



Interim Consolidated Financial Statements

First Quarter ended

March 31, 2011

(Unaudited, prepared by Management)

The following report has been amended in response to requests made by the BCSC to provide a clearer representation of the Company's position and performance for the reporting period and to clarify the transition from Canadian GAAP to IFRS.

NOTICE TO READER

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators the Company discloses that its external auditors have not reviewed the unaudited financial statements for the period ended March 31, 2011 in accordance with Section 7050 of the CICA Handbook.

NEW GUINEA GOLD CORPORATION
Consolidated Statement of Financial Position

As at March 31, 2011, December 31, 2010 and January 1, 2010

	Notes	March 31, 2011 \$	December 31, 2010 \$	January 1, 2010 \$
ASSETS				
Current Assets				
Cash and cash equivalents	3(c)(i)	1,118,003	1,280,203	3,627,136
Trade and other receivables		1,288,039	844,895	245,270
Available for sale assets	6	4,010,922	4,407,394	856,863
Inventories	3(q)	4,234,563	6,200,331	5,571,699
Total Current Assets		10,651,527	12,732,823	10,300,968
Non-Current Assets				
Mining and other deposits		54,131	57,997	58,724
Mineral properties	7	56,748	-	4,511,095
Investments		5,559,261	5,633,490	935,793
Property, plant and equipment	8	3,076,269	3,503,117	3,698,834
Mineral exploration expenditure	3(p)	41,299	-	6,920,079
Total Non-Current Assets		8,787,708	9,194,604	16,124,525
Total Assets		19,439,306	21,927,427	26,425,493
LIABILITIES				
Current Liabilities				
Trade and other payables		1,386,701	1,540,489	1,199,617
Interest bearing loans	9	441,251	619,785	1,039,545
Convertible debentures	3(c)(i)	-	-	2,805,308
Embedded derivatives		-	-	296,445
Provisions		187,892	193,602	-
Total Current Liabilities		2,015,844	2,353,876	5,340,915
Non-Current Liabilities				
Long term bank debt		-	-	613,716
Provisions		236,400	280,361	168,317
Total Non-Current Liabilities		236,400	280,361	782,033
Total Liabilities		2,252,244	2,634,237	6,122,948
Net Assets		17,187,062	19,293,190	20,302,545
EQUITY				
Issued capital		51,912,901	51,912,901	48,333,742
Investment fair value reserve		-	-	-
Asset for sales fair value reserve		1,271,867	1,668,269	52,000
Contributed surplus		6,243,006	6,243,006	5,137,712
Foreign currency translation reserve	3(b)(i)	(526,077)	113,392	466,398
Accumulated losses		(41,714,635)	(40,644,378)	(33,687,307)
Total Equity		17,187,062	19,293,190	20,302,545

Approved by the Board of Directors:

“Colin McKenzie”

Director

“Ces Iewago”

Director

The accompanying notes are an integral part of these consolidated financial statements.

NEW GUINEA GOLD CORPORATION

Statement of Comprehensive Income

For the 3 months ended March 31, 2011 and March 31, 2010

	Notes	Qtr ended March 31, 2011 \$	Qtr ended March 31, 2010 \$
Revenue	3(h)	2,647,833	1,449,078
Cost of Sales		(3,541,038)	(2,940,772)
Gross Profit/(Loss)		(893,205)	(1,491,694)
Professional fees		(17,161)	(78,452)
Depreciation		(30,750)	(43,675)
Dilution gain/(loss) on investments	7	182,705	0
Exchange difference on translation		(236,518)	127,033
Employee salaries and benefits		(306,019)	(229,514)
Equity accounting gain/(loss)		(128,177)	(58,658)
Gain/(loss) on sale of assets		-	-
Gain/(loss) on sale of investments		-	1,899,732
Rent		(25,936)	(102,796)
Corporate compliance and shareholder		(7,787)	(49,209)
Bad debts		-	37,010
General and administrative costs		(6,749)	(50,844)
Totals		(576,392)	1,450,627
Operating profit/(loss)		(1,469,597)	(41,067)
Finance revenue and other income		417,003	159,452
Finance costs		(17,663)	(273,051)
Profit / (loss) before income tax		(1,070,257)	(154,666)
Income tax expense		-	-
Profit / (loss) after tax		(1,070,257)	(154,666)
Unrealised Gain/(loss) on translation of subsidiary		(639,469)	(762,655)
Unrealised Gain/(loss) on Available For Sale securities		(396,402)	(880,648)
Total comprehensive income / (loss) net of tax		(2,106,128)	(1,797,969)

