

FIRST QUARTER REPORT

MARCH 31, 2010



NGEx RESOURCES INC.

NGEx Resources Inc.

First Quarter 2010 Highlights

Josemaria Project, Argentina.

- During the quarter, the Company received results from a seven hole, 2,253 metre drill program completed in December, 2009. Josemaria is a large copper/gold porphyry project located in San Juan Province, Argentina. Josemaria contains a NI 43-101 inferred resource of 460 million tonnes at 0.39% copper and 0.30 grams/tonne gold at a 0.3% copper cut off. The objective of this drill program was to test the potential for a significant expansion of the existing resource. All holes were drilled outside the 0.3% copper shell of the current resource. The drilling targeted coincident moderate chargeability and strongly anomalous copper and gold in soils located on the periphery of the known resource. Six of the seven holes drilled intersected thick sections of porphyry style alteration and sulfide mineralization outside the current resource envelope. Highlights include DDH-08 with 290m @ 0.3% Cu, 0.18 g/t Au; DDH-10 with 88m @ 0.27% Cu, 0.2 g/t Au including 18m@ 0.49% Cu, 0.26 g/t Au. The results confirm that the already large Josemaria deposit lies within a much larger mineralized porphyry system. Future exploration will focus on finding higher grade zones within the newly identified extensions.
- Josemaria is one of a several large porphyry copper-gold systems including Filo del Sol and Los Helados discovered within a large block of contiguous ground that the Company controls in northern San Juan Province, Argentina and adjacent parts of Region 3 Chile. The occurrence of several major copper-(gold) systems including Caserones (Regalito) and the Company's Josemaria, Los Helados, and Filo del Sol discoveries in relatively close proximity suggest that they are part of a significant porphyry copper cluster.

Los Helados Project, Chile

- The Company completed a 4,407 metre drill program consisting of 7 diamond drill holes at Los Helados during the first quarter. Los Helados is located in Region 3 Chile approximately 10km northwest of Josemaria. Past drilling included LH-04 with 762m of 0.43% copper and 0.22 g/t gold. A deep penetrating MIMDAS geophysical survey was completed in April 2009 to better define the mineralization at depth and to the north and west of LH 04. This survey defined a chargeability anomaly measuring approximately 1,000m by 750m located just to the north of drill hole LH 04. The drilling program carried out during the quarter tested this chargeability anomaly as well as other targets. Results are expected in the second quarter of 2010.

Eritrea

- Work continued on an approximately 2,000 metre drill program that is targeting volcanogenic massive sulphide targets on its Mogoraib and Kerkebeit licenses located in western Eritrea. The most significant results were obtained from the Aradaib prospect.
- The first hole at Aradaib, ARD-10-001, tested a gossan outcrop highly anomalous in gold, copper, zinc, silver and lead returning a 17 meter interval of massive and semi-massive sulphides including: 10 m @ 1.22% Zn, 1.89% Cu, 0.92 g/t Au, 21 g/t Ag and a consecutive zinc rich interval of 7m 15.15% Zn, 0.99% Cu, 0.32 g/t Au, 33 g/t Ag. The sulphide interval is overlain by gossanous oxidized sulphides and altered hanging wall rocks, with locally intense kaolinite, alunite and hematite alteration from which metals have been leached.

- A second hole, ARD-10-002, drilled 230 metres to the northeast, intersected altered host volcanic rocks with pervasive disseminated and stringer sulphides, returning a 3 meter interval of 1.30% Zn from 60.0 meters depth. The remainder of the hole was strongly anomalous in copper and zinc.
- Drilling also tested possible extensions to the Hambok deposit identified by a gradient IP survey conducted last year as well as trying to better define the higher grade core of the Hambok Deposit. Results are pending.
- Initial mapping, geochemical sampling, and a gravity survey was carried out on the recently acquired Shukula and Lelit licenses. The Shukula license covers a 400 meter long gossan outcrop with strongly anomalous gold and base metal values in surface sampling. The Lelit license covers the extension of the Shukula stratigraphy to the south.

Republic of Congo

- During the quarter an initial mapping and soil sampling program was carried out on the Company's recently granted exploration licenses in the Republic of Congo (Brazzaville). The licenses cover 1579 square kilometres of ground in the Boko Songo-Mindouli trend where mining during French colonial times exploited high grade copper and zinc ore bodies hosted in carbonate rocks. During the quarter field crews collected 1846 geochemical samples. The program is currently on hold for the rainy season and work is expected to resume in June when additional mapping, rock chip sampling, trenching, and IP geophysical surveys will be done in an effort to define drill targets by late 2010.

Burkina Faso

- On April 7, 2010 the Company signed a non-binding Letter of Intent to sell its Burkina Faso subsidiary to Indigo Exploration Inc (TSX-V: IXI) for a proposed purchase price of \$515,000 comprised of both cash and shares of Indigo. The proposed transaction is subject to completion of due diligence by Indigo and the parties completing a definitive agreement. The transaction is expected to close in the second quarter of 2010. This transaction is part of the Company's continuing effort to rationalize its portfolio of projects and to realize value from its divestments.

