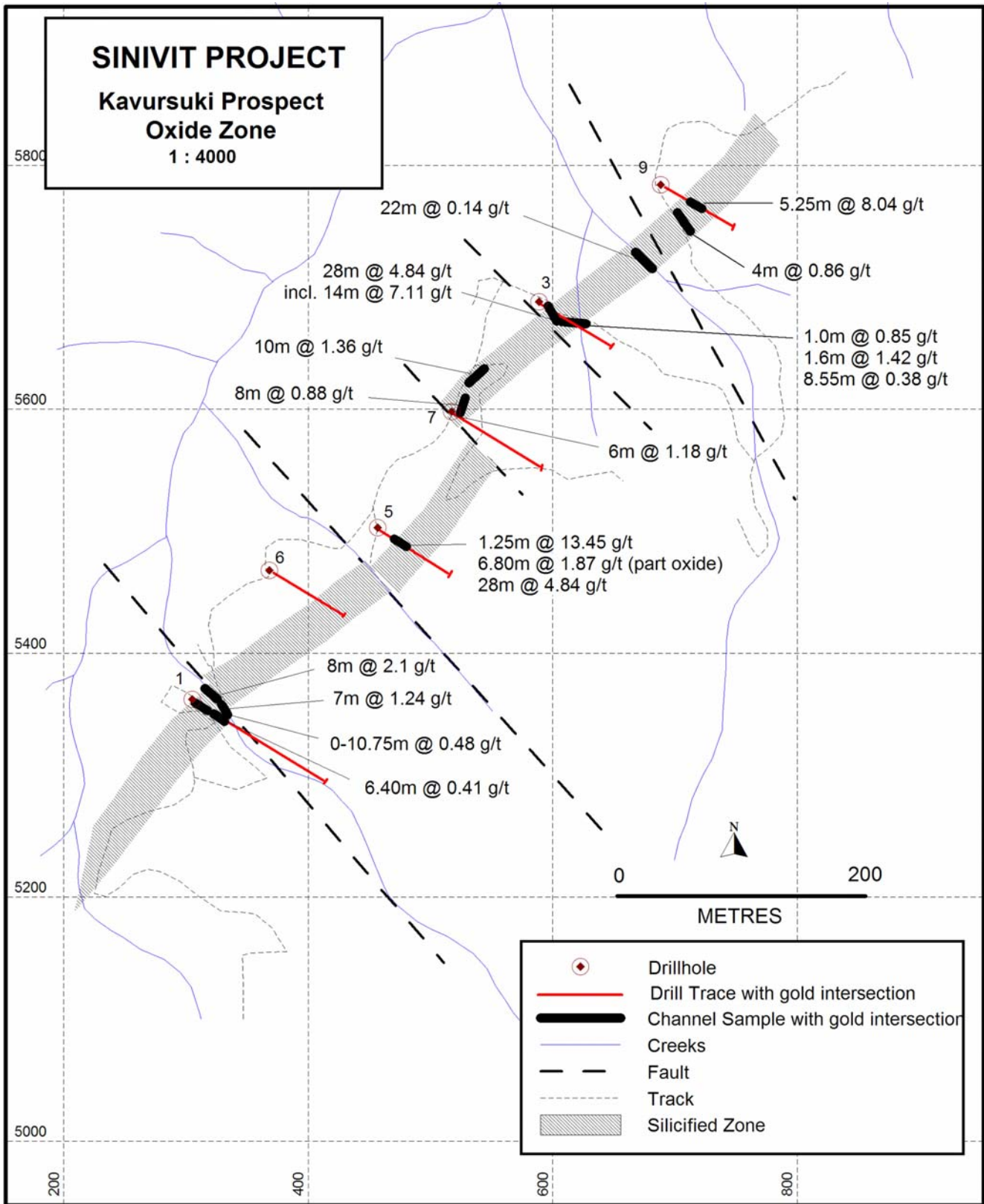
- Reverse Circulation (RC) drilling intersected high grade gold results in the Central Oxide Zone extension - 12m at 36.6g/t gold including 4m at 101g/t gold (see Press Release dated May 31, 2010).
- RC drilling also defined very high grade gold and copper mineralisation at the Southern Oxide Zone – 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).
- At Kavursuki (see accompanying plan), trenching has continued and diamond core drilling is scheduled to commence late in August 2010. Kavursuki is a one kilometre long northern extension of the Sinivit Vein System. The original drill results and some trench results on the accompanying plan illustrate the potential of this zone. Kavursuki has the potential to add significant tonnage of gold mineralisation with a low copper content to the current Mine Plan.