The accompanying notes are an integral part of these consolidated financial statements

NEW GUINEA GOLD CORPORATION

Consolidated Statement of Changes in Equity

	Issued Capital	Contributed Surplus	Retained Earnings/ accumulated losses	Investment / AFS fair value reserve	Foreign Currency translation reserve	Total Equity
	\$	\$	\$	\$	\$	\$
Balance January 1, 2010	48,333,742	5,137,712	(33,687,307)	52,000	466,398	20,302,545
Profit/(Loss) for the period	-	-	(154,666)	-	-	(154,666)
Shares issued	25,000	-	-	-	-	25,000
Adjust fair value of AFS securities	-	-	-	(880,648)	-	(880,648)
Foreign currency translation	-	-	-	-	(762,655)	(762,655)
Balance March 31, 2010	48,358,742	5,137,712	(33,841,973)	(828,648)	(296,257)	18,529,576
Balance January 1, 2011	51,912,901	6,243,006	(40,644,378)	1,668,269	113,392	19,293,190
Profit/(Loss) for the period	-	-	(1,070,257)	-	-	(1,070,257)
Adjust fair value of AFS securities	-	-	-	(396,402)	-	(396,402)
Foreign currency translation	-	-	-	-	(639,469)	(639,469)
Balance March 31, 2011	51,912,901	6,243,006	(41,714,635)	1,271,867	(526,077)	17,187,062

See accompanying notes to the condensed consolidated interim financial statements

NEW GUINEA GOLD CORPORATION
Consolidated Statements of Cash Flows
3 months ended March 31, 2011

	Notes	2011 \$	2010 \$
Cash provided by (used in):			
Operating Activities			
Net profit/(loss) for the period		(1,070,257)	(154,666)
Adjustment for items not involving cash			
Asset retirement accretion expense		-	5,054
Bad debts		-	(37,010)
Depreciation and amortization		205,057	1,937,889
Gain on sale of held for sale investment		-	(1,358,080)
Loss attributable to equity accounting of associates		124,399	58,658
Non-cash finance costs		-	241,405
Dilution gain on associates		(177,320)	-
Foreign exchange differences		18,522	21,483
Changes in non-cash working capital items:			
Amounts receivable		(380,124)	(117,524)
Inventories		1,965,768	(781,523)
Prepaid expenses		24,427	-
Accounts payable and accrued liabilities		(447,311)	(92,997)
		<u>263,161</u>	<u>(277,311)</u>
Investing Activities			
Purchase of equipment		(6,070)	(833,291)
Deferred mining costs		-	(207,558)
Mineral property exploration expenditures		(41,299)	(349,544)
		<u>(47,369)</u>	<u>(1,390,393)</u>
Financing Activities			
Common shares issued for cash	10	-	25,000
Proceeds of borrowings		-	95,539
Repayment of borrowings	9	(305,903)	(707,649)
		<u>(305,903)</u>	<u>(587,110)</u>
Increase/(decrease) in cash during the period		(90,111)	(2,254,814)
Foreign exchange affect on opening cash balance		(72,089)	(21,483)
Cash - beginning of period		<u>1,280,203</u>	<u>3,627,136</u>
Cash - end of period		<u>1,118,003</u>	<u>1,350,839</u>

The accompanying notes are an integral part of these consolidated financial statements

New Guinea Gold Corporation
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2011 and 2010

1. CORPORATE INFORMATION

The Company is incorporated in British Columbia, Canada, and has been involved in the acquisition, exploration, development and operation of mineral properties in Papua New Guinea ("PNG"). The condensed consolidated interim financial statements of the Company as at and for the three months ended 31 March 2011 comprise the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements of the Group as at and for the year ended 31 December 2010 which were prepared under Canadian GAAP are available from the Company's website www.newguineagold.ca.

