YEAR END REPORT

DECEMBER 31, 2013

NGEx RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013

This management's discussion and analysis ("MD&A") of the results of operations and financial condition for NGEx Resources Inc. ("the Company" or "NGEx") has been prepared as of March 28, 2014 and should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2013 and the related notes therein. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A focuses on significant factors that have affected the Company and its subsidiaries and such factors that may affect its future performance. All dollars amounts are presented in Canadian dollars, unless otherwise indicated.

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.

CORE BUSINESS

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

2013 HIGHLIGHTS AND ACTIVITIES

During the year ended December 31, 2013 exploration activity continued on the Company's projects in Chile and Argentina as well as in Canada. Exploration on the Company's South American projects takes place during the South American summer season which typically runs from October until April. Because the field season overlaps the calendar year end exploration programs are broken out below by field season rather than calendar year.

Highlights from the 2012/2013 season include:

- Completion of 44,000 metres of drilling on the Company's South American projects including Los Helados, Josemaria and Filo del Sol during the 2013 field season (October 2012 to April 2013);
- Updated Mineral Resources estimates as follows:
    - At Los Helados an updated Mineral Resource was estimated at a base case 0.30% copper equivalent cutoff which increased the copper contained in Indicated Resources by 48% to 15.26 billion pounds and gold contained in Indicated Resources by 34% to 8.90 million ounces. Please see the Technical Report dated October 31, 2013 and amended March 24, 2014 and titled *"Updated Mineral Resource Estimate for the Los Helados Property, Region III of Atacama, Chile*" with an Effective Date of October 15, 2013 for details of the resource estimate. The Report is available under the Company's profile on SEDAR www.sedar.com.

- At Josemaria an updated Mineral Resource was estimated at a base case 0.30% copper equivalent cutoff which increased the copper contained in Indicated Resources by 17% to 6.1 billion pounds and gold contained in Indicated Resources by 18% to 6.6 million ounces. Please see the Technical Report dated November 13, 2013 and amended March 24, 2014 and titled *"Second Updated Mineral Resource Estimate for the Josemaria Property San Juan Province Argentina"* with an Effective Date of September 27, 2013 for details of the resource estimate. The Report is available under the Company's profile on SEDAR www.sedar.com.

- Completion on January 29, 2013 of a non-brokered, private placement of 10 million shares of the Company at a price of $3.40 per share for gross proceeds of $34 million.

Exploration programs for the 2013/2014 field season started at all three South American projects prior to the end of 2013 and were completed prior to the date of this MD&A and therefore are reported below.

Additional highlights from the 2013/2014 field season (November 2013 to date) included:

- At Josemaria, a total of 7,310 metres in 14 holes was completed during the field season.
- At Filo del Sol, a total of 8,208 metres in 23 holes was completed during the field season. On March 17, 2014, the Company announced the results of the first seven holes which significantly extended the previously identified manto zone and expanded the broader zone of disseminated copper, gold, and silver mineralization that surrounds the high grade zone.
- Both drill programs were completed by March 5, 2014.

Los Helados Project, Chile

Los Helados is a large copper-gold porphyry system located in Region III of Chile. Nearby deposits held by other companies include Caserones-Regalito (Pan Pacific Copper Co., Ltd. ("PPC")), Candelaria (Freeport-McMoRan/Sumitomo), and El Morro-La Fortuna (Goldcorp/New Gold). Los Helados is subject to a Joint Exploration Agreement with PPC (the "PPC JEA") in which the Company holds a 60% interest and PPC holds a 40% interest. Each party funds its pro-rata share of exploration expenditures. PPC is a Japanese mining and smelting company that is owned by JX Nippon Mining and Metals (66%) and Mitsui Mining and Smelting (34%).

During the 2012/2013 field season which lasted from October 2012 to March 2013, 32,707 metres of diamond drilling in 32 holes were completed at Los Helados. The 2012/2013 field season's drill program included a combination of infill holes designed to convert Inferred resources to Indicated and step-out holes designed to test areas outside the current resource boundary. In September 2013, the Company announced an updated Mineral Resource estimate at Los Helados at a base case 0.30% copper equivalent* ("CuEq") cutoff, as follows:

- 1,730 million tonnes at a grade of 0.40% copper and 0.16 g/t gold for a copper equivalent grade of 0.52% (15.26 billion pounds of copper and 8.90 million ounces of gold) in the Indicated Resource category; and
- 681 million tonnes at a grade of 0.32% copper and 0.11 g/t gold for a copper equivalent grade of 0.41% (4.80 billion pounds of copper and 2.41 million ounces of gold) in the Inferred Resource category.

The Mineral Resource estimate at various cut off grades as of the effective date of July 15, 2013 is shown in the tables below, and details can be found in the Technical Report dated October 31, 2013 and amended March 24, 2014 and titled *"Updated Mineral Resource Estimate for the Los Helados Property, Region III of Atacama, Chile"*:

LOS HELADOS INDICATED MINERAL RESOURCE								
		Resource Grade				**Contained Metal**		
Cutoff (CuEq*)	**Million Tonnes**	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**	**CuEq* (%)**	**Cu (billion lbs)**	**Au (million oz)**	**Ag (million oz)**
0.50	839	0.50	0.19	1.76	0.65	9.25	5.13	47.48
0.45	1,064	0.47	0.18	1.68	0.61	11.02	6.16	57.47
0.40	1,294	0.44	0.17	1.59	0.58	12.55	7.07	66.15
0.35	1,526	0.42	0.16	1.51	0.55	14.13	7.85	74.08
0.30	**1,730**	**0.40**	**0.16**	**1.43**	**0.52**	**15.26**	**8.90**	**79.54**
0.25	1,899	0.38	0.15	1.38	0.50	15.91	9.16	84.25
0.20	2,040	0.36	0.15	1.33	0.48	16.19	9.84	87.23

