FIRST QUARTER REPORT

MARCH 31, 2012

NGEx Resources Inc.

Q1 2012 Highlights

The Company is focused on its exploration efforts on South America. A major exploration program was underway in the first quarter of 2012 that is expected to total up to 50,000 metres and is intended to upgrade the existing Inferred Resource at Josemaria and to generate an initial resource at Los Helados. Los Helados together with the Company's 60% interest in the nearby Josemaria and Filo del Sol projects give the Company exposure to what is potentially a very significant emerging copper-gold district. The Company reported positive results from Josemaria during the quarter and subsequent to the quarter end, positive results from Los Helados.

Highlights from the first quarter of 2012 include:

South America

- The start of a resource definition drill program on its 60% owned Los Helados copper-gold project located in Chile. Eleven diamond drills are currently active on the project. The objective of this drill program is to test for possible extensions of the higher grade mineralization intersected in previous drilling and to permit calculation of an initial resource. Results from the first 7 drill holes completed to-date were released on April 27, 2012. Highlights include: LHDH17A with 1,090 metres of 0.51% Cu and 0.26 gpt Au; LHDH23A with 937 metres of 0.47% Cu and 0.27 gpt Au; and LHDH28 with 746.6 metres of 0.54% Cu and 0.19 gpt Au. Drilling is expected to continue as long as weather conditions permit and the Company is hoping to complete up to 25,000 metres of drilling by the end of May.

- Completion of an infill drill program comprising 19,220 metres of diamond drilling in 30 holes at its 60% owned Josemaria copper-gold project located in Argentina. This program of infill drilling was carried out in order to collect sufficient data to allow for an updated resource estimate to be completed, which is expected to convert some of the current Inferred resource to the Indicated category. Initial results published on March 28, 2012 included 520 metres of 0.54% copper and 0.42 g/t gold in hole JMDH30, 449 metres of 0.47% copper and 0.44 g/t gold in hole JMDH31 and 452 metres at 0.50% copper and 0.38 g/t gold in hole JMDH32.

- Drilling at the Company's 60% owned Filo del Sol project. Drilling continued into the second quarter but stopped in mid April due to the onset of winter conditions. Seven diamond drill holes totaling 2,048 metres were completed. Core logging and geological interpretation is ongoing. Initial assay results are expected during the second quarter.

Canada

- Teck Resources Limited ("Teck") has notified the Company that it plans a follow-up exploration program at the GJ Project in 2012 in which it is planning approximately 684 line kilometres of ZTEM airborne geophysical surveying and approximately 4,000 metres of drilling.

Corporate

- On January 17, 2012 the Company announced a share purchase agreement with Namibian Copper NL whereby Namibian Copper would acquire Sanu Resources, Inc. a wholly owned subsidiary of the Company which holds its Eritrean projects for 50,000,000 shares of Namibian Copper and reimbursement of certain exploration expenditures including the infill drilling at Hambok described above. A contingent payment of $7,500,000 is due upon commencement of commercial production from any of the licenses held by Sanu Resources, Inc. The agreement is subject to certain closing conditions which have not yet been met.

- On April 12, 2012 the Company announced an agreement with subsidiary of Goldgroup Mining Inc. ("Goldgroup"), whereby the parties agreed to terminate and extinguish the 1.5% Net Smelter Return Royalty that the Company held with respect to 70% of production from the Caballo Blanco project in Mexico for consideration of $1,000,000 cash and 2,200,000 common shares of Goldgroup.

Outlook

2012 will be an exciting year for the Company as we follow-up on the encouraging drill results obtained in 2011. The Company's exploration budget is focused on large scale copper-gold targets in South America, that demonstrate the potential for world class discoveries including Los Helados, Josemaria and Filo del Sol. The 2012 exploration program in South America is expected to total more than 50,000 metres of drilling. This will be the largest exploration program in the Company's history and is expected to yield an initial resource estimate for Los Helados and an updated resource estimate for Josemaria.

NGEx RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED MARCH 31, 2012

This MD&A focuses on significant factors that have affected NGEx Resources Inc. ("the Company" or "NGEx") and its subsidiaries and such factors that may affect its future performance. The MD&A should be read in conjunction with the unaudited interim consolidated financial statements for the three months ended March 31, 2012 and the December 31, 2011 year end audited consolidated financial statements and the related notes therein. The financial information in this MD&A is derived from the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars, unless otherwise indicated. The effective date of this MD&A is May 11, 2012.

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein.

Additional information about the Company and its business activities is available on SEDAR at www.sedar.com and at the Company's website www.ngexresources.com .

OVERVIEW

The Company is principally engaged in the acquisition, exploration, and development of precious and base metal properties located in North and South America.

FIRST QUARTER HIGHLIGHTS

During the quarter ended March 31, 2012 there was exploration on the Company's projects in Chile, Argentina and Eritrea. During the quarter:

- The Company began a drill program on its 60% owned Los Helados copper-gold project located in Chile. Eleven diamond drills are currently active on the project. The drilling is focused on expanding the known mineralization laterally and to depth in order to better quantify the size and grade of the deposit and to permit calculation of an initial resource later this year. Results from the first 7 drill holes completed to-date were released on April 27, 2012. Highlights include: LHDH17A with 1,090 metres of 0.51% Cu and 0.26 gpt Au; LHDH23A with 937 metres of 0.47% Cu and 0.27 gpt Au; and LHDH28 with 746.6 metres of 0.54% Cu and 0.19 gpt Au. Drilling is expected to continue as long as weather conditions permit and the Company is hoping to complete up to 25,000 metres of drilling by the end of May.

- The Company also completed an infill drill program comprising 19,220 metres of diamond drilling in 30 holes at its 60% owned Josemaria copper-gold project located in Argentina. This program of infill drilling was carried out in order to collect sufficient data to allow for an updated resource estimate to be completed, which is expected to convert some of the current Inferred resource to the Indicated category. Initial results published on March 28, 2012 included 520 metres of 0.54% copper and 0.42 g/t gold in hole JMDH30, 449 metres of 0.47% copper and 0.44 g/t gold in hole JMDH31 and 452 metres at 0.50% copper and 0.38 g/t gold in hole JMDH32.

- Drilling started at the Company's 60% owned Filo del Sol in early February 2012. Drilling rates were hampered by poor rock conditions but by the end of the quarter 1,963 metres had been drilled in 5 holes. Drilling continued into the second quarter but stopped in mid April due to the onset of winter conditions. Core logging and geological interpretation is ongoing. Initial assay results are expected during the second quarter.