2. STATEMENT OF COMPLIANCE**(a) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These are the Group's first IFRS condensed consolidated interim financial statements for the period covered by the first IFRS annual financial statements and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Group is provided in note 15. This note includes reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under Canadian GAAP to those reported for those periods and at the date of transition under IFRS.

These condensed consolidated interim financial statements were approved by the Board of Directors on 28 June 2011.

(b) Basis of measurements

The *condensed* consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments recorded at value.

(c) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. The subsidiary, New Guinea Gold Ltd's functional currency is PNG Kina.

(d) Use of estimates and judgments

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management applying the Group's accounting policies and the key sources of estimation uncertainty are expected to be the same as those to be applied in the first annual IFRS financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements and in preparing the opening IFRS statement of financial position at 1 January 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

(a) Basis of consolidation**(i) Subsidiaries**

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

New Guinea Gold Corporation
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2011 and 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(a) Basis of consolidation (continued)****(ii) Investments in associates (equity-accounted investees)**

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for using the equity method (equity-accounted investees) and are recognized initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency**(i) Foreign currency transactions****(a) Functional and presentation currency**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Canadian Dollars', which is the group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

New Guinea Gold Corporation
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2011 and 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(b) Foreign currency (continued)****(i) Foreign currency transactions (continued)****(c) Group companies (continued)**

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(c) Financial instruments**(i) Non-derivative financial assets*****Financial assets at fair value through profit or loss***

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the previous categories. The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

(d) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

New Guinea Gold Corporation
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2011 and 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(d) Property, plant and equipment (continued)**

Items of property, plant and equipment are depreciated over their estimated useful lives. The diminishing balance method is used. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Estimates of useful lives are made at the time of acquisition and varied as required. Expected useful lives are: Plant and Equipment between 4 years and 7 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(e) Impairment**(i) Non-derivative financial assets*****Loans and receivables***

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognized. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

New Guinea Gold Corporation
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2011 and 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(f) Employee benefits****(i) Wages and salaries, annual leave and sick leave**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognized in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the New Guinea Gold Corp. Incentive Stock Option Plan.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the entity revises its estimate of the number of options that are expected to vest. The employee benefit expense recognized each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

(g) Revenue**(i) Metal sales**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. For sales of gold, transfer of ownership occurs upon receipt by the customer.

(h) Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(i) Finance income and finance costs

Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

(j) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

New Guinea Gold Corporation
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2011 and 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(j) Income tax (continued)**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(l) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(m) Mine rehabilitation provision

The Group assesses its mine rehabilitation provision on an ongoing basis. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes and regulatory changes. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognized in the statement of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16 *Property, Plant and Equipment*. Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

New Guinea Gold Corporation
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2011 and 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(m) Mine rehabilitation provision (continued)**

If the change in estimate results in an increase in the rehabilitation liability and therefore an addition to the carrying value of the asset, the entity is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with IAS 36. If, for mature mines, the revised mine assets net of rehabilitation provisions exceeds the recoverable value, that portion of the increase is charged directly to expense. For closed sites, changes to estimated costs are recognized immediately in profit or loss. Also, rehabilitation obligations that arose as a result of the production phase of a mine, should be expensed as incurred.

(n) Resource estimates

The Group estimates its mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. Changes in the resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, goodwill, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortization charges.

(o) Mineral properties

Mineral properties, including property acquisition and mine development costs, are recorded at cost. Costs, net of incidental revenues, are capitalized as mine development costs until the commencement of commercial production. Commercial production is deemed to have occurred when management determines that the operational commissioning of major mine and plant components is completed, operating results are being achieved consistently for a period of time and there are indicators that these operating results will continue.

Mineral property acquisition, development costs and vat leach preparation activities are amortized using the unit-of-production method based on estimated proven and probable recoverable reserves when commercial production begins.

In open pit mining operations, it is necessary to incur costs to remove overburden and other mine waste materials (stripping costs) in order to access the ore body. During the development of a mine, stripping costs are capitalized to the related property and depleted over the productive life of the mine using the unit-of-production method. During the production phase of a mine, stripping costs are accounted for as variable production costs and included in the cost of inventory produced during the period except for stripping costs incurred to provide access to sources of reserves that will be produced in future periods and would not have otherwise been accessible, which are capitalized to the mineral property and depleted on a unit-of-production method over the reserves that directly benefit from the stripping activity.