LOS HELADOS INFERRED MINERAL RESOURCE								
		Resource Grade				**Contained Metal**		
Cutoff (CuEq*)	**Million Tonnes**	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**	**CuEq* (%)**	**Cu (billion lbs)**	**Au (million oz)**	**Ag (million oz)**
0.50	120	0.44	0.13	1.89	0.55	1.16	0.50	7.29
0.45	211	0.41	0.12	1.77	0.52	1.91	0.81	12.01
0.40	326	0.38	0.12	1.63	0.48	2.73	1.26	17.08
0.35	473	0.36	0.11	1.48	0.45	3.75	1.67	22.51
0.30	**681**	**0.32**	**0.11**	**1.33**	**0.41**	**4.80**	**2.41**	**29.12**
0.25	924	0.29	0.10	1.21	0.38	5.91	2.97	35.95
0.20	1,248	0.26	0.10	1.09	0.34	7.15	4.01	43.74

- CuEq - Copper Equivalent is calculated using US$3.00/lb copper, US$ 1,400/oz gold and US$23/oz Ag, with no provision for metallurgical recoveries. The formula used is CuEq% = Cu% + 0.6806*Au (g/t) + 0.011*Ag (g/t);
- Small discrepancies may exist due to rounding errors;
- Mineral Resources are reported within a Whittle pit shell based on: 42 degree pit slope; $2.20/tonne mine cost; $7.40/tonne process cost.
- Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

The Mineral Resource estimate for the Los Helados Project was prepared by Gino Zandonai, B.Sc., M.Sc. Registered Member of the Comision Calificadora de Competencias en Recursos y Reservas Mineras (Chilean Mining Commission), Senior Associate of Behre Dolbear International Ltd. in accordance with NI 43-101. Mr. Zandonai is the Qualified Person for the estimate and is independent of the Company. A Technical Report dated October 31, 2013 and amended March 24, 2014 and titled *"Updated Mineral Resource Estimate for the Los Helados Property, Region III of Atacama, Chile"* describing the details of the resource estimate is available under the Company's profile on SEDAR www.sedar.com. It should be noted that the Mineral Resource estimate presented here is not a Mineral Reserve, and does not have demonstrated economic viability. While the Company strongly believes that the Mineral Resource warrants additional study to determine the development potential, there can be no guarantee that any or all of the Mineral Resource will ultimately be determined to be economically viable.

The drilling completed during the 2012/2013 field season resulted in a significant increase to the resource base at Los Helados.

- Copper contained in Indicated Resources has increased by 48% to 15.26 billion pounds (October 2012 – 10.34 billion pounds).
- Gold contained in Indicated Resources has increased by 34% to 8.90 million ounces (October 2012 – 6.65 million ounces).
- Indicated Resources have increased by 55% to 1.73 billion tonnes (October 2012 – 1.11 billion tonnes).

The drilling completed during the program defined the eastern, southern, and western limits of the known breccia body at Los Helados; however, the deposit remains open to the north and at depth. Drill holes on the southern and eastern margins cut long intervals of strongly altered and weakly mineralized granite country rock indicating a robust system that extends for a considerable distance beyond the limits of the known breccia. Many porphyry copper systems host multiple breccia bodies and the Company believes that there is potential for further additional surface or sub-cropping discoveries in the vicinity.

Josemaria Project, Argentina

Josemaria is a large copper/gold porphyry project located in San Juan Province, Argentina. The Josemaria deposit is located 11 kilometres southeast of Los Helados. The project is being explored under a Joint Exploration Agreement with Japan Oil, Gas and Metals National Corporation ("JOGMEC") and is owned 60% by the Company and 40% by JOGMEC. Each party funds its pro-rata share of expenditures.

On October 1, 2013 the Company announced an updated Mineral Resource estimate. The Mineral Resource estimate at various cut off grades as of the effective date of July 15, 2013 is shown in the tables below and details can be found in the Technical Report dated November 13, 2013 and amended March 24, 2014 and titled *"Second Updated Mineral Resource Estimate for the Josemaria Property San Juan Province Argentina"*:

JOSEMARIA INDICATED MINERAL RESOURCE (SULPHIDE)								
		Resource Grade				**Contained Metal**		
Cutoff (CuEq*)	**Million Tonnes**	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**	**CuEq* (%)**	**Cu (billion lbs)**	**Au (million oz)**	**Ag (million oz)**
0.50	355	0.44	0.33	1.27	0.68	3.44	3.77	14.50
0.45	456	0.41	0.30	1.22	0.63	4.12	4.40	17.89
0.40	571	0.39	0.28	1.17	0.59	4.91	5.14	21.48
0.35	679	0.37	0.26	1.12	0.56	5.54	5.68	24.45
0.30	**789**	**0.35**	**0.24**	**1.08**	**0.53**	**6.09**	**6.09**	**27.40**
0.25	894	0.33	0.23	1.04	0.50	6.50	6.61	29.89
0.20	986	0.31	0.22	1.01	0.47	6.74	6.97	32.02

