

NEW GUINEA GOLD CORPORATION

**Management Discussion & Analysis
For the Quarter Ended June 30, 2011
and for the Six Months to June 30, 2011**

INTRODUCTION

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. More detail has been provided in relation to the company's operations and forward-looking statements. During the review a number of accounting errors were discovered and these have been corrected in these revised and amended statements. These adjustments pertain to the carrying value of Investments and Inventories.

The following Management Discussion and Analysis of New Guinea Gold Corporation's ("NGG" or "the Company") financial position is for the quarter ended June 30, 2011 compared to the quarter ended June 30, 2010 and for the six months to June 30, 2011 compared to the six months to June 30, 2010. This discussion should be read in conjunction with the attached consolidated financial statements and related "Notes to the Consolidated Financial Statements" which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The technical information on the Sinivit Project in this Management Discussion and Analysis was prepared under the direction of independent Qualified Person Ian Taylor, BSc, MAusIMM(CP). Mr. Ian Taylor is a Member of the Australasian Institute of Mining and Metallurgy, a Certified Professional in the Discipline of Geology and a "qualified person" as defined by National Instrument 43-101.

This discussion includes certain statements that may be deemed "forward-looking statements". Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance.

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

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

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

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

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

All amounts are stated in Canadian dollars unless indicated otherwise. Additional information regarding the Company is available on SEDAR at www.sedar.com and on the Company's website at www.newguineagold.ca.

The information in this report is current to August 27, 2011 unless otherwise indicated. All currency is CAD\$ unless otherwise specified.

OVERALL PERFORMANCE IN QUARTER

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

1. Profit/Loss

The Company's recorded its maiden net operating profit for the quarter ended June 30, 2011, which was \$3,030,839 or \$0.013 per common share (see selective Financial Information later in this MD&A for more detail). This compares favorably to a loss of \$800,989 or \$0.003 per common share for the same period last year. The Company's net operating profit for the six months to June 30, 2011 was \$1,960,582 compared to a loss of \$1,076,319 for the same period last year. After adjusting for the fair value of investments and securities the Company's total comprehensive profit for the quarter was \$11,340,815 and for the six months \$9,175,276 compared to a profit of \$1,089,178 for the quarter and a loss of \$1,630,444 for the six months for the previous year. The major factor in the fair value adjustment was the change in value of the Company's shares in PNG Gold Corporation.

2. Revenue

Revenue from gold and silver sales for the quarter from the Sinivit Mine was \$2,589,654, compared to revenue of \$1,526,149 for the same period in 2010. Revenue for the six months to June 30, 2011 was \$5,237,487 compared to revenue from gold and silver sales for the comparable period in 2010 of \$2,975,227. The two major factors in the increase in revenue year-on-year were significant increases in gold production and the increase in the realized gold sales price. The Sinivit Mine is discussed in detail later in this MD&A.

3. Cash and Marketable Securities

The Company had cash and trade receivables of \$3,278,041 at June 30, 2011, plus marketable securities at fair market value of \$3,640,115. No value has been included here for those PNG Gold Corporation shares that although beneficially held are still subject to escrow.

4. Sinivit Mine and Exploration

Gold production at Sinivit Mine for the quarter was 1,950ozs and for the six months to June 30, 2011 it was 4,112ozs. High-grade gold and associated metals were encountered in drilling at Kavursuki – the best results were 5.25m at 27.15g/t gold, 96g/t silver, 278ppm bismuth, 1242ppm molybdenum, 756ppm tellurium and 0.56% copper as per a previous news release.

5. 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.

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.

NGG is currently pursuing an arbitration process to resolve this dispute.

RESOURCE STATEMENT

1. Sinivit Project

The Company's independent experts, Mining Associates of Brisbane Australia, are currently completing a full review of the remaining resources. A new 43-101 compliant statement will be released once this review is finalised. It is expected that this will be complete by early-October 2011.