Exploration expenditures are capitalised until the property to which they relate is placed into production, sold, or abandoned. These capitalised costs will be amortized over the estimated total production of a property following commencement of production, or written-off if properties are sold, allowed to lapse, or abandoned. Administration costs and other exploration costs that do not relate to a specific property are expensed as incurred.

Cost includes cash consideration and the fair value of shares issued on the acquisition of mineral properties. Properties acquired under option agreements or joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the financial statements when the payments are made.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

(p) Inventories

Consumables are items used in operations and are valued at the lower of average cost and net realizable value, with replacement cost being the typical measure of net realizable value.

Work in process inventory, which includes stockpiled and crushed ore, ore in leach vats and material currently in the process of being converted to a saleable product (gold), is valued at the lower of average production cost and net realizable value. Costs included in work in process inventory include mining and processing costs, including cost of stockpiled and crushed ore, and associated depreciation and depletion. Cost of stockpiled ore includes the cost of mining the ore and associated depreciation and depletion. Costs are removed from stockpiled ore and added to work in process inventory when stockpiled ore is crushed based on the average cost per tonne stockpiled.

New Guinea Gold Corporation
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2011 and 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Inventories (continued)

Costs are removed from work in process inventory as gold is produced based on the average cost per contained recoverable ounce of gold and silver.

Write-downs of inventory are reported in operating expenses. The Company may reverse a write-down in the event that there is a subsequent increase in the net realizable value of the inventory.

4. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these condensed consolidated interim financial statements.

Risk management has focused on limiting debt to a level which could be extinguished by sale of assets or issue of securities if necessary.

The Group's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Credit risk

The Group held cash and cash equivalents of \$1,118,003 and current receivables of \$1,288,039 at March 31, 2011 which represents its maximum credit exposure on these assets.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are AUD, CAD, USD and PNG Kina.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital of the Group. The Board of Directors monitors the return on capital.

There were no changes in the Group's approach to capital management during the three month period ended 31 March 2011.

New Guinea Gold Corporation
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2011 and 2010

5. 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. Such transactions and balances not disclosed elsewhere in these consolidated financial statements are as follows:

On April 20, 2010 the Company disposed of a 50% interest in the Company's Normanby and Sehulea Mineral Properties for a 45% of the outstanding share capital of NMC Mining Corporation (NMC). As a result of this transaction the Company obtained significant influence and accounts for the investment using the equity method, by virtue of significant influence, NMC became a related party on this date. At March 31, 2011, NMC owed the Company \$480,585,10 for exploration completed on the Sehulea and Normanby properties.

All balances owing to the Company in relation to related party transactions at March 31, 2011, December, 31 2010 and March 31, 2010 were included in amounts receivable, or accounts payable and accrued liabilities on the balance sheet.

6. AVAILABLE FOR SALE ASSETS

March 31, 2011	Number of Marketable Securities	Opening Fair value \$	Additions \$	Disposals \$	Unrealized Fair Value Gain/(Loss) \$	Closing Fair Value \$
Vangold Resources Ltd	6,219,455	1,430,476	-	-	(217,682)	1,212,794
Vanoil Energy Ltd	61,110	37,888	-	-	13,444	51,332
IBC Advanced Alloys Corp	146,068	22,640	-	-	1,461	24,101
Coppermoly Ltd	20,973,683	2,770,526	-	-	(106,107)	2,664,419
Coppermoly Ltd options	9,568,422	145,864	-	-	(87,518)	58,346
Marketable securities		4,407,394	-	-	(396,402)	4,010,992

December 31, 2010	Number of Marketable Securities	Opening Fair value \$	Additions \$	Disposals \$	Unrealized Fair Value Gain/(Loss) \$	Closing Fair Value \$
Vangold Resources Ltd	6,219,455	98,800	2,116,144	-	(784,468)	1,430,476
Vanoil Energy Ltd	61,110	-	36,666	-	1,222	37,888
IBC Advanced Alloys Corp	146,068	-	26,292	-	(3,652)	22,640
Coppermoly Ltd	20,973,683	-	305,079	(84,720)	2,550,167	2,770,526
Unrealized gain on AFS assets					1,763,269	
Coppermoly Ltd options	9,568,422	-	-	-	145,864	145,864
Marketable securities		98,800	2,484,181	(84,720)	1,909,133	4,407,394