Outlook

- **In the coming quarter the Company expects to receive results from the Los Helados drill program as well as additional results from its Eritrea drill program and results from the work carried out to date in the Congo. The divestment of non-core projects is also anticipated to continue.**



First Quarter 2010
(as at May 12, 2010)

NGEx RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED MARCH 31, 2010

This MD&A focuses on significant factors that have affected NGEx Resources Inc. ("the Company") and its subsidiaries and such factors that may affect its future performance. In order to understand the MD&A better, it should be read in conjunction with the unaudited consolidated financial statements for the three months ended March 31, 2010 and the December 31, 2009 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 Canadian generally accepted accounting principles ("GAAP"). All dollars amounts are expressed in Canadian dollars, unless otherwise indicated. The effective date of this MD&A is May 12, 2010.

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 Africa, North and South America.

EXPLORATION HIGHLIGHTS UPDATE

During the three months ended March 31, 2010 the Company:

- Completed a 4,407 metre drill program at the Los Helados copper-gold Project in Chile. Results are expected by the second quarter of 2010
- Completed a 1,545 metre drill program to test a zone of higher grade mineralization at its Hambok copper-zinc deposit and to test new targets elsewhere on its licenses in Eritrea. Encouraging results were obtained from the Aradaib prospect where a scout drill hole returned 10 metres of 1.9% copper, 1.2% zinc, 0.9 grams/tonne gold, 21 grams/tonne silver followed by 7 metres 0.99% copper, 15.1% zinc, 0.4 grams/tonne gold, 33 grams/tonne silver.
- Completed initial mapping and soil sampling on its newly granted exploration licenses in the Republic of Congo.

SOUTH AMERICAN PROJECTS

The Company's efforts in South America focused on a drill program at its Los Helados copper-gold project in Chile as well as mapping and sampling on two earlier stage copper projects in Chile. Final results were received from the drill program at the Josemaria project in Argentina which was completed during the previous quarter.

Jose Maria Project, Argentina

Jose Maria is a large copper/gold porphyry project located in San Juan Province, Argentina near the Vicuna group of properties described below. Jose Maria contains a NI 43-101 compliant inferred resource of 460 million tonnes at 0.39% tonnes copper and 0.30 grams/tonne gold at a 0.3% copper cut off. The Jose Maria resource is open in several directions.

The Jose Maria and the adjacent 75% owned Batidero properties are subject to a joint exploration agreement ("Jose Maria JEA") dated March 16, 2009 with Japan Oil, Gas and Metals National Corporation ("Jogmec"). The Jose Maria JEA provides Jogmec the option to acquire a 40% interest in these properties. In consideration, Jogmec paid Suramina US\$1 million upon signing of the Jose Maria JEA and is required to make US\$6.13 million in exploration expenditures over three years in order to acquire the 40% interest. Jogmec has met its first year work commitment as of March 31, 2010. Once Jogmec has earned its interest, the partners will fund ongoing expenditures pro-rata to their ownership interest.

During the quarter the Company received results from a seven hole, 2,253 metre drill program completed in December, 2009. The objective of the drilling was to test the potential for a significant expansion of the existing resource. All holes were drilled outside the 0.3% copper shell of the current resource. The drilling targeted coincident moderate chargeability and strongly anomalous copper and gold in soils located on the periphery of the known resource. Six of the seven holes drilled intersected thick sections of porphyry style alteration and sulfide mineralization outside the current resource envelope. Highlights include DDH-08 with 290m @ 0.3% Cu, 0.18 g/t Au; DDH-10 with 88m @ 0.27% Cu, 0.2 g/t Au including 18m @ 0.49% Cu, 0.26 g/t Au. The results confirm that the already large Josemaria Deposit lies within a much larger mineralized porphyry system. Future exploration will focus on finding higher grade zones within the newly identified extensions

Vicuna Project, Argentina and Chile

The Vicuna properties comprise a large land package of approximately 18,300 hectares that covers a number of porphyry copper and high sulfidation gold targets in San Juan Province, Argentina and immediately adjacent parts of Chile. The Vicuna Properties are adjacent to Jose Maria and are subject to a separate Joint Venture Exploration Agreement (the "Vicuna 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.

The Vicuna project includes several copper gold targets that have been explored in the past including: Filo del Sol where previous drilling has indentified near surface copper oxides and gold within a diatreme hosted gold target and a deeper porphyry copper target.

The most important current target is Los Helados located located in Region 3 Chile approximately 10km northwest of Josemaria. Past drilling included LH-04 with 762 m of 0.43% copper and 0.22 g/t gold. A deep penetrating MIMDAS geophysical survey was completed in April 2009 to better define the mineralization at depth and to the north and west of LH 04. During the quarter the Company completed a 4,407 metre drill program consisting of 7 diamond drill holes at Los Helados. This quarters drilling tested the MIMDAS anomaly as well as other targets. Results are expected in the second quarter of 2010.

Chilean Properties

Regional exploration and prospecting continued on a number of early stage copper-gold projects in Chile. Reconnaissance mapping and geochemical sampling was carried out on two porphyry copper prospects Colmillos and Andrea both located in central Chile.