Tellurium

The potential to produce tellurium at Sinivit is still under investigation. A potential partner visited the Sinivit Mine in June 2010. A further 1,000kg of samples have been shipped to this partner in the USA for further testing to determine if the tellurium can be economically extracted.

Tellurium is presently in short supply and its price has increased many fold over the past few years. It is extensively used in electrical applications, including in solar panels.

As at August 24, 2010 some results had been received from the above samples and are presently being compiled and assessed.



NMC MINING CORPORATION

On September 16, 2009, and subsequently on February 4, 2010, NGG announced that it had agreed to an amended Option Agreement with NMC whereby NMC could acquire a 50% interest in EL's 1091 and 1069 by paying to NGG \$1 million cash and providing \$8 million in exploration/development expenditure for the project. This agreement was conditional on renewal of the above licences by the PNG Government. **These licences have now been renewed.**

On April 16, 2010, NGG signed a further agreement with NMC as follows:

- NGG would be granted a 45% interest in Normanby Mining.
- NMC would provide a \$3 million loan to NGG, 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 elects 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%
- **This loan has since been repaid, subsequent to the end of the quarter (see below).**

The intent of these agreements was three-fold:

- They bring 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 will be used to repay the Convertible Note debt (since repaid).

NMC has acquired ownership and control of a total of 26,855,994 units of New Guinea Gold Corporation with each acquired unit consisting of one common share of NGG and one share purchase warrant of NGG, representing approximately 13 per cent of the issued and outstanding common shares of NGG (or approximately 23 per cent on a partially diluted basis, assuming exercise of the acquired warrants only).

Immediately following the acquisition, NMC owns a total of 32,310,539 common shares of NGG and 26,855,994 acquired warrants, representing approximately 15.6 per cent of the issued and outstanding common shares of NGG (or approximately 25.3 per cent on a partially diluted basis, assuming exercise of the convertible securities only).

The acquired units were issued to NMC in satisfaction of outstanding indebtedness owing by NGG to NMC and for investment purposes. NMC is currently in the process of selling a total of 5,454,545 common shares of NGG to its common shareholders of record as at July 20, 2010, in connection with a return of paid up capital. The units were acquired for deemed consideration of 11.2737 cents per acquired unit for total deemed consideration of \$3,027,664.19. The warrants are exercisable within two years at an exercise price of 22.5 cents per warrant.

A Preliminary Assessment (designated Feasibility Study as required in Papua New Guinea by the Papua New Guinea Government), of the Imwauna Project was completed in April 2010. The results were very positive and recommended a program of additional drilling and 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. A site visit was completed by directors of NMC in May. Several drill holes into the southern high grade zone at Imwauna, plus excavator trenching, were completed and all assays are pending. Exploration/development is expected to increase, funded by NMC, in the last quarter of 2010.

COPPERMOLY LTD

Coppermoly holds 100% of three projects: Mt Nakru, Simuku and Talelumas, subject to a joint venture arrangement with Barrick.

NGG holds 20,973,684 shares representing an approximate 15% equity in ASX listed Coppermoly Ltd.

On July 12, 2010, NGG issued a Press Release relating to the results of the first drill hole by Barrick at the Mt Nakru prospect.

