

INTERIM CONDENSED FINANCIAL STATEMENTS OF

SGX RESOURCES INC.

March 31, 2012
(unaudited)

SGX RESOURCES INC.

Statements of Financial Position
(unaudited)

	As at March 31, 2012	As at December 31, 2011
ASSETS		
Current assets		
Cash	\$ 10,650,500	\$ 593,653
Share subscriptions	-	246,174
GST/HST recoverable	326,459	397,172
Prepaid expenses	17,378	21,808
	<u>10,994,337</u>	<u>1,258,807</u>
Mining claims (note 3)	<u>1,386,325</u>	<u>1,386,325</u>
	<u>\$ 12,380,662</u>	<u>\$ 2,645,132</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 701,487	\$ 874,393
Flow-through share premium	807,021	234,409
	<u>1,508,508</u>	<u>1,108,802</u>
Equity	<u>10,872,154</u>	<u>1,536,330</u>
	<u>\$ 12,380,662</u>	<u>\$ 2,645,132</u>

Approved by the Board:

"Hugh Wynne" Director

"Michael Power" Director

SGX RESOURCES INC.

Statements of Net Loss and Comprehensive Loss
(unaudited)

	Three months ended March 31,	
	2012	2011
Exploration expenditures	\$ 947,416	\$ 1,650,679
General and administrative	359,628	160,846
Mining claims	-	47,500
Net loss before interest income and income tax	(1,307,044)	(1,859,025)
Interest income	135	4,362
Net loss before income tax	(1,306,909)	(1,854,663)
Future income tax benefit (note 8)	66,003	289,215
Net loss and comprehensive loss	<u>\$ (1,240,906)</u>	<u>\$ (1,565,448)</u>
Net loss per share - basic and diluted (note 7)	<u>\$ (0.02)</u>	<u>\$ (0.03)</u>

SGX RESOURCES INC.

Statements of Changes in Equity
(unaudited)

	<u>Share capital</u>	<u>Contributed surplus</u>	<u>Deficit</u>	<u>Total</u>
Balance December 31, 2010	\$ 7,460,792	\$ 1,751,764	\$ (5,673,483)	\$ 3,539,073
Exercise of warrants	15,083	(1,883)	-	13,200
Net loss	-	-	(1,565,448)	(1,565,448)
Balance March 31, 2011	\$ 7,475,875	\$ 1,749,881	\$ (7,238,931)	\$ 1,986,825
Private placement	2,890,000	-	-	2,890,000
Proceeds allocated to warrants issued	(92,683)	92,683	-	-
Proceeds allocated to flow-through share premium	(215,000)	-	-	(215,000)
Issued for flow-through indemnification	790,966	-	-	790,966
Proceeds allocated to flow-through share premium	(63,277)	-	-	(63,277)
Issued to San Gold Corporation	483,350	-	-	483,350
Issued for mining claims	134,980	-	-	134,980
Exercise of warrants	615,640	(76,841)	-	538,799
Share issue costs	(144,131)	-	-	(144,131)
Options granted	-	507,727	-	507,727
Options cancelled	-	(37,152)	37,152	-
Warrants expired	-	(1,055,661)	1,055,661	-
Net loss	-	-	(5,373,909)	(5,373,909)
Balance December 31, 2011	\$ 11,875,720	\$ 1,180,637	\$ (11,520,027)	\$ 1,536,330
Private placement	12,051,428	-	-	12,051,428
Proceeds allocated to warrants issued	(2,705,368)	2,705,368	-	-
Proceeds allocated to flow-through share premium	(638,615)	-	-	(638,615)
Exercise of warrants	63,538	(7,105)	-	56,433
Exercise of options	185,828	(65,328)	-	120,500
Share issue costs	(1,013,016)	-	-	(1,013,016)
Options cancelled	-	(18,752)	18,752	-
Net loss	-	-	(1,240,906)	(1,240,906)
Balance March 31, 2012	<u>\$ 19,819,515</u>	<u>\$ 3,794,820</u>	<u>\$ (12,742,181)</u>	<u>\$ 10,872,154</u>

SGX RESOURCES INC.