At Colmillos mapping has defined a 2 kilometre long trend of tourmaline breccia bodies with occasional copper oxides and strongly anomalous molybdenum analyses in rock chip samples. Planning is underway to construct a road to access the area and to conduct a geophysical survey over the breccia trend. It is expected that this work will begin in the third quarter of 2010. At Andrea mapping has defined a 1000 metre by 500 metre zone of potassic alteration with stockwork veining. Strongly anomalous copper values were obtained from sampling of talus fines over this zone. Further work is planned at Andrea. The objective of work at Andrea and Colmillos is to develop drill targets by the end of 2010.

Other South American Properties

There was no exploration activity on the Company's other properties in Argentina, Colombia and Peru during the first quarter ended March 31, 2010. The Company continues efforts to joint venture or divest of its non-core properties.

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% working interest in the property. The BC and Federal Governments recently announced plans to build a new power line along the Highway 37 corridor. When completed the proximity of grid power would have a positive effect on the economics of the GJ project. 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.

The positive news from the Government with regards to infrastructure improvements as well as positive drill results from the Red Chris Deposit have raised the profile of the GJ project and the Company has received several expression of interest in the project. The Company will continue to consider all options to realize value from its investment in GJ.

Zymo Project, Canada

The Zymo copper gold property is located 40 kilometres west of Smithers in central British Columbia, Canada. The Company had an option to earn up to a 75% interest in the Zymo property from Eastfield Resources Ltd ("Eastfield"), which was relinquished subsequent to March 31, 2010. The Company therefore has no further interest in the property.

AFRICAN PROPERTIES

Eritrea

The Company holds two exploration licenses which cover extension of the rocks hosting Nevsun Resources's Bisha copper-zinc-gold deposit. The Company's Mogoraib License hosts the Hambok deposit which has a NI 43-101 compliant 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 wide spaced drilling to date suggests the presence of a higher grade core to the Hambok Deposit although more drilling is required to better define this zone. This report is filed under the Company's profile on SEDAR.

Work continued on an approximately 2,000 metre drill program that is targeting volcanogenic massive sulphide targets on its Mogoraib and Kerkebeit licenses. The most significant results were obtained from Aradaib prospect.

The first hole at Aradaib, ARD-10-001, tested a gossan outcrop highly anomalous in gold, copper, zinc, silver and lead returning a 17 meter interval of massive and semi-massive sulphides including: 10 meters @ 1.22% Zn, 1.89% Cu, 0.92 g/t Au, 21 g/t Ag and a consecutive zinc rich interval of 7m 15.15% Zn, 0.99% Cu, 0.32 g/t Au, 33 g/t Ag. A second hole, ARD-10-002, drilled 230 meters to the northeast, intersected altered host volcanic rocks with pervasive disseminated and stringer sulphides, returning a 3 meter interval of 1.30% Zn from 60.0 meters depth. The remainder of the hole was strongly anomalous in copper and zinc.

Drilling also tested possible extensions to the Hambok deposit identified by a gradient IP survey conducted last year as well as additional holes to better define the higher grade core of the Hambok Deposit. Results are pending.

Mapping, geochemical sampling, and a gravity survey were carried out during the quarter to try to define the size and extent of these gossan occurrences at Shukula and Lelit. The Shukula license covers a 400 metre long gossan outcrop with strongly anomalous gold and base metal values in surface sampling. The Lelit license covers the extension of the Shukula stratigraphy to the south.

Burkina Faso

On April 7, 2010 the Company signed a non-binding Letter of Intent to sell its Burkina Faso subsidiary to Indigo Exploration Inc ("Indigo"). The consideration for the transaction is \$65,000 in cash and 3,000,000 shares of Indigo. The number of shares to be issued will be adjusted upward if the value upon closing is less than \$450,000. The transaction is subject to completion of due diligence by Indigo and the parties completing a definitive agreement. The transaction is expected to close in the second quarter 2010.

Congo-Brazzaville

In late December, 2009 the Company received final approval of two exploration licenses in Congo-Brazzaville. The licenses cover 1579 square kilometres of ground in the Boko Songo-Mindouli trend where mining during French colonial times exploited high grade copper and zinc ore bodies hosted in carbonate rocks. Exploration is targeting similar high-grade carbonate-hosted Cu, Pb, and Zn mineralization.

The work to date has identified seven targets with potential for carbonate hosted mineralization. During the quarter the Company collected 1846 soil and rock chip samples; assays are pending. Field work will resume in June after the current rainy season and will include additional mapping, rock chip sampling, trenching, and IP geophysical surveys in an effort to define drill targets by late 2010.

CHANGES IN ACCOUNTING POLICIES

In January 2009, the Canadian Institute of Chartered Accountants issued the following new standards:

Sections 1582 "Business Combinations", Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-controlling interests".

Section 1582 replaces Handbook section 1581 "Business Combinations" and sections 1601 and 1602 together replace Handbook section 1600 "Consolidated Financial Statements". The adoption of section 1582, and collectively, 1601 and 1602 provides the Canadian equivalent to International Financial Reporting Standard ("IFRS") 3 "Business Combinations" and International Accounting Standards (IAS) 27 "Consolidated and Separate Financial Statements", respectively. CICA 1582 applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. CICA 1601 and CICA 1602 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011.

The Company has early adopted these new rules effective from January 1, 2010. There was no material impact on the consolidated financial statements as a result of this adoption.