EXPLORATION

1. Sinivit Sulphide

An Initial Exploration Target for sulphide mineralization at Sinivit was defined within a zone 750 to 1,250m long, averages 3m wide, extends to 300m depth and grades between 8g/t gold and 12g/t gold, 1 to 2% copper, 500 to 1000 ppm tellurium and 50 to 150 g/t silver. There is no current exploration activity on this target; however, the target will be evaluated under the Technical Report in preparation by independent Qualified Person Ian Taylor, MAusIMM (CP).

2. Kavursuki Oxide Prospect

Kavursuki is a northern extension of the Sinivit Vein System. An Initial Exploration Target for oxide mineralization at Kavursuki was defined within a zone 700 to 1,200m long, averages 5m wide and extends to 50m depth and grades between 3g/t and 6g/t of gold.

Trenching and diamond core drilling have continued with the results reinforcing the potential of this zone, which could add significant tonnage of gold mineralisation with a low copper content to the current Mine Plan.

The target will be evaluated under the Technical Report in preparation by independent Qualified Person Ian Taylor, MAusIMM (CP).

3. General Exploration

A 3D IP survey was completed around the Sinivit mine. 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 (see Exhibit 4). The survey was successful in defining several areas that warrant further exploration.

As required we include the following continuing statement: *"The Exploration Targets are based on extensive surface outcrops, mine open pits, trenches and approximately 55 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 (Exhibit 1) shows the Company's Corporate Structure as at June 30, 2011. This summarises the various investments owned by NGG.

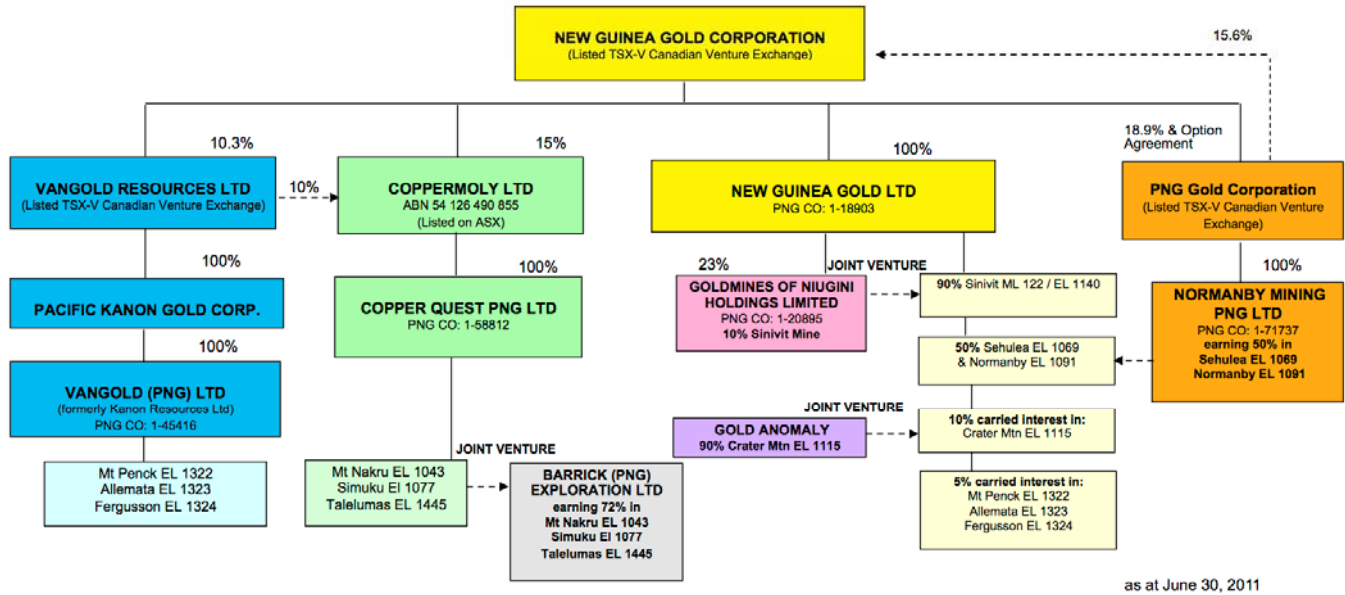
NGG's main operating asset are the Sinivit Mining Lease (ML122) and the surrounding exploration licence (ML1140).