➤ ***“Major Copper Mineralised System Demonstrated by Drilling at Nakru-1, With 190.85m Grading 1.01% Copper + 0.36 g/t Gold Including:***

- ***13.55m of 2.8% copper + 0.23g/t gold in supergene mineralisation from 74.45m***
- ***10.75m barren interval***

- 166.56m of 0.93% copper + 0.4 g/t gold, finished in primary mineralisation
- 272.3m to the end of hole (approximately 360 m) are still being analyzed

- *The copper - gold mineralisation correlates directly with the 3D - Induced Polarisation geophysical anomaly.*
- *The main section of the 3D – Induced Polarisation anomaly at nearby Nakru 2 Prospect is yet to be drilled. Previous drill results from the anomaly margins are 27.7m of 1.90% copper and 73m of 0.96% copper, demonstrating the very high prospectivity of the Exploration Licence.*

Hole BWNBDD0001 was drilled at EL 1043 - Nakru 1 Prospect by a Barrick Gold Corporation subsidiary under an agreement with Coppermoly Ltd. The agreement allows Barrick to spend A\$20 million to earn 72% of EL 1043 (Nakru), EL1077 (Simuku) and EL1445 (Talelumas). Coppermoly Ltd retains 100% ownership until earn-in is complete.

The diamond core hole very successfully demonstrated significant grades and thicknesses of copper and gold mineralisation (cut-off grade of 0.2% copper), as noted below.

Table 1: Mineralised Intercepts in diamond core hole BWNBDD0001

<i>Mineralisation Style</i>	<i>Depth From (metres)</i>	<i>Intercept Width (metres)</i>	<i>Copper (%)</i>	<i>Gold (g/t)</i>
<i>Secondary</i>	<i>74.45</i>	<i>13.55</i>	<i>2.80</i>	<i>0.23</i>
<i>Including</i>	<i>76.00</i>	<i>3.00</i>	<i>7.51</i>	<i>0.57</i>
<i>Primary</i>	<i>98.75</i>	<i>166.55</i>	<i>0.93</i>	<i>0.40</i>
<i>Including</i>	<i>98.75</i>	<i>22.25</i>	<i>1.47</i>	<i>0.13</i>
<i>and</i>	<i>147.20</i>	<i>5.3</i>	<i>1.87</i>	<i>0.33</i>
<i>and</i>	<i>194.00</i>	<i>7</i>	<i>2.37</i>	<i>1.29</i>
<i>and</i>	<i>206</i>	<i>24</i>	<i>1.35</i>	<i>1.03</i>

Diamond drill hole BWNBDD0001 is located at 222202m E and 9339109m N and it was terminated at 361.1m depth due to poor ground conditions. The hole is 200m east-northeast of drill hole NAK017, which intersected 210.1 metres grading 0.45% copper (including 8.8m grading 1.95% copper from 61.2m depth) on the southwest margin of the 3D – Induced Polarisation anomaly”.

For further details refer to www.coppermoly.com.au .

VANGOLD RESOURCES LTD

NGG presently holds 6,219,455 shares in Vangold which represents a 13% interest in the issued shares of Vangold.

Vangold holds three gold projects in Papua New Guinea: Mt Penck, Fergusson and Allemata. NGG holds a 5% free carried interest to bankable feasibility in these projects.

Vangold is actively exploring these projects and has recently completed a 3D IP Program at Mt Penck and Fergusson. In addition, survey work and soil sampling has been completed at these projects. Results are expected to be available in the near future with drilling scheduled for the second half of 2010.

At Allemata, survey work and camp construction is in progress, with a 3D IP program expected to commence in September 2010.

GOLD ANOMALY – CRATER MOUNTAIN PROJECT

NGG holds a 10% interest in the Crater Mountain Project, carried to completion of a bankable feasibility study.

During the quarter the operator Gold Anomaly continued the earthworks and benching program. The earthworks program is aimed at:

1. re-opening the old unsealed road and constructing new road between the sealed road at Lufa Station and the tenement area to provide 4WD vehicle access; and
2. benching the hill sides at the Nevera prospect to provide new bedrock exposures to facilitate geological and structural mapping and geochemical sampling.

At Nevera the benching was progressed into the deep gully hosting the majority of the artisanal mining activity and cut across the base of the prominent spur which has been the host to shallow underground artisanal mining over the past six years where there is evidence that the artisanal miners have reached depths of up to 60 metres below surface.