SELECTED QUARTERLY INFORMATION

Financial Data for 8 Quarters								
Three Months Ended	Mar-10	Dec-09	Sep-09	Jun-09	Mar-09	Dec-08	Sep-08	Jun-08
A. Exploration Expenses, net of recoveries (\$000's)	1,853	1,181	1,448	1,140	1,113	1,097	2,349	1,282
B. Net loss (\$000's)	2,773	7,395	(1,855)	(1,920)	(1,050)	(1,254)	(2,648)	(1,710)
C. Basic and diluted loss per share (\$)	(0.02)	0.05	(0.02)	(0.02)	(0.02)	(0.02)	(0.05)	(0.03)

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 net income for the fourth quarter ended December 2009 is primarily due to the gain realized from the sale of the Company's subsidiaries which held the option on the Caballo Blanco property.

RESULTS OF OPERATIONS

The Company recorded a net loss of \$2.8 million or \$0.02 per common share for the first quarter ended March 31, 2010 compared to a loss of \$1.0 million or \$0.02 per common share in the first quarter in 2009. The increase is primarily due to an increase in exploration expenditures, high stock based compensation expenses, and higher wages and benefits. Exploration expenditures have increased as a result of the Company's expansion into Africa and South America in 2009. 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, 2010, the Company had cash of \$13.9 million and working capital of \$22.1 million as compared to cash and working capital of \$14.2 million and \$24.3 million, respectively, at December 31, 2009.

Net cash used in operating activities was \$2.3 million for the three months ended March 31, 2010 and consisted primarily of the loss from operations of \$2.8 million and adjusted for the impact of non-cash items and changes in non-cash working capital items.

Cash flow from investing activities for the three months ended March 31, 2010 was \$2.0 million, which comprised of the collection of amounts receivable from the sale of subsidiaries.

Based on the Company's financial position at March 31, 2010, 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 will be required in the future to fund further exploration and corporate expenses. There can be no assurance that equity 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.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to establish accounting policies and to make estimates that affect both the amount and timing of the recording of assets, liabilities, revenues and expenses. Some of these estimates require judgements about matters that are inherently uncertain.

Note 2 to the consolidated financial statements for the year ended December 31, 2009 include a summary of the significant accounting policies adopted by the Company. Accounting estimates deemed most critical by the Company are discussed in the Company's 2009 annual MD&A dated December 31, 2009. There have been no material changes to the critical estimates discussed in the Company's 2009 annual MD&A.

RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2010, the Company incurred:

- (a) management fees of \$135,000 (2009 - \$84,000) to a company controlled by a director pursuant to an agreement for services and office facilities, which is renewable on August 1, 2011.

At March 31, 2010, \$65,662 (December 31, 2009 - \$3,395) was due to this company and included in amounts due to related parties.

- (b) \$2,625 for technical services to a company related by directors in common. At March 31, 2010, \$2,625 was due to this company in respect of technical services incurred.

In the year ended December 31, 2009 the Company incurred:

- (a) legal fees of \$89,280 to a law firm of which a partner was a director of the Company. At December 31, 2009, \$56,760 was due to this law firm and included in amounts due to related parties.
- (b) donation of \$87,000 to Lundin for Africa Foundation, a charitable organization with two directors in common. At December 31, 2009, \$87,000 was due to this Foundation and is included in amounts due to related parties.

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 12, 2010, the Company had 146,901,649 common shares outstanding, 7,079,922 share options outstanding under its stock-based incentive plans and 28,624 share purchase warrants outstanding.

FINANCIAL INSTRUMENTS

The Company classifies financial instruments as either held-to-maturity, available-for-sale, held for trading, loans and receivables or other financial liabilities. The Company's financial instruments consist of cash, accounts receivable, investments, other assets, accounts payable and accrued liabilities and due to related parties. The carrying value of cash, accounts receivable, investment and accounts payable approximates fair value. The investments are recorded at fair value as determined by active market prices, measured at cost if there is no active market quoted market price or recent sale.

CONTINGENCY

The Company's Argentine subsidiary, Desarrollo de Prospectos Mineros SA "DPM", has received in January 2009 a claim from the Banco Central de la Republica 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 at this early stage. DPM will continue to defend its position.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

The Canadian Accounting Standards Board (“AcSB”) has set January 1, 2011 as the date for publicly-listed companies to adopt IFRS, replacing Canadian GAAP. Accordingly, IFRS compliant financial statements for the Company will be required for the first quarter of 2011. Comparative figures presented in these financial statements are also required to comply with IFRS.

The Company has disclosed in its annual MD&A, filed on SEDAR on March 31, 2010, on the details of its conversion processes. During the first quarter of 2010, the Company continued to make progress on the Phase 2 (Impact analysis, quantification and evaluation) of its conversion plan. This includes detailed assessment and technical analysis of each area identified from Phase 1 that will result in the conclusion of IFRS transitional adjustments, decisions on accounting policy choices and the drafting of accounting policies.

The Company will proceed with Phase 3 (Implementation phase) of its conversion plan in the second half of 2010. This phase includes the collection of financial information necessary to compile IFRS compliant financial statements and the preparation of the opening balance sheet as at January 1, 2010.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes to the Company’s disclosure controls and procedures during the three months ended March 31, 2010.