- An infill drill program at the Hambok copper-zinc project in Eritrea continued in the first quarter of 2012. A total of 26 short Reverse Circulation (RC) holes were completed to test the gold potential in the near surface oxidized zone above the Hambok sulfide body. In addition to this, 23 infill diamond drill holes were completed on the main Hambok deposit. Twelve diamond drill holes were also completed on the nearby Kerkebet license. This work was part of exploration program required under the Company's license agreement with the Eritrean government.

- On January 17, 2012 the Company announced an Agreement with Namibian Copper NL ("Namibian Copper") whereby Namibian Copper would acquire Sanu Resources Inc. ("Sanu") a wholly owned subsidiary of the Company which holds its Eritrean Projects for 50,000,000 shares of Namibian Copper and reimbursement of certain exploration expenditures including the infill drilling at Hambok described above. A contingent payment of $7,500,000 is due upon commencement of commercial production from any of the licenses held by Sanu. The Transaction is subject to certain conditions precedent.

- Subsequent to March 31, 2012, the Company entered into an agreement whereby the Company and Candymin S.A. De C.V., a wholly owned subsidiary of Goldgroup Mining Inc. ("Goldgroup"), agreed to terminate and extinguish the 1.5% Net Smelter Return Royalty that the Company held with respect to 70% of production from the Caballo Blanco Project in Mexico for consideration of $1 million cash and 2,200,000 common shares of Goldgroup. The transaction closed on April 11, 2012.

SOUTH AMERICAN PROJECTS

Exploration on the Company's South American projects resumed during the fourth quarter of 2011. Significant drill programs were underway during the first quarter of 2012 at Josemaria, Los Helados and Filo del Sol.

Josemaria Project, Argentina

Josemaria is a large copper/gold porphyry project located in San Juan Province, Argentina near the Vicuna group of properties described below. The project is being explored under a joint venture agreement with Japan Oil, Gas and Metals National Corporation ("Jogmec") and is owned 60% by the Company and 40% by Jogmec. Each party funds its pro-rata share of expenditures. Josemaria contains an Inferred resource of 460 million tonnes at 0.39% copper and 0.30 grams/tonne gold at a 0.3% copper cut off. The resource estimate was prepared to NI 43-101 standards by Qualified Person Mr. John Nilsson P.Eng. and is filed on SEDAR under the Company's profile.

An infill drilling program was completed on March 8, 2012 with a total of 30 holes totaling 19,220 metres. Initial assay results were released on March 28, 2012. This program of infill drilling was planned in order to collect sufficient data to allow for an updated resource estimate to be completed, which is expected to convert some of the current Inferred resource to the Indicated category. Initial results published on March 28, 2012, included 520 metres of 0.54% copper and 0.42 g/t gold in hole JMDH30, 449 metres of 0.47% copper and 0.44 g/t gold in hole JMDH31 and 452 metres at 0.50% copper and 0.38 g/t gold in hole JMDH32.

Vicuña Property (Los Helados, Filo del Sol), Argentina and Chile

The Vicuña properties comprise a large land package of approximately 31,650 hectares that covers a number of porphyry copper and high sulfidation gold targets in San Juan Province, Argentina and immediately adjacent parts of Chile. Los Helados and Filo del Sol are individual exploration projects within the overall Vicuna Property. Nearby deposits held by other companies include Caserones–Regalito (Pan Pacific Copper) and El Morro-La Fortuna (Goldcorp/New Gold). The Vicuña Properties are adjacent to Josemaria and are subject to a separate Joint Venture Exploration Agreement (the "Vicuña JEA") with Jogmec in which the Company holds a 60% participating interest and Jogmec holds a 40% participating interest. Each party funds its pro-rata share of expenditures.

Eleven drills are currently on site at Los Helados. The drilling is focused on expanding the known mineralization laterally and to depth in order to better quantify the size and grade of the deposit. Initial drill results were released on April 27, 2012. Highlights include: LHDH17A with 1,090 metres of 0.69% CuEq (0.51% Cu and 0.26 gpt Au); LHDH23A with 937 metres of 0.66% CuEq (0.47% Cu and 0.27 gpt Au); and LHDH28 with 746.6m of 0.66% CuEq (0.54% Cu and 0.19 gpt Au). Drilling is expected to continue as long as weather conditions permit and the Company is hoping to complete up to 30,000 metres of drilling by the end of May.

The Vicuña Property includes several copper-gold targets in addition to Los Helados including: Filo del Sol where previous drilling has indentified near surface copper oxides and gold within a diatreme, the same type of geological structure that hosts the Veladero Deposit owned by Barrick Gold. Drilling during the first quarter of 2012 was focused on testing this high-sulphidation epithermal style of mineralization near surface and also testing for porphyry style mineralization at depth.

A total of 5 diamond drill holes were completed for a total of 1,963 metres. The five holes tested a 1.2 kilometres north-south section along the centre of the extensive alteration zone, and were completed to depths of between 120 and 500 metres. Initial results are expected during the second quarter.

Tamberias Property, Chile

On March 25, 2011 the Company entered into an option agreement (the "Agreement") with Compania Minera Tamberias SCM ("Tamberias SCM") whereby the Company can earn a 100% interest in the Tamberias property by making optional payments totalling US$ 20,000,000 on or before September 30, 2020. Tamberias SCM will retain a 1.5% NSR royalty that will be paid only after the Company has recovered all of its exploration and development costs.

The Tamberias property is located in Region 3, Chile and is adjacent to the Filo del Sol Project discussed above. Work on the Tamberias property by previous operators has defined potential for both porphyry copper and high-sulfidation gold mineralization. No work was done at Tamberias during the first quarter of 2012 due to the focus on the adjacent Filo del Sol property.

Other Chilean Projects (Colmillos and Andrea)

The Colmillos project consists of 100% owned exploration licenses covering 3,400 hectares. Mapping and sampling to date have defined a 4.3 by 0.7 kilometre long trend of tourmaline breccia bodies with occasional copper oxides and strongly anomalous molybdenum analyses in rock chip samples. Copper mineralized tourmaline breccias are a common feature of many major porphyry copper systems.

Activities at Colmillos during the first quarter 2012 were concentrated on permitting and community relations. Drilling has been deferred due to the focus on Los Helados and Filo del Sol.

The Andrea Project consists of 100% owned exploration licenses covering 1,300 hectares. The alteration zone extends over an area of 3 by 2 kilometres and grades outward from a 600 metres long central core of potassic alteration with disseminated secondary biotite and stockwork pyrite, magnetite and chalcopyrite, to a large area of sericitic alteration. The results of geochemical sampling and alteration mapping completed during 2010 indicate that a significant copper-molybdenum porphyry system has been identified at Andrea. The best results to date correspond to the zone of potassic alteration which has strongly anomalous copper - up to 0.6% in rock chips. No work was done during the quarter and follow-up work has been deferred while Company geologists focus on other projects.