Detailed geological mapping and channel sampling was commenced. Continuous 5 metre channel samples were taken on the approach to the artisanal mining area and initial channel sampling in this area is now complete. Further benching and sampling will be undertaken in this area.

The majority of bedrock exposed to date is massive feldspar porphyry, which is strongly phyllically altered with an overprint of argillic alteration and deep weathering. Patches of mild silicification are apparent. Fracturing and jointing is of variable but mostly medium intensity and is marked by dark iron oxides, with prominent near-vertical fractures commonly trending east of north forming the "lines" favoured by the artisanal mining area, yielding good but highly variable returns of gold. Recent tephra (volcanic ash) irregularly blankets parts of the prospect area, which even the bulldozer/excavator benching has failed to penetrate. The excavator will later be used to trench to bedrock in critical areas.

At the end of the quarter benches had been cut through a number of areas of previous high grade trench sample results and the artisanal mining zone at Nevera and further benching and sampling of other prospective nearby areas was continuing.

A total of 105 costean channel samples collected for a total of 525 metres are now undergoing sample preparation and FA50 gold assay at the Intertek facility in Lae; pulps will be sent by them to Intertek in Jakarta for silver, copper, lead, zinc, and arsenic analysis. Further samples are ready for dispatch to Lae.

The benching is being conducted to provide new information on the lithological and structural controls of the distribution of gold mineralisation in the prospect, in order to better evaluate the various models of mineralisation proposed by earlier generations of explorers and plan the next phase of drilling. Some significant results from previous drilling are listed below:

NEV 02	121 metres at 1.77g/t gold
NEV 05	151 metres at 1.38g/t gold, including 24 metres at 6.55g/t gold
NEV 08	178 metres at 1.30g/t gold, including 32 metres at 2.76g/t gold
NEV 10	129 metres at 0.61g/t gold, including 25 metres at 1.60g/t gold
NEV 11	205 metres at 0.86g/t gold, including 25.5 metres at 2.36g/t gold

It is also anticipated that the benching program will define the extent of the weathered supergene gold mineralisation in the "hematite cap" area part of which has been exploited in the artisanal mining zone. This near surface gold mineralisation can be treated by simple gravity concentration thus may represent an opportunity to fast track a small to medium scale open cut mine and processing facility at Nevera.

As of June 30, 2010, Gold Anomaly had spent AUD\$900,000 on Crater Mountain on phase 2 exploration. Under a letter agreement between the parties, expenditure greater than AUD\$900,000 constitutes a trigger to increase Gold Anomaly ownership from 51% to 70%. The major partner and the minority partners of the Crater Mountain JV have been made aware of Gold Anomaly's intention to move from 51% to 70% ownership.

On August 12, 2010, Gold Anomaly announced that within initial bench results were intersections such as 5m at 40.2g/t gold within 20m at 11.6g/t gold (see Press Release dated August 16, 2010).

SELECTED INTERIM FINANCIAL INFORMATION AND REVIEW OF FINANCIAL RESULTS

QUARTER ENDING JUNE 30, 2010

	3 Months ended June 30, 2010 \$	3 Months ended June 30, 2009 \$	Increase/ (Decrease)
Operations			
Revenue (metal sales)	1,526,149	2,450,745	(924,596)
Expenses			
Mine operating costs (total):	1,960,070	5,136,753	(3,176,683)
Changes in inventory	(1,102,493)	2,097,535	(3,200,028)
Amortization of deferred mining costs	1,012,878	1,472,007	(459,129)
Depreciation of mine equipment	227,767	167,478	60,289
Contractor payments	82,532	372,269	(289,737)
Employee salaries and benefits	533,587	551,759	(18,172)
Other costs:			
Depreciation not included in operating costs	38,263	63,482	(25,219)
Employee salaries and benefits	107,293	28,336	78,957
Financing costs	75,959	254,164	(178,205)
Shareholder communications	190,085	72,592	117,493
Other general and administrative costs	79,181	136,535	(57,354)
Other income (expense)			
Interest and other income	256,251	272,968	(16,717)
Bad debts	295,587	33,443	262,144
Foreign exchange gain/(loss)	222,189	28,374	193,815
Net profit/(loss) for the period	(478,533)	(3,643,591)	3,165,058
Profit/(loss) per share – basic and diluted	(0.0025)	(0.02)	