For the three months ended March 31, 2010, no changes were made in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control 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 2009 annual MD&A filed on March 31, 2010.

OFF-BALANCE SHEET AGREEMENTS

The Company has no off-balance sheet arrangements.

OUTLOOK

The Company is completing drill programs in South America. The first phase of drilling in Eritrea is complete with encouraging results at Aradaib. Follow-up drilling is planned for the second quarter. Results from drill programs at Los Helados and further results from Eritrea will also be received during the second quarter of calendar 2010. We will work to advance the Colmillos and Andrea copper targets in Chile to drill stage. Efforts to rationalize and focus our portfolio through divestments of non-core projects are ongoing. We expect to complete the sale of the Burkina Faso gold projects to Indigo in the second quarter.

Following the financing that was completed late last year and the sale of our interest in Caballo Blanco the Company is well financed and able to fund all currently planned programs as well as any additional drilling required to follow-up on any positive results. We continue to seek and evaluate new projects and our strong financial position will enable us to act promptly on these opportunities.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain of the statements made and contained herein in the MD&A and elsewhere constitute forward-looking statements. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or achieved. Forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements including, without limitation, exploration/drill results and budgets; mineral reserve and resource estimates and the geology, grade and continuity of mineral deposits; metal price 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 describe under Risks and Uncertainties disclosed above and in the Company's Annual Information Form. Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and the Company does not assume any obligations to update or revise them to reflect new events or circumstances, except as required by law.

NGEx RESOURCES INC.
INTERIM CONSOLIDATED BALANCE SHEETS
(Amounts are stated in Canadian dollars)
(Unaudited)

	<u>March 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
ASSETS		
Current assets		
Cash	\$ 13,920,018	\$ 14,240,947
Investments (Note 4)	6,304,980	6,308,223
Accounts receivable	45,738	5,114,646
Prepaid expenses	418,774	388,612
Loan receivable (Note 5)	3,004,839	-
Due from joint venture partners (Note 7 b (i)(ii))	64,301	15,513
	<u>23,758,650</u>	<u>26,067,942</u>
Fixed assets, net (Note 6)	433,787	462,655
Mineral properties (Note 7)	25,973,009	26,081,009
Other assets	43,500	43,500
	<u>\$ 50,208,946</u>	<u>\$ 52,655,106</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,592,163	\$ 973,568
Due to related parties (Note 10)	68,288	147,155
Due to joint venture partners	-	613,339
	<u>1,660,451</u>	<u>1,734,063</u>
SHAREHOLDERS' EQUITY		
Share Capital (Note 9)		
146,901,649 shares (December 31, 2009 - 146,858,712 shares)	151,513,754	151,480,754
Reserved for issuance 20,348 shares	1,290	1,290
Contributed surplus - stock options	3,356,437	2,986,094
Deficit	(106,327,743)	(103,555,093)
Accumulated other comprehensive income	4,757	7,998
	<u>48,548,495</u>	<u>50,921,043</u>
	<u>\$ 50,208,946</u>	<u>\$ 52,655,106</u>
Nature and Continuance of Operations (Note 1)		
Subsequent Events (Note 7 (a)(c))		

ON BEHALF OF THE BOARD:

/s/William A. Rand
Director

/s/Wojtek A. Wodzicki
Director

NGEx RESOURCES INC.
INTERIM CONSOLIDATED STATEMENTS OF LOSS
AND COMPREHENSIVE LOSS
(Amounts are stated in Canadian dollars)
(Unaudited)

	For the three Months Ended March 31, 2010	For the three Months Ended March 31, 2009
	<u> </u>	<u> </u>
Expenses		
Exploration and project investigation (Note 8)	\$ 1,853,420	\$ 1,113,470
Management fees	135,000	84,000
Office and general	42,362	7,490
Professional fees	30,822	47,600
Promotion and public relations	24,829	6,015
Stock exchange and filing fees	30,654	7,217
Transfer agent and shareholder information	5,587	3,576
Travel	2,799	168
Wages and benefits	139,044	70,848
Stock based compensation	380,587	158,933
	<u> </u>	<u> </u>
Loss before the undernoted items	2,645,105	1,499,317
Other (income) expenses		
Interest income	(22,272)	(22,046)
Foreign exchange gain	(8,061)	(24,860)
Other expenses	49,879	-
Write-off of mineral property interests (Note 7 (a))	108,000	-
	<u> </u>	<u> </u>
Net loss before income taxes	2,772,650	1,452,412
Future income tax recovery	-	(403,202)
	<u> </u>	<u> </u>
Net loss for the period	2,772,650	1,049,210
Other comprehensive loss		
Unrealized loss on investments	3,241	-
	<u> </u>	<u> </u>
Comprehensive loss for the period	<u>2,775,891</u>	<u>1,049,210</u>
Basic loss per common share	<u>\$ 0.02</u>	<u>\$ 0.02</u>
Diluted loss per common share	<u>\$ 0.02</u>	<u>\$ 0.02</u>
Weighted average number of shares outstanding	<u>146,895,447</u>	<u>58,108,286</u>
Diluted weighted average number of shares outstanding	<u>146,895,447</u>	<u>58,108,286</u>

See notes to interim consolidated financial statements

NGEx RESOURCES INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts are stated in Canadian dollars)
(Unaudited)