NGG also holds several Share Positions or entitlements to shares in public companies. They are as follows: -

- NMC Mining Corporation and International Silver Ridge Resources Inc. completed an amalgamation on June 13 2011 and renamed the resultant entity PNG Gold Corporation (PGK). As a result of NGG's previous shareholding in NMC it received shares in PNG Gold that represented 18.9% of the fully diluted equity of PGK. On July 28 2011 PGK successfully completed a CAD 38 Million capital raising through a share placement that diluted NGG's holding to 10.7% of PGK on a fully diluted basis. NGG now holds 15,682,269 shares of PGK.
- 20,973,684 shares in Coppermoly Limited, an interest of approximately 15%. Coppermoly has three granted tenements, covering several porphyry copper/gold/molybdenum and diatreme copper/gold systems. A subsidiary of Barrick Gold Corporation (Barrick), is presently earning a 72% interest in the property. Coppermoly's residual 28% is carried to production with costs subsequent to Barrick achieving earn in, repayable from mine cash flow.
- 6,219,455 shares in Vangold Resources Limited, an interest of approximately 13% interest, and a 5% carried interest to bankable feasibility in the primary gold project.
- NGG holds a 10% free carried interest of the Bankable Feasibility in the Crater Mt Project owned by Gold Anomaly Ltd. ("GOA"). NGG and GOA have signed a Letter of Intent whereby GOA will acquire the 10% free carried interest in exchange for 31,250,000 GOA shares.
- In addition, NGG holds minor share positions in Vanoil Energy Ltd. and IBC Advanced Alloys Corp.

Exhibit 1

NEW GUINEA GOLD CORPORATION Corporate Structure



23/08/11

SINIVIT GOLD PROJECT (92% NGG BENEFICIAL OWNERSHIP)

Sinivit gold production for the second quarter was 1,949.6ozs. This was in line with expectations and only marginally below the first quarter production of 2,161.9ozs. Gold production for the last six quarters is as follows: -

Quarter ended	Ounces
March 31, 2010	914.1
June 30, 2010	1,169.1
September 30, 2010	1,647.7
December 31, 2010	2,073.0
TOTAL 2010	5,803.9
March 31, 2011	2,161.9
June 20, 2011	1,949.6
YTD to June 30, 2011	4,111.5

Production in the second half of 2011 is forecast to be similar to the first half. 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 (Exhibit 2).

Copper content of the ore has continued to present problems in the gold production process. 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.

Revised and Amended

We have included a table entitled “*VAT & HEAP LEACH GOLD RECOVERY FIGURES to 30th JUNE, 2011*” (Exhibit 3) 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 the Company is moving to construct heaps over all of the original vats.

It is important to realize that recovery of gold from the oxide mineralization 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.

All results in the table are cyanide soluble gold. This is the amount of gold that 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, are 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 remaining in vats/heaps 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:

- Column 1 Vat designation – indicates the Vat or Heap number and location as shown on the included site plan (Exhibit 2);
- Columns 2 and 3 – show the surveyed volume and the tonnes placed in vats/heaps;
- Columns 3 to 7 – show data for crushed ore including the cyanide soluble grade of mineralization placed in vat; amount of cyanide soluble gold in vats, and thus theoretical total gold that could be recovered from each vat;
- Column 8 and 9 – show gold recovered and sold to June 30 2011;
- Column 10 and 11 – show theoretical gold that could still be recovered by vat leaching or an alternate method such as CIP or CIL.