- The Company's net loss for the quarter ended June 30, 2010 was \$478,533 or \$0.0025 per common share compared to a loss of \$3,643,591 or \$0.02 per common share, for the same period last year.
- **Mining Operations**
The result from mining operations produced an operating loss of \$479,163. The net loss for the current period compared to the June 2009 period loss of \$2,774,690 was much lower due to lower mine operating costs including lower contractor payments and reduction in inventory.
- **General and Administrative Expense**
General and administrative expenses for the period ended June 30, 2010, were \$79,181 compared to \$136,535 for the period ended June 30, 2009.
- **Stock Based Compensation Expense**
There was no stock based compensation for the period.

NEW GUINEA GOLD CORPORATION
June 2010

- Foreign Exchange Loss**

Foreign exchange loss for the period ended June 30, 2010, was \$222,189 compared to \$28,374 for the period to June 30, 2009.

SIX MONTHS ENDING JUNE 30, 2010

Operations	6 Months ended June 30, 2010 \$	6 Months ended June 30, 2009 \$	Increase/ (Decrease)
Revenue (metal sales)	2,975,227	4,041,906	926,304
Expenses			
Mine operating costs (total)	4,866,488	4,746,010	80,818
Changes in inventory	(1,884,016)	(1,078,630)	805,386
Amortization of deferred mining costs	2,709,100	2,171,322	537,778
Depreciation of mine equipment	425,759	331,707	94,052
Contractor payments	134,450	891,684	(778,553)
Employee salaries and benefits	959,337	897,332	43,947
Other costs:			
Depreciation not included in operating costs	81,938	130,846	(48,908)
Employee salaries and benefits	336,807	175,728	161,079
Financing costs	349,010	497,311	(148,301)
Shareholder communications	239,294	116,591	122,703
Stock-based compensation	-	1,156,277	(1,156,277)
Other general and administrative costs	130,025	251,029	(51,734)
Other income (expense)			
Interest and other income	415,703	381,222	(5,180)
Bad debts	(332,597)	(203,096)	762,136
Impairment loss on equity accounted investments	-	(109,132)	(109,132)
Foreign exchange gain/(loss)	(349,222)	93,349	164,567
Share of equity accounted associate losses	(159,873)	(607,668)	(549,010)
Net profit/(loss) for the period	(633,199)	(3,617,586)	(47,052)
Profit/(loss) per share – basic and diluted	0.0029	(0.02)	

- The loss on mining operations for the six months to June 30, 2010 was \$1,970,857 compared to \$844,479 for the comparable period in 2009. Total mine operating costs were comparable for the period but revenue from metal sales was reduced from \$4,041,906 to \$2,975,227 resulting in an increased loss in mining operations.

NEW GUINEA GOLD CORPORATION
June 2010

Summary of Quarterly Results (Unaudited) for the quarters ended September 30, 2008 to June 30, 2010:

	2010		2009				2008	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	\$	\$	\$	\$	\$	\$	\$	\$
Gross revenue	1,526,149	1,449,078	1,638,374	1,426,246	2,450,745	1,591,161	3,373,622	975,414
Interest & other income	256,251	159,452	118,591	132,963	272,968	108,254	207,104	90,748
Net profit/(loss)	(478,533)	(154,666)	(4,008,201)	(1,176,398)	(3,643,591)	26,005	(971,121)	(3,392,807)
Basic/diluted profit/(loss) per share	(0.0025)	(0.00)	(0.02)	(0.01)	(0.02)	0.00	(0.01)	(0.02)

FINANCIAL CONDITION AS AT JUNE 30, 2010

- At June 30, 2010, the Company had working capital of \$6,781,417 (June 30, 2009: \$5,807,565).
- The Company's long-term obligations at June 30, 2010 included \$157,171 of non-current bank debt (June 30, 2009: \$nil).
- At June 30, 2010, the Company had a short term loan of \$3 million from NMC Mining Corporation (repaid by issuance of shares and warrants as a subsequent event in August 2010).

