

APPENDIX 1

NGEx RESOURCES INC.

The following matrix indicates how the Corporation's system of corporate governance aligns with **NATIONAL INSTRUMENT 58-101 – Disclosure of Corporate Governance Practices (the "Governance Disclosure Rule")** and **NATIONAL POLICY 58-201 – Corporate Governance Guidelines (the "Governance Guidelines")**.

Required Disclosure of Corporate Governance Practices		Response
1. Board of Directors		
(a) Disclose the identity of directors who are independent.		The Board is currently comprised of five directors; namely, Messrs. Lukas H. Lundin, William A. Rand, Paul K. Conibear, David F. Mullen and Wojtek A. Wodzicki. With the assistance of the Corporate Governance and Nominating Committee, the Board has considered the relationship to the Corporation of each of the nominees for election by Shareholders and has determined that, four of the five directors; namely, Messrs. Lundin, Rand, Conibear and Mullen are independent for the purposes of Board membership.
(a) Disclose the identity of directors who are not independent and describe the basis for that determination.		Mr. Wodzicki is not considered to be independent as he is President and Chief Executive Officer of the Corporation.
(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgment in carrying out its responsibilities.		A majority of the directors are independent for the purposes of Board membership.
(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.		All of the directors of the Corporation are directors and/or officers of other reporting issuers (see Schedule A to this Appendix 1 for details).
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.		The Board has functioned, and is of the view that it can continue to function, independently of management, as required. The Board and its committees meet independent of management, where needed, but do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. In addition to the standing Committees of the Board, independent committees are appointed from time to time, when appropriate. At each meeting of the Board a determination is made as to whether an in-camera session, without management present, is required.
(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.		The Board has appointed Mr. Lukas H. Lundin as chair of the board. Mr. Lundin is considered an independent director within the meaning of the Governance Guidelines. The Board has also appointed Mr. William A. Rand as lead director. The lead director presides over meetings of the directors. The role of the lead director is to act as effective leader of the Board, to ensure that the Board's agenda will enable it to successfully carry out its duties, and to provide leadership for the Board's independent directors. The Board has established a formal position description for the lead director which includes acting as liaison between the Board and management to ensure that relationships between the Board and management are conducted in a professional and constructive manner. This involves working with the Chief Executive Officer to ensure that the conduct of Board meetings provides adequate time for serious discussion of relevant issues and that the Corporation is building a healthy governance culture.
(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.		See Schedule B to this Appendix 1 for details.

2. Board Mandate – Disclose the text of the board’s written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.		A copy of the Board’s written mandate, which sets out the responsibilities and duties of the directors, is attached as Schedule C to this Appendix.1
3. Position Descriptions		
(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.		The Board has developed written position descriptions for the chair and the chair of each board committee, as well as for the Lead Director.
(b) Disclose whether or not the board and the CEO have developed a written description for the CEO. If the board and the CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.		The Board has developed a written position description for the CEO and has defined the extent and limits of management’s responsibility generally and specifically, those responsibilities of the CEO.
4. Orientation and Continuing Education		
(a) Briefly describe what measures the board takes to orient new directors regarding: the role of the board, its committees and its directors; and the nature and operation of the issuer’s business.		The Corporate Governance and Nominating Committee is responsible for ensuring that new directors are provided with an orientation package that includes, among other things, information about the duties and obligations of directors (including copies of the Board mandate, committee charters and corporate policies), the business and operations of the Corporation and documents from recent Board meetings. Directors have full access to officers and employees of the Corporation and may arrange meetings either directly or through the President and CEO. Management provides briefings to directors with respect to the business and operations of the Corporation at every scheduled Board meeting.
(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.		All directors are expected to pursue educational opportunities as appropriate to enable them to perform their duties as directors. The Corporation will make available appropriate funding to directors to attend seminars or conferences relevant to their position as directors of the Corporation. The Corporation’s outside legal counsel also provides directors and senior officers with summary updates of any developments relating to the duties and responsibilities of directors and officers and corporate governance matters.
5. Ethical Business Conduct		
(a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:		The Corporation has a written Code of Business Conduct and Ethics (the “Code”) for directors, officers and employees of the Corporation and its subsidiaries.
(i) disclose how a person or company may obtain a copy of the code;		The Code is available on the Corporation’s website and has been filed on and is accessible through SEDAR at www.sedar.com .
(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and		Directors, officers or employees who have concerns or questions about violations of laws, rules or regulations, or of the Code, are required to report them to the Corporate Secretary or to the chair of the Corporation’s Audit Committee. Following receipt of any complaints, the Corporate Secretary or chair of the Audit Committee, as the case may be, will investigate each matter so reported and report to the Audit Committee. The Audit Committee will have primary authority and responsibility for the enforcement of this Code, subject to the supervision of the Board of Directors. The Corporation encourages all directors, officers, and employees to report promptly any suspected violation of the Code to the Corporate Secretary or chair of the Audit Committee.
(iii) provide a cross-reference to any material change report filed since the beginning of the issuer’s most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.		The Board has not granted any waiver of the Code in favour of a director or NEO during 2010 and, accordingly, no material change report has been required.