Statements of Cash Flows
(unaudited)

	Three months ended March 31,	
	2012	2011
Cash flows from operating activities		
Interest received	\$ 135	\$ 4,362
Payments to suppliers	(1,404,807)	(1,500,249)
	(1,404,672)	(1,495,887)
Cash flows from financing activities		
Proceeds from share capital	12,297,602	-
Proceeds from warrants exercised	56,433	13,200
Proceeds from options exercised	120,500	-
Share issue costs	(1,013,016)	-
	11,461,519	13,200
Cash flows from investing activities		
Change in short-term investments	-	(1,108,933)
	-	(1,108,933)
Change in cash	10,056,847	(2,591,620)
Cash, beginning of period	593,653	2,808,656
Cash, end of period	<u>\$ 10,650,500</u>	<u>\$ 217,036</u>

SGX RESOURCES INC.

Notes to the Interim Condensed Financial Statements
For the three months ended March 31, 2012 and 2011
(unaudited)

1. Organization:

SGX Resources Inc. (the "Company") was incorporated under the Canada Business Corporations Act on December 5, 2008. The Company acquires, explores, and develops mineral properties in the Timmins region of Ontario, Canada.

The Company's corporate head office is located at 646 Erin Street, Winnipeg, Manitoba, R3G 2V9. The registered office of the Company is Aikins, MacAulay & Thorvaldson LLP, 30th Floor, 360 Main Street, Winnipeg, MB R3C 4G1. The Company is listed on the TSX Venture Exchange. The Company's common shares trade under the symbol "SXR".

SGX Resources Inc. (the "Company") is a listed public company, incorporated and domiciled in Canada. The address of the Company's corporate head office is 646 Erin Street, Winnipeg, Manitoba, R3G 2V9. The registered office of the Company is Aikins, MacAulay & Thorvaldson LLP, 30th floor, 360 Main Street, Winnipeg, Manitoba, R3C 4G1.

For the three months ended March 31, 2012, the Company had a loss of \$1,240,906 (March 31, 2011 - \$1,565,448) and a deficit of \$12,742,181 (December 31, 2011 - \$11,520,027). In addition to ongoing working capital requirements, the Company may be required to secure sufficient funding for exploration and development programs, general and administration costs. Although management may have been successful in the past in undertaking financings, there can be no assurance that management will be able to do so in the future on terms acceptable to the Company.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of operations for the foreseeable future. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and statement of financial position classifications that may be necessary were the going concern assumption inappropriate. These adjustments could be material.

The Company's interim condensed financial statements for the three months ended March 31, 2012, were authorized for issue by the Board of Directors on May 28, 2012, after which date the interim condensed financial statements may only be amended with Board of Directors approval.

2. Summary of significant accounting policies:

a) Basis of presentation:

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. Accordingly, certain disclosures included in the annual financial statements prepared in accordance with IFRS as issued by the IASB have been condensed or omitted and these interim financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2011. The accounting policies applied in preparation of these interim financial statements are consistent with those applied and disclosed in the Company's audited annual financial statements for the year ended December 31, 2011.

These interim financial statements are presented in Canadian dollars, which is also the Company's functional currency as it is the currency of the primary economic environment in which the transactions are undertaken. All reference to dollars (\$) are to Canadian dollars unless otherwise noted. The financial statements have been prepared on a historical cost basis, except for short-term investments.

SGX RESOURCES INC.

Notes to the Interim Condensed Financial Statements
For the three months ended March 31, 2012 and 2011
(unaudited)

2. Summary of significant accounting policies (continued):

b) Accounting estimates

The preparation of interim financial statements in conformity with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the interim financial statements and the reported amounts of revenues and expenses during the reporting period. The critical accounting estimates and judgments applied in the preparation of the Company's interim financial statements are consistent with those applied and disclosed in the Company's audited annual financial statements for the year ended December 31, 2011.

c) Recent accounting pronouncements

The following new or amended standards have been issued by the IASB:

- IFRS 9, "Financial instruments" (IFRS 9) was issued by the IASB and will replace IAS 39, "Financial Instruments: Recognition and Measurement" (IAS 39). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2015 with earlier application permitted.
- IFRS 10, "Consolidated Financial Statements" (IFRS 10), replaces IAS 27, "Consolidated and Separate Financial Statements" and SIC-12, "Consolidation - Special Purpose Entities". IFRS 10 provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. IFRS 10 is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted.
- IFRS 11, "Joint Arrangements" (IFRS 11), supersedes IAS 31, "Interests in Joint Ventures" and SIC-13, "Jointly Controlled Entities-Non-monetary Contributions by Venturers". IFRS 11 establishes principles for the financial reporting by parties to a joint arrangement. IFRS 11 is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted.
- IFRS 12, "Disclosure of Interests in Other Entities" (IFRS 12) combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted.
- In conjunction with IFRS 10, IFRS 11 and IFRS 12, the IASB also issued amended and retitled IAS 27, "Separate Financial Statements" and IAS 28, "Investments in Associates and Joint Ventures", effective for annual periods beginning on or after January 1, 2013 with earlier application permitted.
- IFRS 13, "Fair Value Measurement" defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted.