JOSEMARIA INFERRED MINERAL RESOURCE (SULPHIDE)								
		Resource Grade				Contained Metal		
Cutoff (CuEq*)	**Million Tonnes**	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**	**CuEq* (%)**	**Cu (billion lbs)**	**Au (million oz)**	**Ag (million oz)**
0.50	46	0.37	0.25	1.16	0.55	0.38	0.37	1.72
0.45	87	0.35	0.24	1.07	0.52	0.67	0.67	2.99
0.40	151	0.32	0.21	1.02	0.48	1.07	1.02	4.95
0.35	229	0.30	0.19	0.96	0.45	1.51	1.40	7.07
0.30	**315**	**0.28**	**0.17**	**0.92**	**0.41**	**1.94**	**1.72**	**9.32**
0.25	430	0.26	0.15	0.88	0.38	2.46	2.07	12.17
0.20	554	0.24	0.14	0.82	0.34	2.93	2.49	14.61

JOSEMARIA INDICATED MINERAL RESOURCE (OXIDE)						
		Resource Grade			Contained Metal	
Cutoff (Au g/t)	**Million Tonnes**	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**	**Au (thousand oz)**	**Ag (thousand oz)**
0.40	10	0.18	0.47	1.39	150	450
0.35	16	0.17	0.44	1.38	230	710
0.30	23	0.16	0.40	1.34	300	990
0.25	31	0.15	0.37	1.28	370	1,280
0.20	**45**	**0.14**	**0.32**	**1.19**	**460**	**1,720**
0.15	69	0.13	0.27	1.10	600	2,440
0.10	97	0.12	0.23	1.01	720	3,150

JOSEMARIA INFERRED MINERAL RESOURCE (OXIDE)						
		Resource Grade			Contained Metal	
Cutoff (Au g/t)	**Million Tonnes**	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**	**Au (thousand oz)**	**Ag (thousand oz)**
0.40	0.4	0.11	0.44	1.15	6	15
0.35	1	0.05	0.39	1.01	13	32
0.30	2	0.04	0.37	0.99	24	64
0.25	3	0.04	0.35	0.98	34	95
0.20	**3**	**0.05**	**0.33**	**0.97**	**32**	**94**
0.15	5	0.05	0.28	0.87	45	140
0.10	11	0.09	0.19	0.79	67	280

- CuEq - Copper Equivalent is calculated using US$3.00/lb copper, US$ 1,400/oz gold and US$23/oz Ag, with no provision for metallurgical recoveries. The formula used is CuEq% = Cu% + 0.6806*Au (g/t) + 0.011*Ag (g/t);
- Small discrepancies may exist due to rounding errors;
- Mineral Resources are reported within a Whittle pit shell based on: 42 degree pit slope; $2.20/tonne mine cost; $7.40/tonne process cost;
- Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

The Mineral Resource estimate for the Josemaria Project was prepared by Gino Zandonai, B.Sc., M.Sc. Registered Member of the Comision Calificadora de Competencias en Recursos y Reservas Mineras (Chilean Mining Commission), Senior Associate of Behre Dolbear International Ltd. in accordance with NI 43-101. Mr. Zandonai is the Qualified Person for the estimate and is independent of the Company. A Technical Report dated November 13, 2013 and amended March 24, 2014 and titled "*Second Updated Mineral Resource Estimate for the Josemaria Property San Juan Province Argentina*" describing the details of the resource estimate is available under the Company's profile on SEDAR www.sedar.com. It should be noted that the Mineral Resource estimate presented here is not a Mineral Reserve, and does not have demonstrated economic viability. While the Company strongly believes that the Mineral Resource warrants additional study to determine the development potential, there can be no guarantee that any or all of the Mineral Resource will ultimately be determined to be economically viable.

Drilling for the 2013/2014 field season was initiated in November 2013 and completed in February 2014 with a total of 7,310 metres drilled. This drill program was designed to define the high-grade supergene zone at the north end of the deposit and test for a possible extension of this zone to the northwest of previous drilling. Several larger step-out holes were also planned in order to test a broad area of leached cap extending to the north and northwest of the main deposit area. Two of the holes intersected the supergene zone; JMDH78 with 340 metres at 0.63% CuEq* (0.54% Cu and 0.11 g/t Au) and JMDH80 with 432.5 metres at 0.61% CuEq* (0.44% Cu and 0.22 g/t Au). Two holes to collect geotechnical data to help guide mine planning studies were included in this program. Results of the initial holes from the season are presented below:

HOLE-ID	From	To	Length (m)	Cu %	Au g/t	CuEq* %	Ag g/t
JMDH78	108.0	448.0	340.0	0.54	0.11	0.63	0.95
incl	136.0	326.0	190.0	0.72	0.13	0.82	0.87
JMDH79	386.0	464.0	78.0	0.21	0.05	0.26	0.88
JMDH80	76.0	120.0	44.0	0.26	0.12	0.34	0.51
plus	144.0	578.1	434.1	0.44	0.22	0.61	0.99
JMDH81	94.0	604.0	510.0	0.35	0.20	0.50	1.53
JMDH82	40.0	122.0	82.0	0.25	0.04	0.28	0.64
JMDH83	334.0	498.0	164.0	0.28	0.10	0.35	0.91
JMDH85	268.0	548.0	280.0	0.27	0.09	0.35	1.47

*CuEq - Copper Equivalent is calculated using US$3.00/lb copper, US$ 1,400/oz gold and US$23/oz Ag, with no provision for metallurgical recoveries. The formula used is CuEq% = Cu% + 0.6806*Au (g/t) + 0.011*Ag (g/t). Josemaria is a porphyry deposit, characterized by a large volume of relatively homogeneous mineralization and drilled lengths are interpreted to be representative of the true width of the mineralized zone.