7. INVESTMENTS

	March 31, 2011	December 31, 2010
Investments subject to Significant Influence		
<i>NMC Mining Corporation</i>		
Opening balance ⁽¹⁾	5,506,340	5,488,794
Share of loss	(124,399)	(85,128)
Dilution gain	177,320	102,674
Balance, end of period	<u>5,559,261</u>	<u>5,506,340</u>

⁽¹⁾ NMC Mining Corporation

New Guinea Gold Corporation
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2011 and 2010

7. INVESTMENTS (Continued)

On June 8, 2010, NGGL was issued with 15,682,269 special warrants in NMC Mining Corporation pursuant to the Asset Purchase Agreement. The warrants are escrowed and convertible to shares on completion of the Asset Purchase Agreement (as a subsequent event on August 4, 2010). As at March 31, 2011 the Company's investment in NMC was 26.3%, as at December 31, 2010 it was 28.5%.

8. PROPERTY, PLANT AND EQUIPMENT

	2011	2010
	\$	\$
Plant and Equipment		
Plant and equipment at cost	7,576,311	8,188,727
Less accumulated depreciation	(4,500,042)	(4,685,610)
	<u>3,076,269</u>	<u>3,503,117</u>
Reconciliation		
Reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the financial year is set out below:		
Carrying amount at the beginning of the financial year	3,503,117	3,698,834
Additions	6,070	809,941
Disposals	(547)	(404,841)
Depreciation expense	(185,568)	(1,086,763)
Foreign currency exchange differences	(246,803)	485,946
Carrying amount at the end of the period	<u>3,076,269</u>	<u>3,503,117</u>

9. BANK AND SHORT-TERM DEBT

	Due to Bank of South Pacific Limited
	Business Asset Loan
	\$
March 31, 2011	
Balance owing at start of year	619,785
Additional funds borrowed	
Repayments	(305,903)
Foreign exchange translation variance	127,369
Balance owing at end of the period: Current	<u>441,251</u>
December, 31 2010	
Balance owing at start of year	1,153,260
Additional funds borrowed	-
Repayments	(532,582)
Forex translation variance	(893)
Balance owing at the end of the period: Current	<u>619,785</u>

The Business Asset Loan is a \$1,213,500 (3 million Kina) facility and is collateralized by a fixed and floating charge over the assets of New Guinea Gold Limited. As at March 31, 2011 the Company had drawn down \$441,251 (1,157,334 Kina). The variable interest rate charged is the Bank's prevailing indicator lending rate + 2%, for the 3 months ended March 31, 2011 this was calculated to be 12.95% per annum. The facility was taken up in December 2009 and is repayable in equal monthly instalments of \$52,107 (135,478 Kina) over 2 years.

All loans due to the Bank of South Pacific Limited are repayable in PNG Kina.

New Guinea Gold Corporation
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2011 and 2010

10. SHARE CAPITAL AND RELATED INFORMATION(a) **Authorized:** Unlimited common shares without par value

(b) Issued and outstanding:	Number of Shares	Amount \$	Contributed Surplus \$
Balance, December 31, 2010	234,013,436	51,912,901	6,243,006
Balance, March 31, 2011	234,013,436	51,912,901	6,243,006

March 31, 2011 notes:

There were no placements or share issues during the three months ended March 31, 2011. During the three months ended March 31, 2010, the Company issued 918,750 common shares with a fair value of \$110,250 in respect of share issue costs.

December 31, 2010 notes:

On January 20, 2010 the Company completed a private placement for the issue of 13,333,333 common shares for gross proceeds of \$1,600,000. In connection with this private placement, the Company paid a finder's fee of 918,750 common shares with a fair value of \$110,250 (7% of gross proceeds of the private placements sourced by select finders). The finder's fees were included as a cost of issuance for net proceeds of \$1,600,000.