The Company is currently evaluating the impact of the new standards on its consolidated financial statements.

SGX RESOURCES INC.

Notes to the Interim Condensed Financial Statements
For the three months ended March 31, 2012 and 2011
(unaudited)

3. Mining claims:

Partner	Location	Agreement entered	March 31, 2012 Carrying Value	Commitment for option
Bristol-Carscallen Claims	Timmins, Ontario 15 claims	May 2008	\$619,700 (December 31, 2011 - \$619,700) 2% net smelter return with the right to buy back 1% for \$1,000,000	\$150,000 and 60,000 shares of San Gold Corporation on or before July 21, 2012. Additionally, an exploration commitment of \$450,000 over a three-year period ending in 2011.
Croxall, Kangas, Miller, Salo, Bryant Claims	Timmins Ontario 36 claims	May 2010	\$55,185 (December 31, 2011 - \$55,185) 2% net smelter return with the right to buy back 1% for \$1,000,000 multiplied by the percentage increase in the CPI from the month the property is transferred to the Company to the month the net smelter return is purchased	\$25,000 and 84,000 shares of the Company on or before May 11, 2012, \$50,000 and 262,000 shares of the Company on or before May 11, 2013. There is no required work commitment from the Company pursuant to the agreement.
Shoreacres claim	Timmins, Ontario 1 claim	May 2010	\$105,000 (December 31, 2011 - \$105,000) 2% net smelter return with the right to buy back 1% for \$1,500,000	\$25,000 and 100,000 shares of the Company on or before May 17, 2012, \$37,500 and 150,000 shares of the Company on or before May 17, 2013 and \$62,500 and 250,000 shares of the Company on or before May 17, 2014 There is no required work commitment from the Company pursuant to the agreement
San Gold Corporation	Timmins, Ontario 50% interest in 18 claims	September 2010	\$404,000 (December 31, 2011 - \$404,000)	The properties have a 5% net profits interest with Talisman Energy Inc., and a net profits interest acquisition agreement with Falconbridge Limited where Falconbridge Limited is entitled to a one-time cash payment of 0.1% of the gold price set forth in a feasibility study leading to production on the claims multiplied by the number of recoverable ounces of gold identified in the feasibility study due at the commencement of commercial production as defined by the agreement. Falconbridge Limited is also entitled to a 0.5% net smelter royalty on all ounces produced over and above those identified in the feasibility study.
2205730 Ontario Inc.	Timmins, Ontario 3 claims	September 2010	\$23,040 (December 31, 2011 - \$23,040) 1% net smelter return with the right to buy back 0.5% for \$1,000,000	There is no required work commitment from the Company pursuant to the agreement.

SGX RESOURCES INC.

Notes to the Interim Condensed Financial Statements
For the three months ended March 31, 2012 and 2011
(unaudited)

3. Mining claims (continued):

Partner	Location	Agreement entered	December 30, 2011 Carrying Value	Commitment for option
Rousseau, Rochon Claims	Timmins, Ontario 3 claims	November 2010	\$82,000 (December 31, 2011 - \$82,000) 2% net smelter return with the right to buy back 1% for \$1,000,000	\$40,000 and 100,000 shares of the Company on or before November 4, 2012. Additionally, an exploration commitment of \$100,000 over two years.
Cunnison, Londry, Pyke and Rair Claims	Timmins, Ontario 2 claims	January 2011	\$nil (December 31, 2011 - \$nil) 3% net smelter return to January 13, 2016 with the right to buy back 2% for \$1,000,000, if 2% buy back not exercised 5% subsequent to January 13, 2016 with the right to buy back 2% for \$1,000,000	\$20,000 and 100,000 shares of the Company on or before January 13, 2013, \$40,000 on or before January 13, 2014, \$60,000 on or before January 13, 2015 and \$80,000 and 100,000 shares of the Company on or before January 13, 2016. Additionally, an exploration commitment of \$500,000 before January 3, 2016 with a drilling commitment of 1000 metres by January 13, 2013.
Creighton Claims	Timmins, Ontario 1 claim	September 2011	\$23,800 (December 31, 2011 - \$23,800) 2.2% net smelter return with the right to buy back 1% for \$1,000,000.	\$60,000 and 60,000 shares of the Company on or before September 8, 2012 and \$100,000 and 150,000 shares of the Company on or before September 8, 2013. Additionally, an exploration commitment of \$250,000 before September 8, 2012, an additional \$400,000 before September 8, 2013 and an additional \$500,000 before September 8, 2014.
Salo Claims	Timmins, Ontario 5 claims	December 2011	\$38,000 (December 31, 2011 - \$38,000) 2% net smelter return with the right to buy back 1% for \$1,000,000	There is no required work commitment from the Company pursuant to the agreement.
Bremner Claims	Timmins, Ontario 4 claims	December 2011	\$35,600 (December 31, 2011 - \$35,600) 2% net smelter return with the right to buy back 1% for \$1,000,000	There is no required work commitment from the Company pursuant to the agreement.
Total			\$1,386,325 (December 31, 2011 - \$1,386,325)	