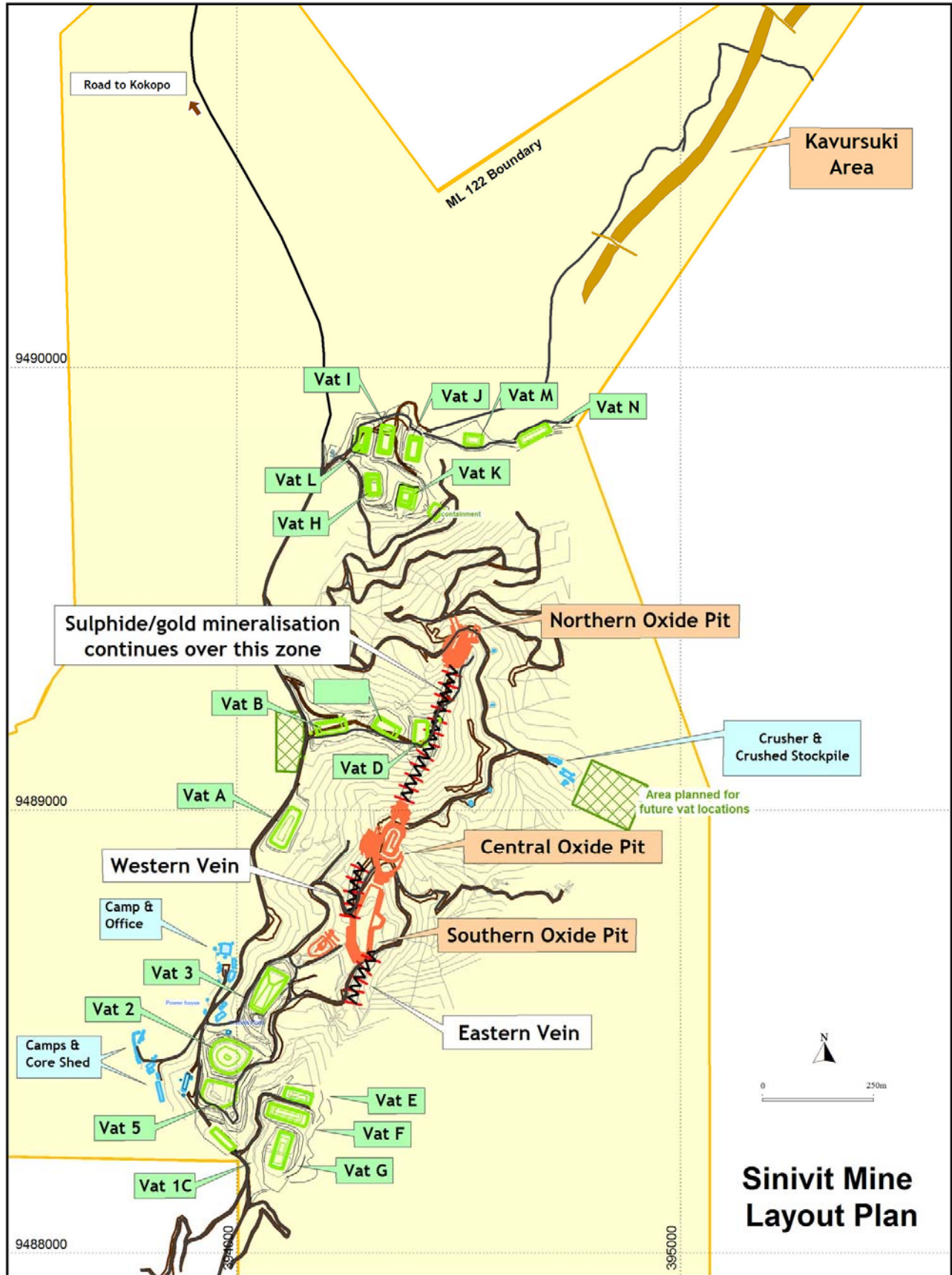
NGG’s Resource consultants, Mining Associates Pty Ltd, are presently reviewing the Pit Plan and Resources to determine how much of the total Resource, which was not originally included in the pit plan, can now be mined. In addition, diamond drilling continues at Kavursuki to further define this mineralization that was also not included in the original pit plan. The Company has commissioned Mining Associates to complete a resource update and a new Technical Report. It is expected that this report will be complete by mid-November.