NORTH AMERICAN PROJECTS

GJ/Kinaskan Project, Canada

The GJ/Kinaskan Property is located in northwest British Columbia, Canada, about 10 kilometres west of Highway 37. The Company has a 100% interest subject to an earn-in option with Teck Resources Limited ("Teck") whereby Teck can earn up to 75% interest by making exploration expenditures totalling $44 million by December 31, 2020. The claims cover an area of about 150 square kilometres and cover a number of significant mineral showings, including the Donnelly, GJ and North zones. The GJ project has a Measured and Indicated resource of 153.3 million tonnes grading 0.321% copper and 0.369 g/t gold, at a cut off grade of 0.20% copper which contains 1.09 billion pounds of copper and 1.82 million ounces of gold. The resource estimate was prepared to NI 43-101 standards by qualified person Mr. Gary Giroux P.Eng. and is filed on SEDAR under the Company's profile.

No field work was done during the first quarter due to the regular winter shutdown of exploration, however the Company was notified by Teck that it is planning a significant work program for the 2012 field season which is expected to start in July. The program will be 100% funded by Teck as part of its earn in under the option agreement.

AFRICAN PROJECTS

Mogoraib (Hambok), Kerkebet, Shukula and Lelit, Eritrea

The Company holds two exploration licenses, Mogoraib and Kerkebet, which cover the strike extension of the rocks hosting Nevsun Resources ("Nevsun")'s Bisha copper-zinc-gold deposit.

On January 17, 2012 the Company announced an Agreement with Namibian Copper whereby Namibian Copper would acquire Sanu a wholly owned subsidiary of the Company which holds its Eritrean Projects for 50,000,000 shares of Namibian Copper and reimbursement of certain exploration expenditures including the infill drilling at Hambok described above. A contingent payment of $7,500,000 is due upon commencement of commercial production from any of the licenses held by Sanu. The Transaction is subject to certain conditions precedent.

The most advanced project is the Hambok deposit located in the Mogoraib License which has an Indicated resource (at a 0.75% zinc cutoff) of 10.7 million tonnes grading 0.98% copper, 2.25% zinc, 6.84 g/t silver, 0.20 g/t gold and an additional Inferred resource (at a 0.75% zinc cutoff) of 17.0 million tonnes of 0.85% copper, 1.74% zinc, 5.89 g/t silver, 0.19 g/t gold. The resource estimate was prepared to NI 43-101 standards by qualified person Mr. Gary Giroux P.Eng. and is filed on SEDAR under the Company's profile.

During the first quarter of 2012 the Company completed 23 infill diamond drill holes at Hambok at locations that will allow the Inferred resource to be converted to Indicated. Also during the first quarter, the Company completed 26 short Reverse Circulation (RC) holes designed to test the gold potential in the near surface oxidized zone (gossan) above the Hambok sulfide body.

This drilling confirmed that the Hambok gossan contains anomalous concentrations of gold, however additional work is required to evaluate the economic potential of this mineralization. The work completed was part of the work commitment associated with the license agreement with the Eritrean government.

SELECTED QUARTERLY INFORMATION

Financial Data for 8 Quarters								
Three Months Ended	**Mar-12**	**Dec-11**	**Sep-11**	**Jun-11**	**Mar-11**	**Dec-10**	**Sep-10**	**Jun-10**
Exploration Expenses, net of recoveries ($000's)	11,618	4,490	1,591	2,589	3,483	1,735	1,143	1,741
Net income (loss) ($000's)	(12,597)	(9,479)	(1,858)	(3,463)	(4,273)	522	(1,414)	(2,315)
Basic and diluted income (loss) per share ($) (i)	(0.08)	(0.07)	(0.01)	(0.02)	(0.03)	0.01	(0.01)	(0.02)

(i) As a result of rounding the sum of the quarterly amounts may differ from the year to date.

QUARTERLY ANALYSIS

Net loss, quarter over quarter, is affected by the level of exploration and project investigation expenses incurred and write-off of mineral properties interests and will vary accordingly. Net loss is also impacted by the recognition of stock based compensation in that quarter which will depend on options granted and vested. Exploration expenditures are affected to some extent by seasonal factors, exploration results and availability of funds.

The increase in net loss for the first quarter ended March 31, 2012 from previous quarters is primarily due to increased exploration expenditures on the Company's Los Helados and Josemaria projects in South America resulting from encouraging results.

The net loss for the fourth quarter ended December 31, 2011 included a write down in the carrying value of $3.4 million on the Hambok property. The Company determined that the recoverable amount on the Hambok property was less than the carrying value in light of the consideration expected from the pending sale of the property to Namibian Copper (See MD&A - African projects).

The net income for the fourth quarter ended December 2010 is primarily due to a gain of $3.1 million realised from the sale of available for sale ("AFS") securities.

RESULTS OF OPERATIONS

The Company's loss for the three months ended March 31, 2012 was $12.6 million or $(0.09) per share as compared to a loss of $4.3 million or $(0.03) per share for the three months ended March 31, 2011. The increase in loss of $8.3 million was primarily due to increased exploration expenditures of $8.1 million. The increase in exploration expenditures over the prior year is due primarily to the Company's increased level of exploration activities on the Josemaria and Los Helados projects in South America.

The operating losses are a reflection of the Company's status as a non-revenue producing mineral exploration company. As the Company has no main source of income, losses are expected to continue.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2012, the Company had cash of $27.3 million and working capital of $20.1 million as compared to cash and working capital of $41.3 million and $33.0 million, respectively, at December 31, 2011.

Net cash used in operating activities was $13.2 million for the three months ended March 31, 2012 and consisted primarily of the loss from operations of $12.6 million, which included exploration expenditures of $11.6 million and adjusted for the impact of non-cash items and changes in non-cash working capital items.

Cash used in investing activities was $35,000 relating to a mineral property option payment.

Cash flow from financing activities was $51,000, which comprised of proceeds from the exercise of stock options.

Based on the Company's financial position at March 31, 2012 the Company believes that existing funds will be sufficient to perform planned discretionary exploration and general corporate activities for at least the next twelve months. Additional funding from equity financing or disposition of mineral properties may be required in the future to fund further exploration and corporate expenses. There can be no assurance that such financing will be available to the Company in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company.

OUTLOOK

The Company's exploration effort is focused on large scale copper-gold targets that demonstrate the potential for world class discoveries. The Company is fully focused on its South American copper-gold projects including its very significant Los Helados discovery in Chile. The 2011-2012 exploration program in South America will be the largest in the Company's history and is expected to yield an initial resource estimate for Los Helados and an updated resource estimate for Josemaria.