CAPITAL RESOURCES AND LIQUIDITY

- Capital resources of the Company consist primarily of cash, and marketable securities of approximately \$3,535,095 at June 30, 2010. In addition, the Company received approximately \$1.4 million from NMC on August 25, 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. 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.
- Including expenditure attributable to mining work in progress and inventory items, the Company has not yet generated positive cashflow from mining operations. The Company is working towards producing adequate 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.

SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of common shares without par value. Shares issued January 1, 2009 to June 30, 2010 and to the date of this report are as follows:

	Number of Shares	Share Capital \$
Balance, January 1, 2009	156,242,480	43,277,467
Private placements	31,208,334	3,481,275
Balance, December 31, 2009	187,450,814	46,758,742
Private placements	14,252,083	1,710,250
Loan bonus shares	5,454,545	600,000
Balance, June 30, 2010	207,157,442	49,068,992
Loan repayment plus interest	26,855,994	3,027,651
Balance, August 27, 2010	234,013,436	52,096,643

RELATED PARTY TRANSACTIONS

Transactions with related parties are in the normal course of operations and were valued at exchange amount being the value established and agreed to between the parties. Amounts due to or from related parties are unsecured, non-interest bearing and due on demand.

- **Coppermoly Ltd** (“Coppermoly”) was incorporated in 2007 and acquired 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 at June 30, 2010 owned 18.5% (December 31, 2009: 21.5%) of the share capital of Coppermoly after selling down its share holding during 2009 and 2010 and Coppermoly raising additional capital. As at June 30, 2010 the Company owed Coppermoly \$3,557 (December 31, 2009: (\$716)) for exploration expenditures paid for by Coppermoly on the Company’s behalf.
- **Pacific Kanon Gold Corporation** (“PKG”), a private company, acquired the Company’s interest in Kanon Resources Ltd (“Kanon”) for shares in 2007. During the 6 months ended June 30, 2010, the Company completed the sale of its interest in PKG to Vangold in exchange for 6,046,122 Vangold common shares with a fair value of \$2,116,143 and \$500,000 cash. As part of the sale process all amounts owed by PKG to the Company at the time the sale was first negotiated were written off. At December 31, 2009, the total owed by PKG to the Company was \$1,297,829. The amount related to exploration expenditures, as well as professional and other fees relating to PKG’s planned IPO, paid by the Company on PKG’s behalf. Due to uncertain market conditions at December 31, 2009, the Company had provided for the non-collection of this receivable. PKG ceased to be a related party during the first six months of 2010.
- **Frontier Resources Ltd** (“Frontier”) is an ASX listed company. At January 1, 2010 Frontier had two common directors with the Company. Due to the resignation of Mr Peter McNeil from the Company’s board and the resignation of Mr Robert McNeil from Frontier’s board in January 2010 this is no longer the case and so Frontier ceased to be a related party during the first six months. As at June 30, 2010 Frontier owed the Company \$6,880 (December 31, 2009: \$16,214) for exploration expenditures paid for by the Company on Frontier’s behalf.
- Goldmines of Niugini Holdings Limited (“GMNH”) is the 10% joint venture partner in the Mt Sinivit mine. At June 30, 2010 GMNH owed the Company \$3,124,188 (December 31, 2009: \$2,670,146). Refer to note 10 of the Interim Consolidated Financial Statements six months ended June 30, 2010 for further details.

All balances owing to the Company in relation to related party transactions at June 30, 2010 and December 31, 2009 were included in amounts receivable, long term receivables or accounts payable and accrued liabilities on the balance sheet.

SUBSEQUENT EVENTS

Normanby EL1091 renewed by Mineral Resources Authority, PNG, June 21, 2010 for a period of two years to April 25, 2012.