There remains a substantial resource that can 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.

A due diligence exercise to confirm the economic viability of such a change in processing requires extensive metallurgical testing of vat material plus the remaining in-ground resource; some additional drilling to complete pit design; and an assessment of additional capital cost.

A decision on whether or not to proceed with a processing change could be made later in 2011.

Exhibit 2

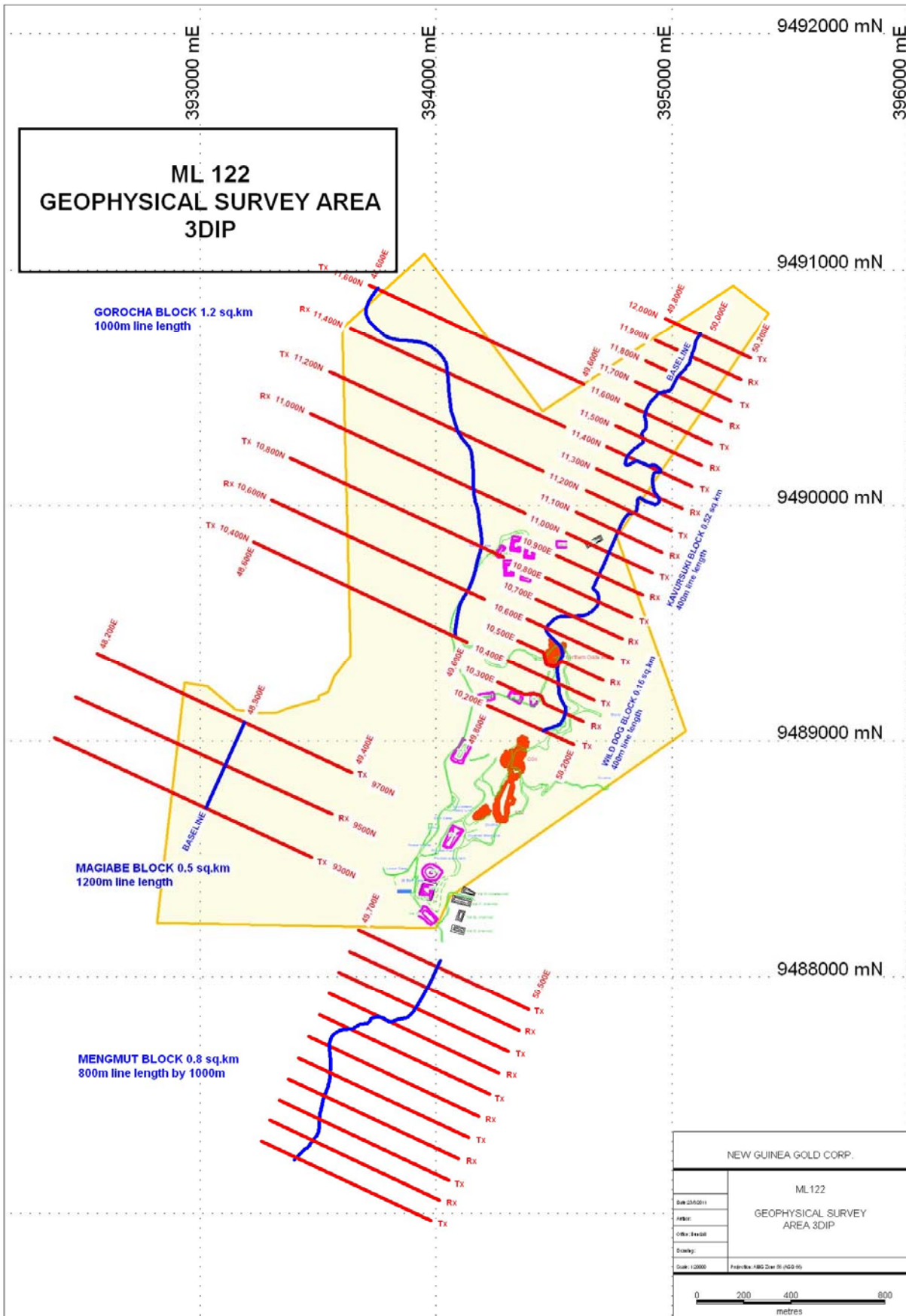


**Sinivit Mine
Layout Plan**

Exhibit 3

VAT & HEAP LEACH GOLD RECOVERY FIGURES to 30th JUNE, 2011										
Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11
VAT or HEAP	Surveyed Volume cu.m	Total Ore, tonnes @ 1.85	CN-Sol. Au Grade g/t	CN Sol Au in Vats gms	Leachable Au, Grade g/t	Leach Au in Vats gms	Gold Poured to 30/06/11	Gold Recovered %	Theoretical Recovery %	CN-Sol Au Remaining in vat,gms
1a		1,079	1.77	1,910	1.24	1,337	510	26.7	70.0	1,400
1	3,521	6,514	4.26	27,749	2.98	19,424	23,011	82.9	70.0	4,738
1c	1,438	2,660	1.77	4,709	1.24	3,296	3,602	76.5	70.0	1,107
1c lift	2,538	4,695	5.80	27,233	4.06	19,063	21,099	77.5	70.0	6,134
2	13,313	24,629	3.90	96,053	2.73	67,237	51,077	53.2	70.0	44,976
3	12,630	23,366	2.76	64,489	1.93	45,142	36,289	56.3	70.0	28,200
Heap 3	11,578	21,419	2.75	58,903	1.73	37,109	39,231	66.6	63.0	19,672