An extensive infill and step out drilling program at Josemaria was completed during the first quarter 2012 and data collection and interpretation is underway. This data will be used to complete a revised resource estimate for the Josemaria deposit which is scheduled to be completed during the fourth quarter 2012. Step out and infill drilling at Los Helados and exploration drilling at Filo del Sol were started and work on both properties was well underway by the end of the first quarter 2012. With the current cash on hand the Company's planned exploration program is fully financed.

Teck has notified the Company that it plans a follow-up exploration program at the GJ Project expected to start in July 2012 in which it expects to complete approximately 684 line kilometers of ZTEM airborne geophysical surveying and approximately 4,000 metres of drilling. The program will be 100% funded by Teck.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires the Company's management to make certain critical accounting estimates, judgments and assumptions about future events that effect the amounts reported in the consolidated financial statements and related notes to the financial statements. It also requires management to exercise judgment in applying the Company's accounting policies. These judgments, estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ from amounts included in the financial statements. For a complete discussion of critical accounting estimates deemed most critical by the Company, refer to the Company's annual 2011 Management Discussion and Analysis.

RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2012, the Company incurred:

(a) management fees of $135,000 (2011 - $135,000) in respect of office facilities and administrative services from Namdo Management Services Ltd. ("Namdo"), a company controlled by a director. At March 31, 2012, $55,846 (December 31, 2011 - $13,754) was due to this company and included in amounts due to related parties.

(b) $54,856 (2011 -$nil) of aircraft chartered service from Mile High Holdings Ltd, a company associated with the Chairman of the Company. At March 31, 2012, $50,673 (December 31, 2011 - $nil) was due to this company.

These transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

OUTSTANDING SHARE DATA

As at May 11, 2012, the Company had 158,363,635 common shares outstanding and 4,365,048 share options outstanding under its stock-based incentive plans.

FINANCIAL INSTRUMENTS

The Company classifies its financial instruments as either held-to-maturity, available-for-sale, fair value through profit and loss, loans and receivables or other financial liabilities. The Company's financial instruments consist of cash, accounts receivable, prepaid expenses, due from joint venture partners, accounts payable and accrued liabilities, due to related parties and due to joint venture partners. The carrying value of cash, accounts receivable, prepaid expenses, due from joint venture partners, accounts payable and accrued liabilities, due to related parties and due to joint venture partners approximates fair value due to their short term nature.

CONTINGENCY

The Company's Argentine subsidiary, Desarrollo de Prospectos Mineros SA ("DPM") received a claim in January 2009 from the Banco Central de la Republia Argentina ("BCRA") in connection with two foreign exchange transactions made in 2003. It has been alleged that DPM exceeded the maximum allowable limit by approximately US$63,000 for foreign exchange conversions on those days.

DPM has filed a statement of defence to dismiss this claim. Provisions have not been made in the consolidated financial statements as the likelihood of the loss occurring cannot be determined and the amount of loss if it should occur cannot be reasonably estimated. DPM will continue to defend its position.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

Disclosure controls and procedures have been designed to provide reasonable assurance that material information related to the Company is identified and communicated as appropriate on a timely basis. Management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), is responsible for the design and operation of disclosure controls and.

There have been no changes in the Company's disclosure controls and procedures during the three months ended March 31, 2012.

Internal Control over financial reporting

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance IFRS. Any system no matter how well conceived or operated has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation and will not prevent all or detect errors and frauds.

Management has used the Committee of Sponsoring Organizations of the Treadway Commission framework to evaluate the effectiveness of our internal control over financial reporting. There have been no changes in the Company's internal control over financial reporting during the three months ended March 31, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

RISKS AND UNCERTAINTIES

There have been no material changes in the risks and uncertainties affecting the Company that were discussed in the Company's 2011 annual MD&A filed March 22, 2012.

OFF-BALANCE SHEET AGREEMENTS

The Company has no off-balance sheet arrangements.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements made and information contained herein in the MD&A constitutes “forward-looking information” within the meaning of applicable securities legislation. Generally, these forward-looking statements can frequently, but not always, be identified by use of forward-looking terminology such as “expects”, “anticipates”, “believes”, “intends”, “estimates”, “potential”, “planned”, ”budget”, “scheduled”, “possible” or variations of such words and phrases, or statements that certain actions, events, conditions or results “will”, “may”, “could”, ”would” or “should” occur or achieved.

The forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and they are subject to a number of known and unknown risks, uncertainties and other factors which may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements.

The Company believes that the expectations reflected in the forward-looking information included in this MD&A are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon. This information speaks as of the date of the MD&A. In particular, this MD&A contain forward-looking statements or information pertaining to the following: the Company’s exploration and development expenditures programs and objectives; mineral reserves and resources estimates, geology, size, grade and continuity of mineral deposits, exploration/drill results and budgets; impact of metal prices and foreign currency fluctuations; uncertain political and economic environments; changes in laws or policies; delays or the inability to obtain the necessary government permits; the need to obtain financing and uncertainty as to the availability and terms of future financing; uncertainties involved in dispute or litigation and other risks and uncertainties.

These forward-looking statements and information contained herein are based on a number of assumptions, including, but not limited to, assumptions regarding general business and economic conditions, metal prices, timing and receipt of government permits, success of exploration/drill results, ability to carry out the Company’s exploration activities as planned, sufficiency of Company’s funds to perform the planned activities, financial markets, accuracy of the Company’s resource and reserves estimates (including with respect to size, grade and recoverability) and geological, operational and price assumptions on which these are based, and our ongoing relations with joint venture partners.

The list of assumptions and factors are not and should not be construed as exhaustive. Events or circumstances beyond the Company’s control could cause actual results to vary materially.

See our Annual Information Form for the year ended December 31, 2011 filed on Sedar for additional information on risks, uncertainties and other factors relating to forward-looking information and statements. There can be no assurance that such forward-looking statements or information will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking information or statements, which speak only as of the date the statements were made. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. The Company does not undertake or assume any obligations to update or revise any forward-looking statements and information after the date of this MD&A, except as required by applicable laws.