The Company agreed to enter into a right of first refusal agreement with San Gold Corporation. Pursuant to the agreement, the Company granted to San Gold a right of first refusal with respect to the sale by the Company of any of the Company's interest in the option agreements, the properties or any mineral property or any interest in any mineral property held by the Company. The agreement requires that until December 4, 2014, the Company must first offer to San Gold Corporation the Company's interest in the option agreements, the properties or any mineral property or interest in any mineral property held by the Company that the Company desires to sell before selling to a third party, on terms and conditions that are the same as those contained in the offer to San Gold Corporation.

SGX RESOURCES INC.

Notes to the Interim Condensed Financial Statements
For the three months ended March 31, 2012 and 2011
(unaudited)

4. Share capital:

Authorized:

Unlimited number of common shares

Issued:

102,923,191 common shares

(December 31, 2011 - 79,439,736)

	March 31, 2012		December 31, 2011	
	Number of shares	Amount	Number of shares	Amount
Share capital, beginning of period	79,439,736	\$ 11,875,720	60,797,621	\$ 7,460,792
Private placement	22,908,050	12,051,428	11,500,000	2,675,000
Proceeds allocated to warrants issued	-	(2,705,368)	-	(92,683)
Proceeds allocated to flow through premium	-	(638,615)	-	-
Issued for flow-through indemnification	-	-	3,163,864	727,689
Issued to San Gold Corporation	-	-	1,636,256	483,350
Issued for mining claims	-	-	502,000	134,980
Exercise of warrants	125,405	63,538	1,839,995	630,723
Exercise of options	450,000	185,828	-	-
Share issue costs	-	(1,013,016)	-	(144,131)
Share capital, end of period	102,923,191	\$ 19,819,515	79,439,736	\$ 11,875,720

5. Share options:

The Company may grant options to directors, officers, employees, and technical consultants of the Company. The maximum number of shares reserved for issuance under all securities compensation arrangements is limited to 10% of the total number of issued and outstanding shares exercisable for a period of up to 10 years. The maximum number of shares that may be issued to any officer, director or employee shall not exceed 5% of the total number of issued and outstanding shares. The maximum number of shares that may be issued to technical consultants, including investor relation consultants, shall not exceed 2% of the total number of issued and outstanding shares.

During the year ended December 31, 2011, the fair value of each share option grant is estimated on the date of the grant using the Black-Scholes option-pricing model with the following assumptions used for the grant: dividend yield of 0%, expected volatility of 89% to 108%, risk free interest rate of 1.26% to 2.14% and expected life of 1,825 days.

SGX RESOURCES INC.

Notes to the Interim Condensed Financial Statements
For the three months ended March 31, 2012 and 2011
(unaudited)

5. Share options (continued):

A summary of the status of the Company's outstanding options as of March 31, 2012 and December 31, 2011 and changes during the periods then ended are as follows:

	March 31, 2012	Average Price	December 31, 2011	Average Price
Options, beginning of the period	6,350,000	\$ 0.26	3,900,000	\$ 0.25
Options issued	-	-	2,700,000	0.27
Options exercised	(450,000)	0.27	-	-
Options cancelled	(150,000)	0.26	(250,000)	0.27
	<u>5,750,000</u>	<u>\$ 0.26</u>	<u>6,350,000</u>	<u>\$ 0.26</u>
Options outstanding and vested, end of period				
	<u>5,750,000</u>	<u>\$ 0.26</u>	<u>6,350,000</u>	<u>\$ 0.26</u>
Weighted average remaining life (years)	<u>3.69</u>		<u>4.09</u>	