4	7,179	13,281	6.97	92,570	5.28	70,168	61,201	66.1	75.8	31,369
5	12,847	23,767	2.77	65,834	1.60	38,059	36,751	55.8	57.8	29,083
Heap 5	7,982	14,767	2.42	35,735	1.75	25,912	4,412	12.3	72.5	31,323
A	8,030	14,856	2.60	38,624	1.78	26,419	32,645	84.5	68.4	5,979
Heap A	10,894	20,154	2.77	55,826	2.04	41,032	27,085	48.5	73.5	28,741
B	4,628	8,562	8.73	74,745	5.97	51,103	35,830	47.9	68.4	38,915
C	5,666	10,482	6.03	63,207	4.63	48,518	28,156	44.5	76.8	35,051
D	4,443	8,220	7.45	61,236	5.69	46,735	32,407	52.9	76.3	28,829
E	4,797	8,874	5.54	49,164	4.03	35,792	27,457	55.8	72.8	21,707
F	10,842	20,058	2.08	41,720	1.49	29,872	39,292	94.2	71.6	2,428
G	9,356	17,309	3.14	54,349	2.61	45,175	35,243	64.8	83.1	19,106
H	4,314	7,981	6.27	50,040	4.82	38,471	24,433	48.8	76.9	25,607
I	5,798	10,726	7.51	80,555	4.54	48,671	40,655	50.5	60.4	39,900
Heap I	3,636	6,727	2.02	13,588	1.61	10,801	8,744	64.4	79.5	4,844
J	4,792	8,865	4.13	36,613	3.09	27,423	26,190	71.5	74.9	10,423
K	2,838	5,250	5.50	28,877	3.44	18,051	13,701	47.4	62.5	15,176
L	5,182	9,587	2.82	27,034	1.78	17,032	22,371	82.7	63.0	4,663
M	3,412	6,312	3.25	20,515	1.65	10,389	9,344	45.5	50.6	11,171
N	6,752	12,491	5.50	68,702	3.28	40,953	40,555	59.0	59.6	28,147
TOTALS		312,634	3.97	1,239,979	2.76	863,183	721,291	58.2	83.6	518,688
Ounces				43,739		30,448	25,443			18,296