Filo del Sol Property, Argentina

The Filo del Sol project is located approximately 17 kilometres south of Los Helados in San Juan Province, Argentina. Filo del Sol is also subject to the PPC JEA.

Filo del Sol is a high sulphidation epithermal copper-gold-silver system that overlies a porphyry copper-gold system. Filo del Sol is a very large mineralized system, with minimum dimensions, based on wide spaced drill holes, of 2.8 kilometres in a north-south direction and 1 kilometre in an east-west direction. The system includes both disseminated and stockwork mineralization and is open in all directions. Leaching and secondary enrichment of this mineralized system has created a high-grade copper-silver zone which was partially tested by this year's drill holes.

In early 2013 a total of 820 metres were drilled at Filo del Sol. The drill program was concluded on February 18, 2013. This drill program which was part of the 2012/2013 summer exploration program, focused on expanding the high-grade copper-silver zone which occurs in the northern part of the mineralized system and has been traced by previous drilling over a distance of at least 1,200 metres. Significant results received include:

- FSDH08 with 38.1 metres of 1.23% copper, 0.21 g/t Au and 10.9 g/t Ag and FSDH11 with 65 metres of 0.77 g/t Au.

The 2013/2014 drill program which began in December 2013 was designed to provide sufficient data to allow the estimation of an initial mineral resource for the stratabound, high-grade silver-copper zone which forms part of this large mineralized system. A secondary goal was to explore the area to the north of the current drilling, where the geological interpretation suggests the occurrence of a feeder zone to the stratabound mineralization.

A total of 8,208 metres of drilling in 23 holes were completed during the season, which ended on March 5, 2014. On March 17, 2014, the Company announced the results of the first seven holes which significantly extended the previously identified manto zone and expanded the broader zone of disseminated copper, gold, and silver mineralization that surrounds the high grade zone.

Conceptual Studies

Los Helados Project, Chile

Following receipt of updated resource estimates for the project in the second half of 2013 the Company asked an independent third party engineering group to conduct a high level assessment of possible development options. The scope of this ongoing option study includes an evaluation of potential mining methods and production rates, geotechnical drilling, ongoing metallurgical test work, including comminution studies, and development of high level processing flow sheets and mass balances. Work, including review of areas for potential infrastructure, is ongoing and a variety of potential development scenarios continue to be considered.

Josemaria Project, Argentina

Following receipt of an updated resource estimate for Josemaria in the second half of 2013 the Company asked an independent third party engineering group to conduct a high level assessment of possible development options for the project. The scope of this ongoing option study includes an evaluation of potential mining methods and production rates, geotechnical drilling, ongoing metallurgical test work, and development of high level processing flow sheets and mass balances.

Work is ongoing and a variety of potential development scenarios continue to be considered. The Josemaria resource includes a shallow higher grade core and opportunities for the early production of this material are being investigated. Metallurgical test work is ongoing at Josemaria. Baseline environmental programs, including review of areas for potential infrastructure are underway, with field work in progress during the current South American summer season.

Other Chilean and Argentinean Projects

Tamberias Property, Chile

The Tamberias property is located in Region III, Chile and is adjacent to the Filo del Sol Project which is discussed above and located just across the international border in Argentina. Work on the Tamberias property by previous operators has defined both porphyry copper and high-sulphidation gold mineralization. The Company has an option agreement (the "Agreement") with Compania Minera Tamberias SCM ("Tamberias SCM") whereby the Company can earn a 100% interest in the Tamberias property by making option payments totaling US$20 million on or before September 30, 2020 of which US$2.8 million is payable on or before June 30, 2016, US$5 million on or before June 30, 2018 and US$10 million on or before June 30, 2020.

Tamberias SCM will retain a 1.5% NSR royalty that will be paid only after the Company has recovered all of its exploration and development costs. During 2013, baseline environmental work was completed. This work will be filed in support of an application for drilling permits.

Colmillos Project, Chile

The Colmillos project consists of 100% owned exploration licenses covering approximately 3,400 hectares. Mapping and sampling to date have defined a 4.3 by 0.7 kilometre trend of tourmaline breccia bodies with occasional copper oxides and strongly anomalous molybdenum analyses in rock chip samples. Copper mineralized tourmaline breccias are a common feature of many major porphyry copper systems. Three holes totalling 1,482 metres were drilled at Colmillos during the first quarter of 2013. The holes were drilled 600 metres apart along the trend of the tourmaline breccia. Assay results were received during the second quarter of 2013. Highlights include:

Drill Hole	From	To	Length	Cu %
CLMH01	90.0	240.0	150.0	0.155
CLMH02	70.00	108.00	38.0	0.210
CLMH02	282.00	298.00	16.0	0.516
CLMH03	46.00	156.00	110.0	0.160
Incl	116.00	124.00	8.0	1.028

*Colmillos is a porphyry deposit. Porphyry deposits are characterized by large volumes of relatively homogenous mineralization and drilled lengths are interpreted to be representative of the true width of the mineralized zone.