NGEx Resources Inc.
Interim Consolidated Balance Sheets
(All amounts expressed in Canadian Dollars, unless otherwise indicated.)
(Unaudited)

	Note	March 31, 2012	December 31, 2011
ASSETS			
Current			
Cash and cash equivalents		$ 27,286,454	$ 41,337,097
Receivables and other		751,043	758,917
		28,037,497	42,096,014
Non-current			
Equipment, net	3	377,855	423,724
Mineral properties	4	19,021,026	19,442,632
Other assets		8,000	8,000
		$ 47,444,378	$ 61,970,370
LIABILITIES			
Current			
Trade payables and accrued liabilities		$ 7,611,214	$ 4,841,244
Due to related parties	8	106,519	13,754
Due to joint venture partners	4(b)(i)(ii)	171,474	4,240,082
		7,889,207	9,095,080
EQUITY ATTRIBUTABLE TO SHAREHOLDERS			
Share Capital	5, 6	180,872,214	180,786,894
Reserved for issuance		1,284	1,284
Contributed surplus		5,059,307	4,732,202
Cumulative deficit		(143,807,180)	(131,209,781)
Accumulated other comprehensive (loss) income		(2,570,454)	(1,435,309)
		39,555,171	52,875,290
		$ 47,444,378	$ 61,970,370
Subsequent event	11		

ON BEHALF OF THE BOARD:

/s/William A. Rand
Director

/s/Wojtek A. Wodzicki
Director

The accompanying notes are an integral part of these financial statements

NGEx Resources Inc.
Interim Consolidated Statements of Comprehensive Loss
(All amounts expressed in Canadian Dollars, unless otherwise indicated.)
(Unaudited)

	Note	For the Three Months Ended March 31, 2012	For the Three Months Ended March 31, 2011
Expenses			
Exploration and project investigation	7	$ 11,617,989	$ 3,483,240
General and Administration:			
Management fees		135,000	135,000
Office and general		64,503	36,637
Professional fees		156,640	35,215
Promotion and public relations		79,504	66,341
Donation		119,000	106,000
Stock exchange and filing fees		31,156	44,376
Transfer agent and shareholder information		3,527	5,958
Travel		78,402	8,051
Employee benefits	8	130,995	99,478
Share-based payments		258,972	137,071
Operating loss		12,675,688	4,157,367
Other (income) expenses			
Interest income		(110,630)	(9,212)
Foreign exchange loss		31,796	101,609
Other expenses		545	23,230
Net loss for the period		12,597,399	4,272,994
Other comprehensive loss			
Cumulative foreign currency translation adjustment		1,135,145	932,826
		1,135,145	932,826
Comprehensive loss for the period		$ 13,732,544	$ 5,205,820
Basic loss per common share		$ 0.08	$ 0.03
Diluted loss per common share		$ 0.08	$ 0.03
Weighted average number of shares outstanding		158,154,332	147,403,200
Diluted weighted average number of shares outstanding		158,154,332	147,403,200

The accompanying notes are an integral part of these financial statements

NGEx Resources Inc.
Interim Consolidated Statements of Cash Flows
(All amounts expressed in Canadian Dollars, unless otherwise indicated.)
(Unaudited)

	For the Three Months Ended March 31, 2012	2011
Cash flows used in operating activities		
Net loss for the period	$ (12,597,399)	$ (4,272,994)
Items not affecting cash		
Depreciation	43,594	9,431
Share-based payments	361,315	190,152
	(12,192,490)	(4,073,411)
Changes in non-cash working capital items		
Trade receivable and other	7,874	(8,177)
Trade payable and other	2,850,565	1,074,708
Due to related parties	92,765	(11,174)
Advances from/(to) joint venture partners	(3,995,627)	(2,231,051)
	(13,236,913)	(5,249,105)
Cash flows from financing activities		
Exercise of stock options	51,110	525,876
	51,110	525,876
Cash flows (used in) from investing activities		
Mineral properties and related expenditures	(35,033)	(197,320)
Effect of foreign exchange rate change on cash and cash equivalents	(829,807)	-
Decrease in cash and cash equivalents	(14,050,643)	(4,920,550)
Cash and cash equivalents, beginning of the period	41,337,097	23,265,174
Cash and cash equivalents, end of the period	$ 27,286,454	$ 18,344,624

The accompanying notes are an integral part of these financial statements

NGEx Resources Inc.
Interim Consolidated Statements of Changes in Equity
(All amounts expressed in Canadian Dollars, unless otherwise indicated.)
(Unaudited)

	Number of Shares issued and outstanding	Number of Shares reserved for issuance	Share capital	Reserved for issuance	Contributed surplus	Accumulated other comprehensive income (loss)	Accumulated Deficit	Total
Balance January 1, 2012	158,121,010	20,348	$ 180,786,894	$ 1,284	$ 4,732,202	$ (1,435,309)	$ (131,209,781)	52,875,290
Exercise of shares options	69,500	-	85,320	-	(34,210)	-	-	51,110
Stock-based compensation	-	-	-	-	361,315	-	-	361,315
Effects of foreign currency translation	-	-	-	-	-	(1,135,145)	-	(1,135,145)
Loss for the period	-	-	-	-	-	-	(12,597,399)	(12,597,399)
Balance March 31, 2012	158,190,510	20,348	$ 180,872,214	$ 1,284	$ 5,059,307	$ (2,570,454)	$ (143,807,180)	$ 39,555,171
Balance January 1, 2011	147,087,899	20,348	$ 151,762,620	$ 1,290	$ 3,866,395	$ (1,125,044)	$ (112,136,981)	$ 42,368,280
Exercise of shares options	592,312	-	697,392	-	(171,516)	-	-	525,876
Stock-based								-
compensation	-	-	-	-	190,152	-	-	190,152
Effects of foreign currency translation	-	-	-	-	-	(37,154)	-	(37,154)
Loss for the period	-	-	-	-	-	-	(4,272,994)	(4,272,994)
Balance March 31, 2011	147,680,211	20,348	$ 152,460,012	$ 1,290	$ 3,885,031	$ (1,162,198)	$ (116,409,975)	$ 38,774,160

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

NGEx Resources Inc. and its subsidiaries and joint ventures (collectively referred to as the "Company") is principally engaged in the acquisition, exploration and development of mineral properties located in North and South America.

The Company is governed by the Canada Business Corporations Act and its registered office is located at Suite 2600 – Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1, Canada. The Company's common shares are listed on the Toronto Stock Exchange.

2. BASIS OF PRESENTATION

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended December 31, 2011.

The interim financial statements should be read in conjunction with the most recently issued Annual Report of NGEx Resources Inc. which includes information necessary or useful to understanding the Company's businesses and financial statement presentation. In particular, the Company's significant accounting policies were presented as Note 3 to the Consolidated Financial Statements for the fiscal year ended December 31, 2011 included in that report, and have been consistently applied in the preparation of these interim financial statements.

The interim financial statements are unaudited. Financial information in this report reflects any adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary to a fair statement of results for the interim periods in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

These financial statements were authorized for issuance by the Board of Directors of the Company on May 11, 2012.

(All amounts expressed in Canadian Dollars, unless otherwise stated.)