The share options outstanding as at March 31, 2012 are:

Exercise price	Number outstanding and vested	Remaining outstanding contractual life (years)
\$ 0.25	3,100,000	3.18
0.30	100,000	3.41
0.27	2,350,000	4.30
0.24	200,000	4.61
<u>\$ 0.26</u>	<u>5,750,000</u>	<u>3.69</u>

6. Warrants:

During the three months ended March 31, 2012 (year ended December 31, 2011), the fair value of each warrant grant is estimated on the date of the grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants: dividend yield of 0% (year ended December 31, 2011 - 0%), expected volatility of 123.68% (December 31, 2011 - 62%), risk free interest rate of 1.19% (December 31, 2011 - 2.24%), and expected life of 730 days (December 31, 2011 - 730 days).

SGX RESOURCES INC.

Notes to the Interim Condensed Financial Statements
For the three months ended March 31, 2012 and 2011
(unaudited)

6. Warrants (continued):

A summary of the status of the Company's outstanding warrants as of March 31, 2012 and December 31, 2011 and changes during the periods then ended are as follows:

	March 31, 2012	Average Price	December 31, 2011	Average Price
Warrants, beginning of the period	5,443,250	\$ 0.42	30,457,077	\$ 0.32
Warrants issued	11,454,025	0.63	1,500,000	0.35
Warrants exercised	(125,405)	0.45	(1,839,995)	0.30
Warrants expired	-	-	(24,673,832)	0.30
	<u>16,771,870</u>	<u>\$ 0.56</u>	<u>5,443,250</u>	<u>\$ 0.42</u>
Warrants outstanding and vested, end of period				
Weighted average remaining life (years)	<u>1.53</u>		<u>0.77</u>	

The warrants outstanding as at March 31, 2012 are:

Exercise price	Number outstanding and vested	Remaining outstanding contractual life (years)
\$ 0.45	3,817,845	0.30
0.35	1,500,000	1.07
0.60	5,480,000	2.00
0.65	5,974,025	2.00
<u>\$ 0.56</u>	<u>16,771,870</u>	<u>1.53</u>

7. Net loss per share:

The weighted average basic and diluted common shares outstanding for the three months ended March 31, 2012 and 2011 are 80,039,872 and 60,798,599 respectively. Net loss available to common shareholders for the three months ended March 31, 2012 and 2011 are \$1,240,906 and \$1,565,448 respectively. Outstanding options and warrants are anti-dilutive.

SGX RESOURCES INC.

Notes to the Interim Condensed Financial Statements
For the three months ended March 31, 2012 and 2011
(unaudited)

8. Income taxes:

Significant components of the Company's deferred income tax asset (liability) are as follows:

	<u>March 31, 2012</u>	<u>December 31, 2011</u>
Non-capital loss carryforward	\$ 643,100	\$ 537,400
Canadian exploration and development expense pools	1,177,300	921,600
Share issue costs	344,300	114,600
Mining claims	<u>(346,600)</u>	<u>(346,000)</u>
Deferred income tax asset	1,818,100	1,227,600
Valuation allowance	<u>(1,818,100)</u>	<u>(1,227,600)</u>
Deferred income tax asset, end of period	<u>\$ -</u>	<u>\$ -</u>

The Company has non-capital loss carry forward amounts available for income tax purposes of \$2,572,000 that expire \$9,000 in 2028, \$116,000 in 2029, \$162,000 in 2030, \$1,862,000 in 2031 and \$423,000 in 2032. The Company has \$4,632,500 (December 31, 2011 - \$3,658,000) of unused cumulative Canadian exploration and development costs available to offset future taxable income. The tax benefits pertaining to these expenses are available for carry forward indefinitely.

The Company has issued flow-through shares to finance certain of its exploration activities. The Company intends to renounce expenditures totaling the amount of the purchase price of the flow-through shares issued to the purchasing shareholders and as a result, tax deductibility of these costs will not be available to the Company. As at March 31, 2012, the Company had an obligation to spend \$2,046,000 (December 31, 2011 - \$2,930,113) of flow-through capital that was already renounced to shareholders. The Company also has an obligation to spend \$6,571,500 of flow-through capital that has not yet been renounced to shareholders.