The results from this first ever exploration drilling at Colmillos are encouraging. All three drill holes cut strong porphyry-style alteration and breccia hosted mineralization over appreciable lengths, which suggests that a significant porphyry copper system is present. The higher grade intervals cut in CLMH02 and CLMH03 are encouraging indications that higher grade portions of the system may be identified with additional drilling.

Paramillos and Papagallos, Argentina

The Company has been unable to work on the Paramillos and Papagallos properties, located in the Mendoza province in Argentina, due to continuing delays with permitting and have suspended option payments to the property owners of Paramillos. Accordingly, the Company recorded a write-down in the amount of $1.2 million of these mineral properties interests to their net recoverable amounts of $nil in the consolidated statements of comprehensive loss for year ended December 31, 2013.

NORTH AMERICAN PROJECTS

GJ Project, British Columbia, Canada

The GJ Project located in northern British Columbia covers an area of about 150 square kilometres and covers a number of significant mineral showings, including the Donnelly, GJ and North zones. The GJ project is the subject of a NI 43-101 technical report entitled "Technical Report on the GJ Copper-Gold Porphyry Project Laird Mining Division British Columbia, Canada" dated April 30, 2007. The Report is available under the Corporation's profile on SEDAR www.sedar.com.

The project has a Measured and Indicated resource of 153.3 million tonnes grading 0.32% copper and 0.37 g/t gold, at a cutoff 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 by Qualified Person Mr. Gary Giroux P.Eng. and is filed on SEDAR under the Company's profile.

The Company has optioned the GJ Project to Teck Resources Limited ("Teck") whereby Teck can earn an initial 51% interest in the project by spending $12 million by December 31, 2014 and up to a 75% interest by making exploration expenditures totaling $44 million by December 31, 2020. Teck has cumulatively spent $11.7 million to December 31, 2013. Teck carried out an exploration program from July to August 2013 which comprised:

- Drilling of 3 diamond drill holes (GJK-13-237, -238 and -239) comprising a total of 2,027 metres of diamond drilling, the details of which are as follows:
    - GJK-13-237 – Targeting the southern portion of the Donnelly Zone mineralization - EOH 703 metres
    - GJK-13-238 – Targeting the potential for expansion along strike and at depth - EOH 758 metres and,
    - GJK-13-239 – Targeting a shallow expression of the central Donnelly Zone - EOH 566 metres.
    - Significant copper-gold intercepts from the drilling include:

Hole ID	Interval		Length (m)	CU (%)	Au (ppm)	Zone
	From (m)	To (m)				
GJK-12-237	672.00	703.48	31.48	0.10	0.49	Donnelly South
GJK-12-238	634.00	735.50	101.50	0.24	0.20	Donnelly West
incl	679.46	735.50	56.04	0.37	0.23	
GJK-12-239	248.50	455.63	207.13	0.26	0.34	Donnelly
incl	304.50	333.11	28.61	0.49	0.72	

*Donnelly is a porphyry deposit. Porphyry deposits are characterized by large volumes of relatively homogenous mineralization and drilled lengths are interpreted to be representative of the true width of the mineralized zone.

- Re-logging of existing drill core stored on site;
- Geological mapping of lithology, hydrothermal alteration and mineralization, in combination with lithogeochemical rock sampling of outcropping rock at the Sun Plateau, QC, Cliff and Al zones.
- Collection of 343 soil samples from areas of interest, including the Sun Plateau and infill lines on the Donnelly Plateau.

No work was carried out at GJ during the fourth quarter of 2013.

SELECTED ANNUAL INFORMATION

	Year ended December 31, 2013	Year ended December 31, 2012	Year ended December 31, 2011
Statement of Operations Data ($000's)			
Total revenue	$ NIL	$ NIL	$ NIL
Exploration expenditures	$ 22,698	$ 24,158	$ 9,149
Net loss from continuing operations	$ (28,288)	$ (26,675)	$ (12,697)
Net loss from discontinued operations	$ (84)	$ (6,875)	$ (6,376)
Net loss	$ (28,372)	$ (33,550)	$ (19,073)
Data per Common Share ($)			
Basic and diluted net loss from continuing operations	$ (0.17)	$ (0.17)	$ (0.08)
Basic and diluted net loss from discontinued operations	$ (0.00)	$ (0.04)	$ (0.04)
Basic and diluted net loss	$ (0.17)	$ (0.21)	$ (0.12)
Balance Sheet Data ($000's)			
Total Assets	$ 33,398	$ 30,606	$ 61,970
Long Term Liabilities	$ 319	$ NIL	$ NIL

SELECTED QUARTERLY INFORMATION

Financial Data for 8 Quarters								
Three Months Ended	**Dec-13**	**Sep-13**	**Jun-13**	**Mar-13**	**Dec-12**	**Sep-12**	**Jun-12**	**Mar-12**
(In thousands $ except for per share amounts)								
Exploration Expenses, net of recoveries	2,339	1,505	3,385	15,469	6,866	1,035	6,493	9,764
Net loss from continuing operations	(3,186)	(2,066)	(5,994)	(17,042)	(7,512)	(3,222)	(5,198)	(10,743)
Net loss from discontinued operations	96	(106)	(25)	(49)	(790)	(105)	(4,126)	(1,854)
Net loss	(3,090)	(2,172)	(6,019)	(17,091)	(8,302)	(3,327)	(9,324)	(12,597)
Basic and diluted loss per share from continuing operations (i)	(0.02)	(0.01)	(0.04)	(0.10)	(0.05)	(0.02)	(0.03)	(0.07)
Basic and diluted loss per share from discontinued operations (i)	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.03)	(0.01)
Total basic and diluted loss per share (i)	(0.02)	(0.01)	(0.04)	(0.10)	(0.05)	(0.02)	(0.06)	(0.08)

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

QUARTERLY ANALYSIS

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

The net loss from continuing operations for the fourth quarter ended December 31, 2013 decreased when compared to the fourth quarter ended December 31, 2012. This is due to a decrease in exploration activities in the fourth quarter of 2013 as well as the impact of the strengthening of the Canadian dollar compared to the Argentina Peso.