3. EQUIPMENT

Cost	Furniture and office equipment $	Field equipment $	Vehicles $	Leasehold Improvements $	Total $
As at January 1, 2011	322,800	324,970	44,557	-	692,327
Additions		109,930	13,450	183,000	306,380
Disposals and other	(544)	-	(16,467)	-	(17,011)
Effect of changes in foreign exchange rates	(18,934)	(19,093)	(2,441)	-	(40,468)
As at December 31, 2011	303,322	415,807	39,099	183,000	941,228
Effect of changes in foreign exchange rates	(11,386)	(9,064)	(1,468)	-	(21,918)
As at March 31, 2012	291,936	406,743	37,631	183,000	919,310
Accumulated depreciation					
As at January 1, 2011	290,949	180,910	23,021	-	494,880
Depreciation for the period	19,144	38,043	6,739	6,100	70,026
Disposals and other	(544)	-	(16,467)	-	(17,011)
Effect of changes in foreign exchange rates	(18,188)	(11,422)	(781)	-	(30,391)
As at December 31, 2011	291,361	207,531	12,512	6,100	517,504
Depreciation for the period	2,792	34,345	1,882	4,575	43,594
Effect of changes in foreign exchange rates	(12,382)	(6,791)	(470)	-	(19,643)
As at March 31, 2012	281,771	235,085	13,924	10,675	541,455
Net book amount					
As at December 31, 2011	11,961	208,276	26,587	176,900	423,724
As at March 31, 2012	10,165	171,658	23,707	172,325	377,855

(All amounts expressed in Canadian Dollars, unless otherwise stated.)

4. MINERAL PROPERTIES

The carrying value of the Company's mineral properties, at acquisition costs, is as follows:

	Canada (Note (a))	South America (Note (b))						Africa (Note (c))	
	GJ/Kinaskan	Josemaria	Los Helados	Lirio	Paramillos	Papagollas	Tamberias	Hambok	Total
Cost	$	$	$	$	$	$	$	$	$
At January 1, 2011	136,997	8,221,533	2,842,464	54,731	206,038	-	-	11,012,532	22,474,295
Additions	-	-	-	-	244,650	-	395,180		639,830
Impairment charge								(3,371,306)	(3,371,306)
Effect of changes in foreign exchange rates	-	(431,426)	(258,406)	3,826	14,265	-	12,780	358,774	(300,187)
At December 31, 2011	136,997	7,790,107	2,584,058	58,557	464,953	-	407,960	8,000,000	19,442,632
Additions	-	-	-	-	-	35,033	-	-	35,033
Effect of changes in foreign exchange rates	-	(292,417)	56,849	(2,198)	(45,065)	(449)	(10,206)	(163,153)	(456,639)
At March 31, 2012	136,997	7,497,690	2,640,907	56,359	419,888	34,584	397,754	7,836,847	19,021,026

Title to mineral properties involves inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently unreliable conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge; all of its properties are in good standing.

(a) CANADIAN PROPERTIES

(i) GJ and Kinaskan Lake Properties, B.C.

GJ Property – The Company owns a 100% interest, subject to an earn in option by Teck Resources Limited ("Teck") as described below, in the GJ Property, a porphyry copper-gold prospect located in the Liard Mining Division of northern British Columbia.

Kinaskan Lake Property – The Company owns a 100% interest, subject to an earn in option by Teck as described below in the Kinaskan Lake mineral claims located in the Liard Mining District, British Columbia. The claims are subject to a net smelter return royalty of 1%, one-half of which may be repurchased by the Company for $500,000 prior to January 21, 2030.

Teck's Earn-In Option - In August 2010, the Company entered into an earn-in option agreement with Teck whereby Teck can earn up to a 75% interest in the GJ and Kinaskan properties by paying the Company $100,000 (paid) on signing the Agreement and exercising the following options.

First Option: Teck will have the option to earn an initial 51% interest by making cumulative expenditures of $12 million on or before December 31, 2014 of which a minimum of $2.5 million in expenditures, including a firm commitment of 1,500 metres of drilling, must be spent on or before December 31, 2011. Teck has fulfilled the minimum expenditures of $2.5 million and the drilling commitment by December 31, 2011.

Second Option: Upon exercise of the First Option, Teck will have a one-time option to elect to earn an additional 9% interest for a total of 60% interest by sole funding another $12 million in expenditures prior to December 31, 2017 with minimum annual expenditure of $2 million per year.

Third Option: Upon exercising the Second Option Teck will have a one-time option to elect to earn an additional 15% interest for a total of 75% interest by sole funding another $20 million in expenditures prior to December 31, 2020.

After the formation of a joint venture at any of the earn-in periods, expenditures are to be funded by the Company and Teck in pro rata to the interest held. If any ownership interest falls below 10% it will convert to a 2% Net Smelter Return after payback of project expenditures.

(b) SOUTH AMERICAN PROPERTIES

(i) Vicuña Joint Exploration Agreement ("Vicuña JEA"), Argentina and Chile

The Vicuña JEA covers a large land package located in Argentina and Chile (the "Vicuña Properties") that is subject to a Joint Exploration Agreement with Japan Oil, Gas and Metals National Corporation ("Jogmec") under which the Company holds a 60% participating interest and Jogmec holds a 40% participating interest. A portion of the Vicuña Properties is subject to underlying agreements:

a) The Lirio Property: The 100% owned Lirio Property is divided between two separate agreements with Jogmec. The Lirio Property- Vicuña Portion is that part of the Lirio Property which forms part of the Vicuña JEA whereby the Company and Jogmec holds a 60% and 40% interest, respectively. The Lirio Property-Jose Maria Portion is that part of the Lirio Property which is held 60% by the Company and 40% by Jogmec under the Jose Maria Joint Exploration Agreement as described below. The Lirio Property is subject to a 0.5% Net Smelter Return royalty and a further US$2 million payment due within 6 months following the second complete year of mine operations both payable to the original owner.

b) Vicuña Property: The Company holds a 45% participating interest and Jogmec holds a 30% participating interest and the underlying land owner holds a 25% participating interest subject to a dilution clause in the case of non-contribution. There is a payment of US$1.1 million due to the underlying owner within 30 months after a mine goes into production on the Vicuña Property.

c) La Chola Property: The La Chola Property is subject to an agreement whereby the Company and Jogmec can earn a 100% combined interest through payments in stages totaling US$375,000 over 8 years subject to a 1 % NSR. A remaining payment of US$92,500 is payable in September 2012 to acquire a 100% interest combined.