On April 16, 2010 the Company entered into an agreement with NMC Mining Corporation (NMC) and its PNG subsidiary Normanby Mining PNG Ltd, for a loan of \$3,000,000 ("the bridging loan") to allow the Company to repay the convertible debenture holders on June 9, 2010. The bridging loan had a maximum term of 12 months, with interest charged at 8% per annum, payable in arrears. The bridging loan was convertible at the Company's option into that number nominee units (the "unit") equal to the outstanding balance of the loan divided by the market price of the Company's shares on the date of payment. Each unit consisted of one common share and one share purchase warrant exercisable for a period of two years for \$0.22. On June 8, 2010 the Company issued 5,454,545 bonus shares to NMC at the trading price of \$0.11 per share, for total consideration of \$600,000, which is included in interest expense.

The Company converted the bridging loan on August 8, 2010 through the issue of 26,855,994 common shares with a fair value of \$2,954,159 and 26,855,994 share purchase warrants at a fair value of \$537,120.

(c) Stock options

The Company's stock option plan (the "Plan") provides for the grant of options to common shares to eligible directors, senior officers, employees and consultants. The Plan is a rolling plan where up to 10% of the issued shares of the Company may be granted. The options have a maximum expiry date of no more than five years from the date of issue. No individual optionee can be granted options for more than 5% of the Company's issued shares. The Stock Option Plan must be approved by a majority of disinterested shareholders each and every year at the Annual General Meeting and approved by the TSX Venture Exchange. No stock options were granted during the quarter ended March 31, 2011. Of the 10,650,000 stock options issued in 2010, 1,500,000 were granted to employees, 7,500,000 to directors and officers and 1,650,000 to consultants.

Compensatory stock-based transactions with directors, officers, employees and consultants are recorded at fair value using the Black-Scholes option-pricing model to estimate fair value at each grant date. The fair value of options, which vest immediately, is recorded at the date of grant; the fair value of options, which vest in the future, is recognized over the vesting period using the straight-line method. Stock-based compensation is recognized as an expense with a corresponding increase in equity.

Stock option activity for the quarter ended March 31, 2011 and the year ended December 31, 2010:

	March 31, 2011		December 31, 2010	
	Number of Options	Weighted average exercise price \$	Number of Options	Weighted average exercise price \$
Balance – beginning of year	15,220,000	0.14	7,050,000	0.31
Granted	-	-	10,650,000	0.12
Exercised	-	-	-	-
Cancelled / expired	(230,000)	0.18	(2,480,000)	0.27
Balance – end of the period	14,990,000	0.14	15,220,000	0.14
Exercisable – end of the period	14,990,000	0.14	15,107,500	0.14

New Guinea Gold Corporation
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2011 and 2010

10. SHARE CAPITAL AND RELATED INFORMATION (Continued)**(c) Stock options (continued)**

Details of the exercise prices and expiry dates of options outstanding at March 31, 2011 are as follows:

Expiry Date	Exercise Price	Outstanding Options		Exercisable Options	
		Number of Options	Weighted average remaining life	Number of Options	Weighted average remaining life
July 25, 2011	\$0.30	150,000	1.3 years	150,000	1.3 years
December 11, 2011	\$0.33	1,050,000	1.7 years	1,380,000	1.7 years
April 14, 2013	\$0.43	700,000	3.0 years	950,000	3.0 years
February 3, 2014	\$0.29	2,840,000	3.9 years	3,780,000	3.9 years
September 17, 2014	\$0.12	10,250,000		10,250,000	

There have been no stock options granted so far in 2011. The 10,650,000 stock options granted in the year ended December 31, 2010 were ascribed a fair value of \$568,174 using the Black-Scholes option pricing model with the following weighted average assumptions:

	2010	2009
Risk-free interest rate	1.98%	2.1%
Estimated volatility	69%	78%
Expected lives	4 years	5 years
Expected dividends	\$nil	\$nil

Option pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair values of grants of the Company's stock options.

(d) Warrants

Warrant activity for the quarter ended March 31, 2011 and the year ended December 31, 2010:

	March 31, 2011		December 31, 2010	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
		\$		\$
Balance – beginning of period	27,193,194	0.22	8,200,000	0.48
Granted	-	-	26,855,994	0.225
Exercised	-	-	-	-
Cancelled / expired	(337,200)	0.20	(7,862,800)	0.49
Balance – end of period	26,855,994	0.22	27,193,194	0.22

Details of the exercise prices and expiry dates of the warrants outstanding at March 31, 2011 are as follows:

Expiry Date	Exercise Price	Number of warrants	Weighted average remaining life
August 4, 2012	\$0.225	26,855,994	1.4 years

Each outstanding warrant can be exercised into one common share of the Company.