Exploration on the Company's South American projects takes place during the South American summer season which typically runs from October until April. As such, exploration expenditures are generally higher in the first and fourth quarter of each year.

The exploration activities in Africa were accounted for as discontinued operations in 2012 with the Company's decision to divest its non-core African properties and the eventual sale of Hambok mineral property in Eritrea to Bisha Mining Share Company during the year. The net loss from discontinued operations also includes the write down of the Hambok to net recoverable amount based on its fair value less costs to sell and a $0.4 million payment to Namibian Copper in connection with the Termination and Mutual Release Agreement on the sale of Hambok. During the fourth quarter ended December 31, 2013, the Company recorded a gain on discontinued operations as a result of the strengthening of the U.S. dollar relative to the Canadian dollar.

RESULTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 2013 COMPARED TO YEAR ENDED DECEMBER 31, 2012

The Company's net loss for the year ended December 31, 2013 was $28.4 million or $(0.17) per share as compared to a loss of $33.6 million or $(0.21) share for the year ended December 31, 2012. Net loss from continuing operations was $28.3 million or $(0.17) per share compared with a net loss from continuing operations of $26.7 million or $(0.17) per share for 2012. Net loss from discontinued operations for the year ended December 31 2012 was $6.9 million or $(0.04) per share.

The increase in net loss from continuing operations of $1.6 million for the year ended December 31, 2013 was primarily due to a write-down of mineral property interests of $1.2 million in 2013 and a gain recognized in 2012 of $2.8 million from the termination of a 1.5% Net Smelter Royalty that the Company held with respect to production from the Caballo Blanco Project in Mexico. This is offset by decreased exploration expenditures of $1.5 million. Exploration expenditures have decreased mainly as a result of the strengthening of the Canadian dollar relative to the Argentina Pesos. Share-based compensation also decreased by $0.3 million as a result of decreased stock options granted during 2013.

The net loss from discontinued operations for the year ended December 2013 and 2012 resulted from the Company's decision to divest its non-core African properties and the eventual sale of the Hambok mineral property to Bisha Mining Company in 2012. The net loss in 2012 also includes the write down of the Hambok to net recoverable amount based on its fair value less costs to sell and a $0.4 million payment to Namibian Copper in connection with the Termination and Mutual Release Agreement on the sale of Hambok.

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 December 31, 2013, the Company had cash and working capital of $21.3 million and $14.2 million, respectively, as compared to cash and working capital of $17.3 million and $9.7 million, respectively, at December 31, 2012. The increase in cash and working capital is primarily a result of proceeds from the non-brokered private placement completed in January 2013 offset by exploration expenditures incurred and general and administrative expenses.

Net cash used in operating activities was $26.0 million for the year ended December 31, 2013 and consisted primarily of the loss from operations of $28.4 million, which included exploration expenditures of $22.7 million and was adjusted for the impact of non-cash items and changes in non-cash working capital items.

Net cash used in investing activities was $1.4 million consisted of expenditures relating to mineral property option payments and equipment purchases.

Cash flow from financing activities was $33.4 million, which comprised of proceeds from the non-brokered private placement completed in January 2013 and exercise of stock options.

The Company anticipates that its current financial position will provide sufficient working capital to fund its share of the remaining exploration expenditures in the 2013/2014 field season and corporate expenses. As the Company is an exploration company and has no sources of revenue, additional funding from equity financing, joint ventures or disposition of mineral properties and investments may be required to fund further exploration and corporate expenses. There can be no assurance that such financing will be available to the Company in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company.

OUTLOOK

The Company's exploration efforts are focused on large scale copper-gold targets that demonstrate the potential for world class discoveries and exploration opportunities in the region. The Company is fully focused on its South American copper-gold projects including its very significant Los Helados project in Chile and Josemaria project in Argentina.

The updated resource estimates for Los Helados which were completed during 2013 provide the basis for an ongoing assessment of possible development options for the projects. The scope of this ongoing option study includes an evaluation of potential mining methods and production rates, assessment of geotechnical drilling completed during 2013, ongoing metallurgical test work, including comminution studies, and development of high level processing flow sheets and mass balances. This work will continue during the coming quarters and a variety of potential development scenarios continue to be considered. The Company is currently targeting completion of a Preliminary Economic Assessment of the Los Helados Project for the second half of 2014. Similar studies are underway on the Josemaria project however this work is at an earlier stage and the Company has not yet determined a target date for a Preliminary Economic Assessment. Baseline environmental studies in both Chile and Argentina will also continue through the coming quarters. These programs are tailored to the environmental approvals and permitting process.

The 2013/2014 exploration drill programs at Josemaria and Filo del Sol are now complete and remaining drill results are expected to be received over the next few months. Once complete drill results are received the Company plans to start work on an initial resource estimate for the Filo del Sol project. This is expected to be complete in the third quarter of 2014. Until all drill results are received, the Company does not have sufficient data to commence this assessment.