Exhibit 4



SELECTED INTERIM FINANCIAL INFORMATION AND REVIEW OF FINANCIAL RESULTS**Statement of Comprehensive Income**

	Notes	6 months ended June 30, 2011 \$	3 months ended June 30, 2011 \$	6 months ended June 30, 2010 \$	3 months ended June 30, 2010 \$
Revenue	3(h)	5,237,487	2,589,654	2,975,227	1,526,149
Cost of Sales	6	(3,523,862)	17,176	(4,946,085)	(2,005,310)
Gross Profit/(Loss)		1,713,625	2,606,830	(1,970,858)	(479,161)
Professional fees		(193,146)	(175,985)	(205,323)	(126,870)
Depreciation		(63,788)	(33,038)	(81,938)	(38,263)
Dilution gain/(loss) on investments	7	182,705	-	-	-
Foreign exchange variances		(19,739)	216,779	(15,953)	(22,326)
Employee salaries and benefits		(356,314)	(50,295)	(336,807)	(107,293)
Equity accounting gain/(loss)		(128,177)	-	(159,873)	(101,215)
Gain/(loss) on sale of assets		2,843	2,843	65,987	65,987
Gain/(loss) on disposal of investments		-	-	1,656,567	(243,165)
Rent		(52,095)	(26,159)	(58,092)	44,704
Corporate compliance and shareholder		(37,901)	(30,114)	(239,294)	(190,085)
Bad debts		-	-	332,597	295,587
General and administrative costs		(114,634)	(107,885)	(130,025)	(79,181)
Total Expenses		(780,246)	(203,854)	827,846	(502,120)
Operating profit/(loss)		933,379	2,402,976	(1,143,012)	(981,281)
Finance revenue and other income		1,059,711	642,708	415,703	256,251
Finance costs		(32,508)	(14,845)	(349,010)	(75,959)
Profit / (loss) before income tax		1,960,582	3,030,839	(1,076,319)	(800,989)
Income tax expense		-	-	-	-
Profit / (loss) after tax		1,960,582	3,030,839	(1,076,319)	(800,989)
Unrealised Gain / (Loss) fair value of investments		7,620,827	7,620,827	-	-
Unrealised Gain / (Loss) on fair value of AFS securities	6	(1,465,140)	(1,009,327)	948,624	1,829,272
Unrealised Gain / (Loss) on translation of subsidiary		1,059,007	1,698,476	(1,502,749)	(740,094)
Total comprehensive income / (loss) net of tax		9,175,276	11,340,815	(1,630,444)	1,089,178

The full Interim Consolidated Financial Statements have been lodged at www.sedar.com the notes referenced above are detailed therein and form an integral part of these consolidated financial statements.

COMMENTS

- Mining Operations**

The mining operations produced an operating profit of \$933,379 for the quarter compared to the June 2010 period loss of \$800,989. This improvement is directly attributable to materially higher gold production and sales and a higher realised gold price per ounce. Operating and administrative costs were well controlled throughout the reporting period.

- Stock Based Compensation Expense**

There was no stock based compensation for the period.

Summary of Quarterly Results (Unaudited) for the quarters ended September 30, 2008 to June 30, 2011:

	2011 IFRS		2010 Canadian GAAP				2009 Canadian GAAP	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	\$	\$	\$	\$	\$	\$	\$	\$
Gross revenue	2,589,654	2,647,833	2,634,825	1,998,495	1,526,149	1,449,078	1,638,374	1,426,246
Interest & other income	642,708	417,003	469,723	262,799	256,251	159,452	118,591	132,963
Profit/(loss) after tax (1)	3,030,839	(1,070,258)	(2,405,207)	(3,972,865)	(478,533)	(154,666)	(4,008,201)	(1,176,398)
Basic/diluted profit/(loss) per share	0.03	(0.03)	(0.03)	(0.02)	(0.0025)	(0.00)	(0.03)	(0.01)

(1) – Net Profit is stated before the impact of any fair value adjustments to the carrying value of investments.