	For the three Months Ended March 31, 2010	For the three Months Ended March 31, 2009
	<u> </u>	<u> </u>
Cash flows used in operating activities		
Net loss for the period	\$ (2,772,650)	\$ (1,049,210)
Items not affecting cash		
Depreciation	28,868	67,392
Stock based compensation	380,587	178,722
Write-off of mineral property interests	108,000	-
Future income tax recovery	-	(403,202)
	<u>(2,255,195)</u>	<u>(1,206,298)</u>
Changes in non-cash working capital items		
Accounts receivable and prepaid expenses	33,908	432,373
Accounts payable and accrued liabilities	618,597	(35,020)
Due to related parties	(78,867)	15,377
Advances from/(to) joint venture partners	(662,127)	-
	<u>(2,343,685)</u>	<u>(793,568)</u>
Cash flows from financing activities		
Common shares issued, net	22,756	-
	<u>22,756</u>	<u>-</u>
Cash flows from (used in) investing activities		
Collection of accounts receivable from sale of subsidiaries	2,000,000	-
Purchase of equipment	-	(12,028)
Other assets	-	(237,142)
	<u>2,000,000</u>	<u>(249,170)</u>
Decrease in cash	(320,929)	(1,042,738)
Cash, beginning of the period	14,240,947	6,134,191
Cash, end of the period	<u>\$ 13,920,018</u>	<u>\$ 5,091,453</u>
Supplementary information regarding non-cash investing activities:		
Promissory note issued on exchange of accounts receivable from sale of subsidiaries	\$ 3,000,000	\$ -

See notes to interim consolidated financial statements

NGEx RESOURCES INC.
CONSOLIDATED STATEMENTS OF DEFICIT
(Amounts are stated in Canadian dollars)
(Unaudited)

	For the three Months Ended March 31, 2010	For the three Months Ended March 31, 2009
	<u> </u>	<u> </u>
Deficit, beginning of the period	\$ 103,555,093	\$ 106,125,725
Net loss for the period	<u>2,772,650</u>	<u>1,049,209</u>
Deficit, end of the period	<u><u>\$ 106,327,743</u></u>	<u><u>\$ 107,174,934</u></u>

See notes to interim consolidated financial statements

NGEx RESOURCES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2010
(Amounts are stated in Canadian dollars, unless otherwise stated)
(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

NGEx Resources Inc. (the "Company") is a Canadian federal company engaged in the acquisition, exploration and development of mineral properties.

The recoverability of the cost of mineral properties expenditures is dependent upon the discovery of economically recoverable reserves, preservation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the project, and future profitable production or alternatively, upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material reductions in the carrying amount of mineral properties and related fixed assets.

The mineral properties are also subject to title and sovereign risks, including political and economic instability, government regulations relating to mining, military repression, civil disorder, currency fluctuations and inflation, all or any of which may impede the Company's activities or may result in the impairment or loss of part or all of the Company's interest in the properties.

2. BASIS OF PRESENTATION

The unaudited interim consolidated financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles using the same accounting policies and methods of application as those disclosed in Note 2 to the Company's audited consolidated financial statements for the year ended December 31, 2009.

These interim consolidated financial statements do not contain all of the information required by generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the consolidated financial statements included in the Company's 2009 Annual Report.

3. CHANGES IN ACCOUNTING POLICIES

In January 2009, the Canadian Institute of Chartered Accountants issued the following new standards:

Sections 1582 "Business Combinations", Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-controlling interests".

Section 1582 replaces Handbook section 1581 "Business Combinations" and sections 1601 and 1602 together replace Handbook section 1600 "Consolidated Financial Statements". The adoption of section 1582, and collectively, 1601 and 1602 provides the Canadian equivalent to International Financial Reporting Standard ("IFRS") 3 "Business Combinations" and International Accounting Standards (IAS) 27 "Consolidated and Separate Financial Statements", respectively.

CICA 1582 applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. CICA 1601 and CICA 1602 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011.

The Company has early adopted these new rules effective from January 1, 2010. There was no material impact on the consolidated financial statements as a result of this adoption.

4. INVESTMENT

Investments are mainly comprised of the 9 million shares of Goldgroup Resources Inc., with a fair value of \$6.3 million as at March 31, 2010 (December 31, 2009 - \$6.3 million).

5. LOAN RECEIVABLE

As at March 31, 2010, the Company has a promissory note of \$3 million due on May 31, 2010 from Goldgroup Resources Inc ("Goldgroup"). The promissory note is secured by the shares of 0788598 BC Ltd which was sold to Goldgroup and bears interest at 1% per month on the unpaid balance, effective from March 27, 2010.