Subsequent to the financing completed in early 2013, the Company has sufficient funds to complete the remaining exploration programs in the 2013/2014 field season.

NEW ACCOUNTING PRONOUNCEMENTS

A number of new standards, amendment to standards and interpretations are effective for periods after December 31, 2013 and accordingly have not been applied in preparing these consolidated financial statements.

Specifically, the International Accounting Standards Board (IASB) has made amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets, which will be effective for annual periods beginning on or after January 1, 2014. The overall effect of the amendments is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement, and is currently being developed in stages by the IASB. While it initially required adoption of IFRS 9 for annual periods beginning on or after January 1, 2015, the IASB tentatively decided to defer the mandatory effective date and to leave such date open pending the finalization of the impairment and classification and measurement requirements within the Financial Instruments – Phase I: Classification and Measurement project.

IFRIC 21 Levies sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognized.

Based on its preliminary assessment, the Company does not expect these new standards and interpretations to have a material impact on its future financial position and results.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities and expenditures on the financial statements. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual results could materially differ from those estimates.

Examples of significant estimates and assumptions include:

Valuation of Mineral Properties - The Company carries the acquisition costs of its mineral properties at cost less any provision for impairment. The Company undertakes a periodic review of the carrying values of mineral properties and whenever events or changes in circumstances indicate that their carrying values may exceed their fair value. In undertaking this review, management of the Company is required to make significant estimates.

These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties and related expenditures. Mineral exploration costs and maintenance payments are expensed prior to the determination that a property has economically recoverable ore reserves.

Stock-based Compensation - The fair value of stock options is determined using the Black-Scholes option pricing model and are expensed over their vesting periods. In estimating fair value, management of the Company is required to make certain assumptions and estimates regarding the life of the options, volatility and forfeitures rates. Changes in the assumptions used could result in materially different results.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2013, the Company incurred:

(a) management fees of $540,000 (2012 - $540,000) in respect of office facilities and administrative services from Namdo Management Services Ltd. ("Namdo"), a company controlled by a director. At December 31, 2013, $982 (December 31, 2012 - $32,921) was due to this company and included in amounts due to related parties.

(b) $135,504 (2012 - $173,542) of aircraft chartered service from Mile High Holdings Ltd., a company associated with the Chairman of the Company.

(c) $223,631 (2012 - $5,625) of technical consulting services from Sirocco Mining Inc., Lucara Diamond Corp. and Lundin Mining Corporation, companies related by common directors. The Company engaged technical personnel on a part-time basis from these companies to support technical studies at the Company's projects. At December 31, 2013, $26,489 (December 31, 2012 - $5,625) was due to these companies.

(d) $14,225 (2012 - $7,516) of legal services from Cassels Brock & Blackwell LLP, a company in which a director is the Senior Business Advisor. At December 31, 2013, $nil (December 31, 2012 - $6,171) was due to this company.

OUTSTANDING SHARE DATA

As at March 28, 2014, the Company had 168,940,059 common shares outstanding and 5,487,750 share options outstanding under its stock-based incentive plans.

FINANCIAL INSTRUMENTS

The Company classifies its financial instruments as either held-to-maturity, available-for-sale, held for trading, loans and receivables or other financial liabilities. The Company's financial instruments consist of cash and cash equivalents, receivables and others, investments, due from joint exploration partners, trade payable and accrued liabilities, due to related parties and due to joint exploration partners. With the exception of investments, the carrying value of its financial investments approximates their fair value due to their immediate or short-term maturity. The fair value of investments is determined directly by reference to quoted market prices in active markets.

COMMITMENTS AND CONTINGENCY

a) Future minimum payments at December 31, 2013 under various land access and right commitments, which are entered in the normal course of business, are approximately as follows:

	Payment due period			
In USD	**< 1 year**	**1 -3 years**	**3 – 5 years**	**2013 Total**
Land access rights payments	$ 504,000	-	-	$ 504,000
Land purchase	132,000	240,000	1,086,000	1,458,000
Water rights payments	147,000	-	-	147,000
Total commitments	$ 783,000	240,000	1,086,000	$ 2,109,000

To the extent that the commitments relate to properties that form part of the PPC or Josemaria JEAs the amounts as disclosed above represent the Company's 60% share as the payment.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

Disclosure controls and procedures have been designed to provide reasonable assurance that material information related to the Company is identified and communicated as appropriate on a timely basis. Management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), is responsible for the design and operation of disclosure controls and procedures and has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that they were effective as December 31, 2013.

Internal Control over financial reporting

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

Management has used the Committee of Sponsoring Organizations of the Treadway Commission framework to evaluate the effectiveness of our internal control over financial reporting.

Changes in internal control over financial reporting

There have been no changes in the Company's internal control over financial reporting during the year ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

QUALIFIED PERSONS

The disclosure of scientific and technical information regarding the Company's properties in the MD&A was prepared by or reviewed by Bob Carmichael, P. Geo., the Company's Vice President, Exploration, and Anthony George P.Eng., a mining engineer and manager of the Company's conceptual engineering studies, who are Qualified Persons in accordance with the requirements of NI 43-101. For a description of the quality assurance program and quality control measures applied by the Company, please see the relevant Technical Report or Company's Annual Information Form for the year ended December 31, 2013 available at http://www.sedar.com.

RISKS AND UNCERTAINTIES

Below is a summary of the principal risks and related uncertainties facing the Company. Readers are encouraged to read and consider the risk factors more particularly described in the Company's AIF filed under SEDAR for the year ended December 31, 2013.