On August 4, 2010 NGG issued to NMC 26,610,723 common shares and 26,610,723 warrants as repayment of a \$3 million loan (Note 18). NGG also issued an additional 245,271 common shares and 245,271 warrants in respect of interest owed on the loan. The warrants are for 24 months with a strike price of \$0.225.

During the period July 20-22, 2010 NGG sold 4,500,000 Coppermoly shares reducing their shareholding to 15.28%.

On August 25, 2010 NMC paid to NGG \$1,394,030.30 being cash payment as part of the first joint venture agreement plus reimbursement of exploration expenditures made by NGG on NMC’s behalf. An amount of \$10,000 was deducted from the amounts owing to NGG for legal fees owed to NMC by NGG.

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, convertible debentures 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 value.

LEGAL PROCEEDINGS

At the end of June 2009, the Company's Sinivit mining equipment contractor, HBS Machinery ("HBS"), unilaterally terminated its Agreement without due notice removing equipment from the Sinivit mining site. The Company views this as a breach of the Company's Contract Agreement with HBS, specifically HBS's removal of certain equipment from the Sinivit site, which equipment, under the terms of the Contract Agreement, is now beneficially owned by NGG and, failure on the part of HBS to give the requisite 30 days notice to NGG before removing any such piece of equipment from the Sinivit site. NGG is pursuing claims against HBS in the Papua New Guinea Court for damages totalling 5,161,389 Kina or approximately \$2,000,000.

HBS have made a counter claim against the Company for alleged unpaid hire fees for 2,928,430 Kina or approximately \$1,100,000. NGG disputes the amount of the counter claim.

OUTSTANDING SHARE DATA

The Company has one class of shares and there were 234,013,436 shares issued as at August 4, 2010 (207,157,442 shares issued as at June 30, 2010) and 268,189,430 on a fully diluted basis (June 30, 2010: 214,967,442).

The Company has a stock option plan and at the date of this report there were 5,520,000 options outstanding exercisable into one common share between \$0.23 and \$0.43 (6,010,000 options outstanding as at June 30, 2010).

The Company has 28,655,994 warrants outstanding at the date of this report exercisable into one common share between \$0.20 and \$0.225 (1,800,000 warrants outstanding as at June 30, 2010).

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.

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 June 30, 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 June 30, 2010.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

i) Financial Instruments – Disclosures – Revised section 3862

The amendments to CICA HB 3862 expand the disclosures required in respect of fair value measurements and liquidity risk. The Company has not provided comparative information for these expanded disclosures in the current period in accordance with the transitional relief offered in these amendments. The result of the expanded disclosures required the Company to identify the degree to which the fair value is observable. The Company's analysis is included in Note 4 of the Interim Consolidated Financial Statements six months ended June 30, 2010.

ii) Mining Exploration Costs

In March 2009, the Emerging Issues Committee (EIC) issued EIC-174 “Mining Exploration Costs”, which provides guidance to mining enterprises related to the measurement of exploration costs and conditions that a mining enterprise should consider when determining the need to perform an impairment review of such costs. The accounting treatments provided in EIC-174 have been applied in the preparation of these financial statements and did not have an impact on the valuation of mineral exploration assets.

iii) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, EIC-173 “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities” was issued, which clarifies that an entity’s own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. EIC-173 is to be applied retrospectively without restatement of prior periods in interim and annual financial statements for periods ending on or after the date of issuance. The accounting treatments in EIC-173 did not impact the Company’s financial results for the period ended June 30, 2010.

ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

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 is currently developing an implementation strategy to establish timelines and identify significant differences between Canadian GAAP and IFRS, but the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

ii) Business combinations

In January 2009 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. Companies 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.

DIRECTORS AND OFFICERS

As at August 27, 2010, directors and officers were as follows:

<u>Directors</u>	<u>Officers</u>	
Robert McNeil	Robert McNeil	CEO
Ab Berar	Maurice Gannon	President
Ces Iewago	Wayne Johnston	COO
Colin McKenzie	Lisa Hartin	CFO
Bryan Nethery	Betty Anne Loy	Corporate Secretary
Michael Reynolds		