(b) Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.		Directors with an interest in a material transaction are required to declare their interest and abstain from voting on such transactions. A thorough discussion of the documentation related to a material transaction is required for review by the Board, particularly independent directors.
(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.		The Audit Committee has also established Policy and Procedures for the Receipt, Retention and Treatment of Complaints Regarding Accounting or Auditing Matters (the “ Internal Alert Policy ”) to encourage employees, officers and directors to raise concerns regarding accounting, internal controls or auditing matters, on a confidential basis free from discrimination, retaliation or harassment. In addition to the general complaint procedure set out in 5(a)(ii) above, under the Internal Alert Policy, anonymous complaint regarding a questionable accounting or auditing matter may be forwarded directly to the chair of the Audit Committee.
6. Nomination of Directors		
(a) Describe the process by which the board identifies new candidates for board nomination.		The Board has established a Corporate Governance and Nominating Committee, which has the primary responsibility for identifying prospective Board members. The Committee coordinates the search for qualified candidates with input from management and other Board members, giving careful consideration to the competencies and skills that the Board as a whole should possess, and the skills and experience of existing Board members. Other factors are considered which may include the ability of the individual candidate to contribute on an overall basis, the ability of the individual to contribute sufficient time and resources to the Board, as well as the individual’s direct experience with public companies in general and mining companies, in particular. The Committee will recommend a nominee and seek full Board endorsement of the selected candidate.
(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.		The Corporate Governance and Nominating Committee is comprised of three directors, all of whom are independent within the meaning of the Governance Guidelines.
(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.		The Corporate Governance and Nominating Committee has the primary responsibility for identifying prospective Board members, to establish criteria for Board committee membership, to recommend composition of the Board and its committees and, as circumstances arise, assess directors’ performance. (See “Other Board Committees” for a full description of the responsibilities and operation of the Corporate Governance and Nominating Committee.)
7. Compensation		
(a) Describe the process by which the board determines the compensation for the issuer’s directors and officers.		Reference is made to the disclosure contained in the Circular to which this Appendix 1 is attached under the section entitled “Compensation Discussion and Analysis”.
(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. Describe what steps the board takes to ensure an objective process for determining such compensation.		The Compensation Committee is comprised of three directors, all of whom are independent directors within the meaning of the Governance Guidelines.
(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.		Reference is made to the disclosure contained in the Circular to which this Appendix 1 is attached under the heading “Role of the Compensation Committee” in the section entitled “Compensation Disclosure and Analysis”.
(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer’s most recently completed financial year, been retained to assist in determining compensation for any of the issuer’s directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.		The Corporation has not retained a compensation consultant or advisor at any time since the beginning of the issuer’s most recently completed financial year to assist in determining compensation for any of the issuer’s directors and officers.

<p>8. Other Board Committees – If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>In addition to the Audit Committee and the Compensation Committee, the Board has established the Corporate Governance and Nominating Committee.</p> <p>The Corporate Governance and Nominating Committee (“CGNC”) is responsible for developing and monitoring the Corporation’s approach to corporate governance issues and has primary responsibility for identifying prospective Board members. The CGNC, among other things, oversees the effective functioning of the Board and oversees the relationship between the Board and management. The CGNC has been mandated to annually review and make recommendations to the Board with respect to: (i) the size and composition of the Board; (ii) the appropriateness of the committees of the Board; and (iii) the contribution of individual directors. The Committee is required to meet at least annually and to report to the Board following its meetings. The CGNC has the authority to to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.</p>
<p>9. Assessments – Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.</p>	<p>The CGNC is responsible for reviewing director performance and the appropriate skills and characteristics required of Board members in the context of the current make up of the Board and identifying any perceived needs on an annual basis.</p>