COMMENT ON TRENDS

Gross revenue has been steadily increasing as gold production has increased due to more crushed ore being available to leach. Over the period the gold price has also increased. The costs of operations and administration have not increased on a commensurate basis because the scale of operations has not altered materially.

- 2010 Q1 & Q2 – the profits realised on the disposal of investments;
- 2010 Q3 – the loss realised on the disposal of investments;
- 2010 Q4 – the impairment of a receivable relating to moneys owing by Goldmines of Niuguini Holdings Limited which were to be recovered from revenues from high production levels. It is now viewed that production levels will not reach a level high enough to trigger the repayments in the foreseeable future and so the receivable was written off;
- 2011 Q1 – higher gold production, higher realised gold prices and reduced operating costs (see detailed discussion above).
- 2011 Q2 - higher gold production, higher realised gold prices and reduced operating costs (see detailed discussion above). The Cost of Sales was positively impacted by a material increase in the carried value of WIP, which resulted from a regular review by management of the standard costing applicable to ore in process. During the management review an accounting error relating to the calculation of the lower of Cost or Net Realisable Value was discovered which has been corrected.

FINANCIAL CONDITION AS AT JUNE 30, 2011

- At June 30, 2011, the Company had net working capital of \$11,994,217 (December 31, 2010: \$10,378,947).
- The Company’s short-term obligations at June 30, 2011 included \$330,438 of current bank debt (December 31, 2010: \$619,785).
- At June 30, 2011 and December 31 2010 the Company had no long-term debt.

CAPITAL RESOURCES AND LIQUIDITY

- Capital resources of the Company consist primarily of cash, trade receivables and marketable securities of approximately \$6,918,156 at June 30, 2011.
- 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 6 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, there was no change in the period and the balances are as follows: -

	Number of Shares	Share Capital \$
Balance, June 30,, 2011	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. 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.

On June 13, 2011 International Silver Ridge Resources Inc. announced closing of a Business Combination with NMC and changed its name to PNG Gold Corporation (PGK). At June 30, 2011, PGK owed the Company \$1,034,556 for exploration completed on the Sehulea and Normanby properties.

All balances owing to the Company in relation to related party transactions at June 30 2011, December 31 2010 and June 30 2010 were included in amounts receivable, or accounts payable and accrued liabilities on the balance sheet.

SUBSEQUENT EVENTS

On July 25, 2011 150,000 stock options exercisable at 30 cents lapsed.

On July 26, 2011 the Company issued 3,600,000 stock options exercisable at 10 cents, expiring July 26, 2016, to directors, officers, consultants, senior management and certain key employees.

On July 28, 2011 PNG Gold Corp. issued a total of 51,157,522 common shares pursuant to a private placement, reducing NGG’s percentage shareholding from 18.9% on June 30, 2011 to 10.7%.

OFF-BALANCE SHEET ARRANGEMENT

Revised and Amended

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 that 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 June 30, 2011, the same amount as at June 30 2010.

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 June 30, 2011. As at June 30 2011 there were 13,890,000 Options issues at an average exercise price of \$0.14.

The Company has 26,855,994 warrants outstanding at the date of this report exercisable into one common share at \$0.225 (8,200,000 warrants outstanding as at June 30, 2010).

There was no change in the Share Capital of the company up to and including September 23rd 2011.

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, 2011. 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, 2011.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

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. The Company filed for the first time under IFRS in the first quarter 2011.

DIRECTORS AND OFFICERS

As at August 27, 2011, directors and officers were as follows:

Directors

Ab Berar
Ces Iewago
Colin McKenzie
Bryan Nethery
Michael Reynolds

Officers

Greg Heaney Acting CEO
Lisa Hartin CFO
Betty Anne Loy Corporate Secretary