6. FIXED ASSETS, NET

March 31, 2010

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Furniture and office equipment	\$ 558,900	\$ (446,828)	\$ 112,071
Vehicles	128,089	(29,502)	98,587
Field equipment	<u>472,556</u>	<u>(249,427)</u>	<u>223,129</u>
	<u>\$ 1,159,545</u>	<u>\$ (725,757)</u>	<u>\$ 433,787</u>

December 31, 2009

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Furniture and office equipment	\$ 558,900	\$ (432,627)	\$ 126,273
Vehicles	148,077	(46,411)	101,666
Field equipment	<u>472,556</u>	<u>(237,840)</u>	<u>234,716</u>
	<u>\$ 1,179,533</u>	<u>\$ (716,878)</u>	<u>\$ 462,655</u>

7. MINERAL PROPERTIES

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

	March 31, 2010	December 31, 2009
Canada		
GJ/Kinaskan	\$ 261,552	\$ 261,552
Zymo	-	108,000
South America		
JoseMaria	10,782,396	10,782,396
Los Helados	2,713,261	2,713,261
Lirio	70,228	70,228
Africa		
Hambok	12,145,572	12,145,572
Total	<u>\$ 25,973,009</u>	<u>\$ 26,081,009</u>

(a) CANADIAN PROPERTIES

Zymo Property, B.C.

In April 2010 the Company relinquished the option with Eastfield Resources Ltd. to earn up to a 75% interest in the Zymo Property. Accordingly \$108,000 of acquisition costs were written off to operations in the three months ended March 31, 2010.

(b) SOUTH AMERICAN PROPERTIES

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

The Vicuna JEA covers a large land package located in Argentina and Chile (the "Vicuna 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 Vicuna Properties is subject to underlying agreements.

The remainder of the property, including the Los Helados, subject to the Vicuna JEA was acquired by staking and is held directly by the partners. As at March 31, 2010 Jogmec owes the Company \$34,062 for its share of expenditures on the Vicuna JEA.

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

The Josemaria JEA is an agreement dated March 16, 2009 whereby Jogmec has the option to earn 40% of the Company's interest in the two properties (Lirio-Josemaria Portion and Batidero) that jointly comprise Josemaria. Jogmec can earn its interest by: paying the Company US\$1 million (paid) and making US\$6.13 million (US\$1.7 million spent to December 31, 2009) in exploration expenditures over three years. If Jogmec earns its interest, the partners will fund ongoing expenditure pro-rata to their ownership interest. The amount due from Jogmec at March 31, 2010 in respect of its share of exploration expenditures on Jose Maria was \$25,222.

The Batidero property is owned 75% by the Company and 25% by TNR Gold. As at March 31, 2010, TNR owes the Company \$5,017 for its share of expenditures.

(c) AFRICAN PROPERTIES

Burkina Faso properties:

On April 7, 2010 the Company signed a non-binding Letter of Intent to sell its Burkina Faso subsidiary to Indigo Exploration Inc ("Indigo"). The consideration for the transaction is \$65,000 in cash and 3,000,000 shares of Indigo. The number of shares to be issued will be adjusted upward if the value upon closing is less than \$450,000. The transaction is subject to completion of due diligence by Indigo and the parties completing a definitive agreement. The transaction is expected to close in the second quarter of 2010.

8. EXPLORATION COSTS AND PROJECT INVESTIGATION

	GJ, Kinaskan and Zymo Canada	Caballo Blanco Mexico	South America	Africa	Other	Total
Exploration Expenditures for the Three months ended March 31, 2010						
Camp costs	\$ -	\$ -	\$ -	\$ 32,279	\$ -	\$ 32,279
Drilling	-	-	517,744	127,500	-	645,244
Environmental & community relation	-	-	20,592	-	-	20,592
Expediting and project supervision	-	-	-	142,363	-	142,363
Field supplies and equipment	-	-	-	75,508	-	75,508
Field salaries and contract labour	-	-	(31,974)	126,964	-	94,990
Consulting	-	-	-	-	-	-
Geological, geophysical & geochemical	875	-	62,102	55,681	-	118,658
Trenching	-	-	-	-	-	-
Roadwork	-	-	185,734	-	-	185,734
Helicopter	-	-	-	-	-	-
Maps, survey, staking and reports	2,888	-	-	-	-	2,888
Office miscellaneous	-	-	37,554	69,510	-	107,064
Licenses , fees and access rights	38,063	-	64,227	4,151	-	106,441
Professional	-	-	160,108	57,240	-	217,348
Stock based compensation	-	-	-	-	-	-
Vehicles, transport and travel	-	-	99,425	41,978	-	141,403
Value Added Tax	-	-	87,908	-	-	87,908
Proceeds	-	-	-	(125,000)	-	(125,000)
Total for the period	\$ 41,826	\$ -	\$ 1,203,420	\$ 608,174	\$ -	\$ 1,853,420
Exploration Expenditures for the three months ended March 31, 2009						
Assaying	\$ -	\$ (12,964)	\$ -	\$ -	\$ 750	\$ (12,214)
Camp costs	62	38,079	-	-	-	38,141
Drilling	-	553,713	-	-	-	553,713
Environmental & community relation	3,353	2,747	-	-	-	6,100
Expediting and project supervision	(3,296)	(9,292)	-	-	-	(12,588)
Field supplies and equipment	2	1,316	-	-	-	1,318
Field salaries and contract labour	-	160,489	-	-	-	160,489
Consulting	495	(6,095)	-	-	-	(5,600)
Geological, geophysical & geochemical	7,469	54,143	-	-	-	61,612
Roadwork	-	43,447	-	-	-	43,447
Helicopter	-	-	-	-	-	-
Maps, staking and reports	536	58,722	-	-	-	59,258
Office miscellaneous	(4,855)	85,471	-	-	-	80,616
Licenses, fees and access rights	4,855	10,121	-	-	-	14,977
Professional	-	78,347	-	-	-	78,347
Stock based compensation	8,371	11,417	-	-	-	19,788
Survey	-	-	-	-	-	-
Transport and travel	-	26,066	-	-	-	26,066
Total for the period	\$ 16,992	\$ 1,095,727	\$ -	\$ -	\$ 750	\$ 1,113,470

9. SHARE CAPITAL

(a) Authorized:

Unlimited number of common shares with no par value.