9. Related party transactions:

Included in accounts payable is \$90,158 (December 31, 2011 - \$90,158) payable to San Gold Corporation for the issue of share capital by San Gold Corporation to meet certain mining claim commitments net of costs incurred by the Company on behalf of San Gold Corporation. San Gold Corporation owns approximately 28% (December 31, 2011 - 34%) of the common shares of the Company and exerts significant influence over the Company.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly and indirectly, include any director (whether executive or otherwise) of the Company. Total salaries and other short-term compensation expense for the three months ended March 31, 2012 is \$220,703 (March 31, 2011 - \$39,753).

SGX RESOURCES INC.

Notes to the Interim Condensed Financial Statements
For the three months ended March 31, 2012 and 2011
(unaudited)

10. Commitments:

The Company has entered into lease commitments for equipment and premises with minimum lease payments as follows:

Remainder of 2012	\$	43,920
2013		47,359
2014		21,764
2015		11,200

11. Capital management:

The Company's total capital of \$10,872,154 (December 31, 2011 - \$1,536,330) consists of \$19,819,515 (December 31, 2011 - \$11,875,720) of share capital, \$3,794,820 (December 31, 2011 - \$1,180,637) of contributed surplus and an offsetting deficit of \$12,742,181 (December 31, 2011 - \$11,520,027).

The Company's objectives when managing capital, which consists of shareholders' equity, are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital from time-to-time using a variety of measures. Monitoring procedures are typically performed as a part of the overall management of the Company's operations. The Company's strategy during the period, which was unchanged from the prior period, was to maintain its ability to secure access to financing at a reasonable cost. The requirements and terms of sources of capital cannot be predicted and change in ways the Company cannot predict.

12. Risk management and fair values:

Management's risk management policies are typically performed as a part of the overall management of the Company's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Company is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Company has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Company, management considers the avoidance of undue concentrations of risk. The risks and the actions taken to manage them include the following:

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company's main sources of liquidity are its operations and external borrowings. The funds are primarily used to finance working capital and capital expenditure requirements and are adequate to meet the Company's financial obligations associated with financial liabilities. Accounts payable are due within one year.

SGX RESOURCES INC.

Notes to the Interim Condensed Financial Statements
For the three months ended March 31, 2012 and 2011
(unaudited)

12. Risk management and fair values (continued):

Credit risk

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Company has credit policies to address credit risk on accounts receivable, which may include the analysis of the financial position of the debtor and review of credit limits. The Company also may review credit history before establishing credit and review credit performance. An allowance for doubtful accounts or other impairment provisions are established based upon factors surrounding credit risk, historical trends and other information.

A financial asset is past due when a debtor has failed to make a payment when contractually due. The Company has no financial assets that are past due and does not have an allowance for doubtful accounts receivable.

Market risk

Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. Changes in the applicable exchange rate may result in a decrease or increase in foreign exchange income or expense. The Company only enters into transactions in Canadian dollars and is not exposed to currency risk.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. In general, the risk of investing cash equivalents into fixed interest rate investments is mitigated by the short terms in which the investments mature.

Other price risk

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. Mineral prices are affected by numerous factors such as the sale or purchase by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuations in the value of the US dollar and other foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold-producing countries throughout the world.

SGX RESOURCES INC.

Notes to the Interim Condensed Financial Statements
For the three months ended March 31, 2012 and 2011
(unaudited)

12. Risk management and fair values (continued):

Fair values

The fair values of the Company's financial assets and liabilities consisting of cash and share subscriptions, other accounts receivable and accounts payable approximate their recorded values as at March 31, 2012 and December 31, 2011 due to their short-term nature.

Fair value is an estimate of the amount at which items might be exchanged in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. Fair value should not be interpreted as an amount that could be realized in immediate settlement of the instruments. The estimate of fair value at the end of the periods may not represent fair values at any other date. The determination of fair value is also affected by the use of judgment and by uncertainty.

13. Subsequent events:

Subsequent to March 31, 2012 the Company has closed the purchase of the interests of San Gold Corporation in its mineral properties in Tisdale Township, in the Timmins, Ontario mining camp for consideration of the issuance of 8,060,000 common shares of the Company at a deemed price of \$0.50 per common share. The properties consist of a 31.5% ownership in 12 mineral claims and a 100% interest in 15 mineral claims as well as certain surface rights. San Gold Corporation is a related party as it exerts significant influence over the Company.

Subsequent to March 31, 2012 the Company entered into a mining claim for a 100% interest in 3 claims for the issuance of 17,778 common shares of the Company.

Subsequent to March 31, 2012 the Company received proceeds of \$113,500 from the exercise of 450,000 options. The Company also issued 84,000 common shares related to certain mining claim commitments for deemed proceeds of \$29,400.