New Guinea Gold Corporation
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2011 and 2010

10. SHARE CAPITAL AND RELATED INFORMATION (Continued)**(d) Warrants (continued)**

There have been no warrants granted so far in 2011. 26,855,994 warrants were issued to NMC on August 4, 2010 as part repayment of the NMC loan. The warrants have a two-year life and expire on August 8, 2012. The fair value of these warrants was \$537,120, calculated using the Black-Scholes option pricing model with the following assumptions:

	2010
Risk-free interest rate	1.72%
Estimated volatility	68%
Expected lives	2 years
Expected dividends	-

Option pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair values of grants of the Company's warrants.

11. MINERAL PROPERTIES

As at March 31, 2011, the Company had various interests in ten exploration projects in Papua New Guinea through its wholly owned subsidiary New Guinea Gold Ltd and other companies; PNG Gold Corporation, Vangold Resources Ltd, Coppermoly Ltd and Gold Anomaly Ltd.

The Company's mineral properties are all located in Papua New Guinea.

The Company is conducting operations on the Sinivit property.

The Company has optioned out the following projects:

Crater Mountain

Originally optioned by agreement dated January 6, 2004 to Celtic Minerals Ltd., a company listed on the TSX Venture Exchange, which acquired an 86.25% interest by expending \$4,000,000 on exploration prior to August 1, 2007, the Company's 13.75% stake has reduced to a 10% carried interest.

Gold Anomaly Limited (Gold Anomaly), a company listed on the Australian Securities Exchange (ASX), has acquired the rights to, and is the current operator of, the Crater Mountain joint venture. The Company continues to hold a 10% free carried interest in the project to bankable feasibility. Subsequent to December 31, 2010, the Company agreed to exchange the 10% carried interest for 31,250,000 shares in Gold Anomaly. These shares had not been issued as at March 31, 2011.

12. SEGMENTED INFORMATION

The Company is in the business of acquisition, exploration, development and operation of mineral properties in Papua New Guinea. As such, management has concluded that it has one reportable operating segment. The Papua New Guinea operation is responsible for that country's acquisition, exploration, development and production activities while the Canadian and Australian offices manage administration and corporate head office activities.

13. COMMITMENT AND CONTINGENCIES**Office Lease**

During June 2009, the Company entered into a three-year lease agreement for office space in Bundall, Australia. Annual lease payments due are approximately \$68,000.

New Guinea Gold Corporation
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2011 and 2010

13. COMMITMENT AND CONTINGENCIES (Continued)**Legal Matters**

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 courts for damages.

HBS have made a counter claim against the Company for alleged unpaid hire fees for 2,928,430 Kina or approximately \$1,200,000. NGG disputes the amount of the counter claim.

Due to the uncertainties of such proceedings no provision for potential liability has been made in the accounts. If any amounts are subsequently determined to be payable they will be recognized in the period in which the dispute is resolved.

NSR and production bonus in respect of certain Mineral Properties

Sinivit (the Company's 90% interest), Sehulea and Normanby, Feni and Crater Mountain are each subject to a 1% NSR payable to Macmin Creditor's Trust. In addition, if any mine is developed on these properties and production is achieved in excess of 50,000 ounces of gold (or equivalent) in any year, then the Company is required to issue shares to the equivalent of 9% of the Company to Macmin Creditor's Trust.

14. SUBSEQUENT EVENTS

On April 30, 2011 9,568,422 Coppermoly options (30c) held by the Company expired.

15. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The IFRS 1 elections and significant accounting policies set out in Notes 2 and 3, respectively, have been applied in preparing these unaudited condensed interim financial statements and selected unaudited financial information presented below. The following tables reconcile the Company's unaudited condensed consolidated balance sheets and statements of earnings and comprehensive income prepared in accordance with Canadian GAAP and as previously reported to those prepared and reported to those prepared and reported in these unaudited interim consolidated financial statements in accordance with IFRS.