(b) Issued and outstanding:

Common shares	Number of Shares	Share Capital Amount	Contributed Surplus Amount
Balance, March 31, 2009	58,108,286	\$113,522,946	\$ 2,574,503
Issued for 100% of Suramina shares	52,227,705	17,235,143	-
Issued for 100% of Sanu shares	23,825,075	12,150,788	-
Stock options exercised	269,075	142,610	-
Transfer of contributed surplus	-	23,267	(23,267)
Stock based compensation	-	-	132,584
Sanu replacement options	-	-	302,274
Private placement, net	<u>12,428,571</u>	<u>8,406,000</u>	-
Balance, December 31, 2009	146,858,712	\$151,480,754	\$ 2,986,094
Stock options exercised	42,937	22,756	-
Transfer of contributed surplus	-	10,244	(10,244)
Stock based compensation	-	-	<u>380,587</u>
Balance, March 31, 2010	<u>146,901,649</u>	<u>\$151,513,754</u>	<u>\$ 3,356,437</u>

(c) Incentive stock options issued and outstanding are as follows:

The Company has a rolling stock option plan, approved by shareholders on September 15, 2008, 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 continuity of incentive stock options issued and outstanding is as follows:

	Number of Shares	Weighted-average exercise price
Outstanding at March 31, 2009	2,554,000	\$1.60
Granted	6,317,899	\$0.98
Exercised	(269,075)	\$0.53
Forfeited/Expired	<u>(1,281,535)</u>	\$1.53
Outstanding at December 31, 2009	7,321,289	\$1.12
Exercised	(42,937)	\$0.53
Forfeited/Expired	<u>(198,430)</u>	\$1.25
Outstanding at March 31, 2010	<u>7,079,922</u>	\$1.12
Exercisable at March 31, 2010	<u>4,022,422</u>	\$1.45

The Company uses the Black-Scholes option pricing model in calculating the fair value of stock options. The fair value of the stock options granted with the following assumptions:

	Year ended <u>December 31, 2009</u>
Dividend Yield	0%
Average risk free interest rate	1.82%
Expected volatility	82.74%
Expected life of option	3.3 years

The fair values of stock options with vesting provisions are amortized on a straight-line basis as stock-based compensation expenses over the applicable period.

The following summarized the stock options outstanding as at March 31, 2010:

Range of Exercise Prices (CDN\$)	Outstanding Options			Exercisable Options		
	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price
\$0.53 - \$1.00	3,707,286	4.12	\$ 0.67	649,786	1.53	\$ 0.53
\$1.01 - \$1.30	1,937,757	0.75	1.25	1,937,757	0.75	1.25
\$1.31 - \$2.80	1,434,879	1.06	2.12	1,434,879	1.06	2.12
	<u>7,079,922</u>	2.58	\$ 1.12	<u>4,022,422</u>	0.99	\$ 1.45

(d) Share purchase warrants:

As at March 31, 2010 the following warrants were outstanding:

Exercise Price	Expiry date	Number of Warrants
CDN\$ 1.66	Jun 24, 2010	14,312
CDN\$ 1.44	Oct 20, 2010	<u>14,312</u>
		<u>28,614</u>

10. RELATED PARTY TRANSACTIONS

In addition to items noted elsewhere in these consolidated financial statements, during the three months ended March 31, 2010, the Company incurred:

- (a) management fees of \$135,000 (2009 - \$84,000) to a company controlled by a director pursuant to an agreement for services and office facilities, which is renewable on August 1, 2011. At March 31, 2010, \$65,662 (December 31, 2009 - \$3,395) was due to this company and included in amounts due to related parties.
- (b) \$2,625 for technical services to a company related by directors in common. At March 31, 2010, \$2,625 was due to this company in respect of technical services and expenses incurred.

In the year ended December 31, 2009 the Company incurred:

- (a) legal fees of \$89,280 to a law firm of which a partner was a director of the Company. At December 31, 2009, \$56,760 was due to this law firm and included in amounts due to related parties.
- (b) a donation of \$87,000 to Lundin for Africa Foundation, a charitable organization with two directors in common. At December 31, 2009, \$87,000 was due to this Foundation and is included in amounts due to related parties.

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.

11. SEGMENTED INFORMATION

The Company's only business activity is the exploration for and development of minerals reserves in North and South America and Africa. Segmented information about mineral properties is disclosed elsewhere in these consolidated financial statements (Note 7). The Company's fixed assets are primarily located in Argentina.

12. CONTINGENCY

Suramina's subsidiary, Desarrollo de Prospectos Mineros SA "DPM", has received a claim in January 2009 from the Banco Central de la Republica 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 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 at this early stage. DPM will continue to defend its position.