The remainder of the property, including the Los Helados project in Chile, subject to the Vicuña JEA was acquired by staking. The amount due from Jogmec at March 31, 2012 in respect of advance cash calls to fund ongoing exploration on the Vicuña JEA was $54,987. The amount due to Jogmec at December 31, 2011 in respect of advance cash calls to fund ongoing exploration on the Vicuña JEA was $2,691,401.

(ii) Josemaria Joint Exploration Agreement ("Josemaria JEA"), Argentina

The Josemaria JEA is an agreement dated March 16, 2009 with Jogmec under which the Company holds a 60% interest and Jogmec a 40% interest in two properties (Lirio Property-Jose Maria Portion and Batidero) that jointly comprise Josemaria.

The Lirio Property-Jose Maria Portion is subject to a 0.5% Net Smelter Return royalty and US$2 million payment to the underlying owner within 6 months following the second complete year of any mine operation on the property. The Batidero Property is owned 75% by the Company and 25% by TNR Gold. The amount due to Jogmec at March 31, 2012 in respect of advance cash calls to fund ongoing exploration on the Josemaria JEA was $226,461 (2011 - $1,548,681).

(iii) Paramillos Project: copper and gold explorations property in Argentina (Mendoza Province)

On August 23, 2010, the Company signed an amended earn in agreement with Minera del Oeste ("MIDO") whereby the Company can earn an 80% interest in the Paramillos copper/gold properties ("Paramillos") in Mendoza province, Argentina by the payment in stages of a total of US$2.7 million to December 28, 2013 (US$250,000 paid in 2011, US$200,000 paid in 2010).

The Company has the right to purchase the remaining 20% interest in the property for US$14.3 million by March 2015 to own 100% of Paramillos.

(iv) Tamberias property in Chile

On March 25, 2011 the Company entered into an option agreement (the "Agreement") with Compania Minera Tamberias SCM ("Tamberias SCM") whereby the Company can earn a 100% interest in the Tamberias property by making optional payments totaling US$ 20,000,000 on or before June 30, 2020. Tamberias SCM will retain a 1.5% NSR royalty that will be paid only after the Company has recovered all of its exploration and development costs. The initial payment of US$200,000 was made upon signature of the Agreement. The Tamberias property is located in Region 3, Chile and is adjacent to the Filo del Sol Project.

(c) AFRICAN PROPERTIES

Eritrean properties:

As at March 31, 2012 the Company holds two exploration licences, Mogoraib and Kerkebet ("Property") in western Eritrea. The Mogoraib and Kerkebet licences are subject to yearly renewal at the discretion of the Eritrean Government. The Hambok Deposit is on the Mogoraib licence.

(All amounts expressed in Canadian Dollars, unless otherwise stated.)

Sale of Eritrean licences:

During the quarter ended March 31, 2012, the Company entered into a definitive agreement (the "Agreement") whereby Namibian Copper NL ("Namibian Copper") will acquire the Company's wholly owned subsidiary, Sanu Resources Inc., which holds certain licences in Eritrea, (the "Transaction") for consideration of 50,000,000 ordinary shares of Namibian Copper (the "Shares"). Upon completion of the Transaction it is anticipated that the Company will be the largest single shareholder of Namibian Copper with approximately 40% of its share capital. The Shares will be subject to an escrow agreement. A further Contingent Payment of $7,500,000 to the Company is due upon the commencement of commercial mining operations, however, if prior to the commencement of commercial mining operations, a third party acquires 50% or more of the outstanding voting or equity securities of Namibian Copper or any one or more of its subsidiaries (including Sanu), then 50% of the Contingent Payment will be immediately due and payable to the Company, with the balance of the Contingent Payment due upon the commencement of commercial mining operations. In addition the Company will be reimbursed for certain costs incurred from June 1, 2011 to the closing date under an ongoing work program on the Property. The Transaction is subject to certain conditions precedent.

5. SHARE CAPITAL

The Company has authorized an unlimited number of voting common shares without par value. All issued shares are fully paid.

6. STOCK OPTIONS

a) Stock Option Plan

The Company has a rolling stock option plan, reserving an aggregate of 10% of the issued and outstanding shares of the Company for issuance upon the exercise of options granted. Vesting and terms of the option agreement are at the discretion of the Board of Directors.

The table below outlines the significant assumptions used during the period to estimate fair value of options.

	Three months ended March 31,	
	2012	**2011**
Dividend yield	0%	0%
Risk-free interest rate	1.12%	1.64%
Expected option life	3 years	3 years
Expected volatility	66.26%	80.99%

(i) A share-based compensation cost of $83,132 for the options granted for the three months ended March 31, 2012 (2011 - $607,007) will be amortized over the vesting period of which $27,711 was recognized in Administrative Expenses in the three months ended March 31, 2012 (March 31, 2011 - $nil).

(All amounts expressed in Canadian Dollars, unless otherwise stated.)

The total share-based compensation for the period ended March 31, 2012 was $361,315 (2011 - $190,152) of which $258,972 (2011 - $137,071) has been allocated to Administration Expenses and $102,343 (2011 - $53,081) to Project Investigation and Exploration Expenses.

b) Stock Options Outstanding

The following is a summary of the movements in the number of share options outstanding and their related weighted average exercise prices:

	March 31, 2012		**March 31, 2011**	
	Number of shares options	Weighted average exercise price	Number of shares options	Weighted average exercise price
Outstanding at beginning of period	4,577,673	1.67	4,488,184	0.91
Granted	75,000	2.50	755,000	1.52
Exercised	(69,500)	0.74	(592,312)	0.89
Forfeited/expired	(38,334)	2.83	(82,500)	0.70
Outstanding at end of period	4,544,839	1.68	4,568,372	1.02
Options exercisable at end of period	3,161,498	1.32	2,432,870	1.04
Weighted average fair value per option granted during the period		1.11		0.80

The following summarized information about the stock options outstanding and exercisable at March 31, 2012:

	Options Outstanding			**Options exercisable**		
Range of Exercise Prices	Number of Options Outstanding	Weighted Average Remaining Contractual Life (yrs)	Weighted Average Exercise Price $	Number of Options Exercisable	Weighted Average Remaining Contractual Life (yrs)	Weighted Average Exercise Price $
$0.50 - $1.30	1,938,500	2.70	0.71	1,938,500	2.70	0.71
$1.31 - $3.42	2,606,339	2.06	2.41	1,222,998	1.67	2.30
	4,544,839	2.34	1.68	3,161,498	2.31	1.32

(All amounts expressed in Canadian Dollars, unless otherwise stated.)