New Guinea Gold Corporation
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2011 and 2010

15. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)**Consolidated balance sheets**

	Canadian GAAP	Foreign exchange translation	IFRS
At 1 January, 2010			
Assets			
Current assets	10,448,257	(147,289)	10,300,968
Non-current assets	15,538,726	585,799	16,124,525
	25,986,983	438,510	26,425,493
Liabilities			
Current liabilities	5,340,915	-	5,340,915
Non-current liabilities	809,921	(27,888)	782,033
	6,150,836	(27,888)	6,122,948
Equity			
Issued capital	48,333,742	-	48,333,742
Contributed surplus	5,137,712	-	5,137,712
Accumulated other comprehensive income	52,000	-	52,000
Foreign currency translation reserve	-	466,398	466,398
Accumulated losses	(33,687,307)	-	(33,687,307)
	19,836,147	466,398	20,302,545
Total liabilities and equity	25,986,983	438,510	26,425,493
At March 31, 2010			
Equity			
Issued capital	48,358,742	-	48,358,742
Contributed surplus	5,137,712	-	5,137,712
Accumulated other comprehensive income	(828,648)	-	(828,648)
Foreign currency translation reserve	-	(296,257)	(296,257)
Accumulated losses	(33,841,973)	-	(33,841,973)
	18,825,835	(296,257)	18,529,576

New Guinea Gold Corporation
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2011 and 2010

15. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)**Consolidated Statement of Financial Position**

	Canadian GAAP	Foreign exchange translation	IFRS
At 31 December, 2010			
Assets			
Current assets	12,812,069	(79,246)	12,732,823
Non-current assets	9,027,953	166,651	9,194,604
TOTAL ASSETS	21,840,022	87,405	21,927,427
Liabilities			
Current liabilities	2,453,797	-	2,453,797
Non-current liabilities	206,427	(25,987)	180,440
TOTAL LIABILITIES	2,660,224	(25,987)	2,634,237
Equity			
Issued capital	51,912,901	-	51,912,901
Reserve foreign exchange	-	113,392	113,392
Contributed surplus	6,243,006	-	6,243,006
Accumulated OCI	1,668,269	-	1,668,269
Accumulated losses	(40,644,378)	-	(40,644,378)
TOTAL EQUITY	19,179,798	113,392	19,293,190
TOTAL EQUITY AND LIABILITIES	21,840,022	87,405	21,927,427

Under IFRS the foreign exchange rate for the balance sheet is at the spot rate rather than the historical rate. This variance is recognised in the foreign currency translation reserve, except on transition, which is reflected in accumulated losses.

New Guinea Gold Corporation
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2011 and 2010

15. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Statement of Comprehensive Income

Twelve months ended 31 December 2010	Canadian GAAP	Foreign exchange translation	IFRS
Revenue	7,403,259	-	7,403,259
Mine operating costs	(9,011,507)	-	(9,011,507)
Net loss from mining operations	(1,608,248)	-	(1,608,248)
General and administrative expenses	(2,355,901)	-	(2,355,901)
Loss from operations	(3,964,149)	-	(3,964,149)
Other Income/expenses	(3,139,922)	-	(3,139,922)
Earnings from operations before taxes	(7,104,071)	-	(7,104,071)
Income taxes	147,000	-	147,000
Net loss	(6,957,071)	-	(6,957,071)
Unrealised Gains / (losses)	1,616,269	(353,006)	1,263,263
Comprehensive loss for the year	(5,340,802)	(353,006)	(5,693,808)

Three months ended 31 March 2010	Canadian GAAP	Foreign exchange translation	IFRS
Revenue	1,449,078	-	1,449,078
Mine operating costs	(2,940,772)	-	(2,940,772)
Net loss from mining operations	(1,491,694)	-	(1,491,694)
General and administrative expenses	1,450,637	-	1,450,637
Loss from operations	(41,067)	-	(41,067)
Other Income/expenses	(113,599)	-	(113,599)
Earnings from operations before taxes	(154,666)	-	(154,666)
Income taxes	-	-	-
Net loss	(154,666)	-	(154,666)
Unrealised Gains / (losses)	(880,648)	(762,655)	(1,643,303)
Comprehensive loss for the year	(1,035,314)	(762,655)	(1,797,969)