7. EXPLORATION AND PROJECT INVESTIGATION

	South America					Africa		Canada	Total
	Vicuna Joint Venture	Josemaria Joint Venture	Colmillo	Andrea	Other	Hambok	Other		
For the three months ended March 31, 2012									
Assaying/geochemical	$ 163,068	$ 165,845	$ 95	$ -	$ (709)	$ 52,540	$ -	$ -	$ 380,839
Camp costs (recovery)	457,418	367,191	243	-	6,627	209,945	(16,904)	-	1,024,520
Drilling	2,886,021	2,013,570	-	-	-	1,178,238	-	-	6,077,829
Environmental & community relations	69,674	36,373	65,520	-	300	-	-	-	171,867
Field supplies and equipment	184,412	205,869	-	-	1,849	75,517	(15,388)	-	452,259
Technical/field salaries & consultants	274,359	150,965	1,054	865	35,878	174,408	-	-	637,527
Geological & geophysical	72,106	-	-	-	-	-	-	5,130	77,236
Roadwork/Trenching	517,666	115,394	-	-	-	-	-	-	633,060
Office general	29,978	(970)	287	9	39,578	47,891	2,137	-	118,910
Licenses , fees and access rights	128,731	5,871	28,595	4,279	303,046	39,143	-	980	510,645
Professional	-	-	121	4	301	3,007	-	-	3,433
Stock based compensation	87,916	-	-	-	-	14,727	-	-	102,643
Transport and travel	136,676	99,252	2,166	8	4,394	88,889	-	-	331,385
Value added and other taxes (recoveries)	703,656	551,381	10,044	-	(142,005)	-	-	-	1,123,076
Other recoveries from joint venture partner	(6,321)	(20,919)	-	-	-	-	-	-	(27,240)
Total for the period	$ 5,705,360	$ 3,689,821	$ 108,125	$ 5,165	$ 249,258	$ 1,884,305	$ (30,155)	$ 6,110	$ 11,617,989
For the three months ended March 31, 2011									
Assaying/geochemical	$ -	$ -	$ -	$ -	$ -	$ 804	$ 25,611	$ -	$ 26,415
Camp costs	-	-	-	-	-	(64,181)	40,162	-	(24,019)
Drilling	1,034,100	-	-	-	-	33,967	25,288	-	1,093,355
Environmental & community relations	17,944	-	-	-	-	-	-	-	17,944
Expediting and project supervision	-	-	-	-	-	51,101	45,832	-	96,933
Field supplies and equipment	-	-	-	-	-	5,670	24,577	-	30,247
Technical/field salaries & consultants	63,797	35,313	103,437	-	70,989	89,701	75,989	-	439,226
Geological & geophysical	-	-	-	-	-	137,490	12,915	5,130	155,535
Roadwork/Trenching	319,567	-	-	-	125,499	-	-	-	445,066
Office general	20,033	23,138	4,046	346	-	14,475	27,256	-	89,294
Licenses , fees and access rights	22,441	(1,848)	25,203	5,030	54,700	37,899	23,879	980	168,284
Professional	250,972	31,234	41,388	15,396	(2,027)	658	4,565	-	342,186
Stock based compensation	22,520	1,144	2,267	271	3,246	11,748	11,885	-	53,081
Transport and travel	72,709	54,016	29,867	470	(51,265)	11,695	16,909	-	134,401
Value added and other taxes (recoveries)	316,171	24,786	35,742	3,729	34,864	-	-	-	415,292
Total for the period	$ 2,140,254	$ 167,783	$ 241,950	$ 25,242	$ 236,006	$ 331,027	$ 334,868	$ 6,110	$ 3,483,240

(All amounts expressed in Canadian Dollars, unless otherwise stated.)

8. RELATED PARTY TRANSACTIONS

(a) Related parties expenses

The Company incurred the following expenses with Namdo Management Services Limited ("Namdo") and Lundin Mining Corporation ("Lundin Mining"), companies related by way of certain common directors and shareholders. In addition, the Company incurred air chartered services from Mile High Holdings Ltd ("Mile''), a company associated with the Chairman of the Company. The Company also made a donation to Lundin Foundation ("LF"), a charitable organization directed by certain directors of the Company.

		Three months ended March 31,	
	Related party	2012 $	2011 $
Management fee	Namdo	135,000	135,000
Technical services	Lundin Mining	-	3,376
Aircraft charter and travel	Mile	54,856	-
Donation	LF	-	106,000
Total related parties expenses		189,856	244,376

(b) Related parties liabilities

The liabilities of the Company include the following amounts due to related parties:

	March 31, 2012 $	December 31, 2011 $
Namdo	55,846	13,754
Mile	50,673	-
Total related parties liabilities	106,519	13,754

(c) Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Company has identified its key management personnel to include the Company's executive officers, vice-presidents and members of its Board of Directors.

(All amounts expressed in Canadian Dollars, unless otherwise stated.)

The remuneration of key management personnel were as follows:

	Three months ended March 31,	
	2012	**2011**
	$	**$**
Salaries	130,625	75,625
Employee benefits	13,801	6,963
Share based compensation	219,058	121,115
Total compensation of key management	363,484	203,703

9. SEGMENTED INFORMATION

The Company's primary business activity is the exploration for and development of mineral properties in North and South America and Africa so there is only one reportable operating segment.

The geographic distribution of non-current assets is as follows:

March 31, 2012

	Plant and Equipment,net $	Mineral Properties $	Corporate $
Canada	172,325	136,997	8,000
South America	205,530	11,047,182	-
Africa	-	7,836,847	-
	377,855	19,021,026	8,000

December 31, 2011

	Plant and Equipment,net $	Mineral Properties $	Corporate $
Canada	176,900	136,997	8,000
South America	246,824	11,305,635	-
Africa	-	8,000,000	-
	423,724	19,442,632	8,000

10. CONTINGENCY

The Company's Argentine subsidiary, Desarrollo de Prospectos Mineros SA "DPM"received a claim in January 2009 from the Banco Central de la Republia Argentina ("BCRA") in connection with two foreign exchange transactions made in 2003. It has been alleged that DPM exceeded the maximum allowable limit by approximately US$63,000 for foreign exchange conversions on those days. DPM have filed a statement of defence to dismiss this claim. Provisions have not been made in the consolidated financial statements as the likelihood of the loss occurring cannot be determined and the amount of loss if it should occur cannot be reasonably estimated. DPM will continue to defend its position.

11. SUBSEQUENT EVENT

Subsequent to March 31, 2012, the Company entered into an agreement whereby the Company and Candymin S.A. De C.V., a wholly owned subsidiary of Goldgroup Mining Inc. ("Goldgroup"), agreed to terminate and extinguish the 1.5% Net Smelter Return Royalty that the Company held with respect to 70% of production from the Caballo Blanco Project in Mexico for consideration of $1 million cash and 2,200,000 common shares of Goldgroup. The transaction closed on April 11, 2012.