Exploration and Development Risk

The Company's properties are in early exploration stages and are without a known body of commercial ore. Exploration for Mineral Resources involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The risks and uncertainties inherent in exploration activities include but are not limited to: legal and political risk arising from operating in certain developing countries, civil unrest, general economic, market and business conditions, the regulatory process and actions, failure to obtain necessary permits and approvals, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and management's capacity to execute and implement its future plans. Discovery of mineral deposits is dependent upon a number of factors, not the least of which are the technical skills of the exploration personnel involved and the capital required for the programs. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. There is no assurance that the Company's mineral exploration activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that even if commercial quantities of ore are discovered that a new ore body would be developed and brought into commercial production. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which are the particular attributes of the deposit (such as size, grade, metallurgy and proximity to infrastructure and labour), the interpretation of geological data obtained from drilling and sampling, feasibility studies, the cost of water and power; anticipated climatic conditions; cyclical metal prices; fluctuations in inflation and currency exchange rates; higher input commodity and labour costs, commodity prices, government regulations, including regulations relating to prices, taxes, royalties, land tenure and use, allowable production, importing and exporting of minerals, and environmental protection. Most of the above factors are beyond the control of the Company. Development projects will also be subject to the successful completion of final feasibility studies, issuance of necessary permits and other governmental approvals and receipt of adequate financing. The exact effect of these factors cannot be accurately predicted, but the combination of any of these factors may adversely affect the Company's business. The Company attempts to mitigate its exploration risk by maintaining a diversified portfolio that includes several metal commodity targets in a number of geologic and political environments. Management also balances the exploration risks through joint ventures and option agreements with other companies.

Metal Price Risk
The Company's portfolios of properties and investments have exposure to predominantly copper, gold, and silver. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control, such as the sale or purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major metals-producing and metals-consuming countries throughout the world. The prices of these metals greatly affect the value of the Company, the price of the common shares of the Company and the potential value of its properties and investments. This, in turn, greatly affects its ability to form joint ventures, option agreements and the structure of any joint ventures formed. This is due, at least in part, to the underlying value of the Company's assets at different metals prices.

Current Global Financial Condition
Market events and conditions have caused significant volatility to commodity prices. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. The Company is dependent on the equity markets as its main source of operating working capital and the Company's capital resources are largely determined by the strength of the resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects. Consequently, 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.

Market Price of Shares
Securities of mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic conditions in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Company's securities is also likely to be significantly affected by short-term changes in commodity prices, other mineral prices, currency exchange fluctuation, or in its financial condition or results of exploration on its projects. Other factors unrelated to the performance of the Company that may have an effect on the price of the securities of the Company include the following: the extent of analytical coverage available to investors concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of securities of the Company; the size of the Company's public float and its inclusion in market indices may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the securities of the Company that persists for a significant period of time could cause the Company's securities to be delisted from an exchange, further reducing market liquidity. If an active market for the securities of the Company does not continue, the liquidity of an investor's investment may be limited and the price of the securities of the Company may decline. If an active market does not exist, investors may lose their entire investment in the Company. As a result of any of these factors, the market price of the securities of the Company at any given point in time may not accurately reflect the long-term value of the Company. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Uncertainty of Funding
The exploration and development of mineral properties requires a substantial amount of capital and may depend on the Company's ability to obtain financing through joint ventures, debt financing, equity financing or other means. General market conditions, volatile metals prices, a claim against the Company, a significant disruption to the Company's business, or other factors may make it difficult to secure the

necessary financing. There is no assurance that the Company will be successful in obtaining required financing as and when needed on acceptable terms. Failure to obtain any necessary additional financing may result in delaying or indefinite postponement of exploration or development or even a loss of property interest. If the Company needs to raise additional funds, such financing may substantially dilute the interests of shareholders of NGEx and reduce the value of their investment.

Foreign Operations Risk

The Company conducts exploration activities in foreign countries, including Argentina and Chile. Each of these countries exposes the Company to risks that may not otherwise be experienced if all operations were located in Canada. The risks vary from country to country and can include, but are not limited to, civil unrest or war, terrorism, illegal mining, changing political conditions, fluctuations in currency exchange rates, expropriation or nationalization without adequate compensation, changes to royalty and tax regimes, high rates of inflation, labour unrest and difficulty in understanding and complying with the regulatory and legal framework respecting ownership and maintenance of mineral properties. Changes in mining or investment policies or shifts in political attitudes may also adversely affect the Company's existing assets and operations. Real and perceived political risk may also affect the Company's ability to finance exploration programs and attract joint venture or option partners, and future mine development opportunities.

Numerous countries have introduced changes to mining regimes that reflect increased government control or participation in the mining sector, including, but not limited to, changes of law affecting foreign ownership, mandatory government participation, taxation and royalties, exploration licensing, export duties, and repatriation of income or return of capital. There can be no assurance that industries which are deemed of national or strategic importance in countries in which the Company has assets, including mineral exploration, will not be nationalized. The risk exists that further government limitations, restrictions or requirements, not presently foreseen, will be implemented. Changes in policy that alter laws regulating the mining industry could have a material adverse effect on the Company. There can be no assurance that the Company's assets in these countries will not be subject to nationalization, requisition or confiscation, whether legitimate or not, by an authority or body.

In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Company also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for the Company to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on the Company.

Economic and Political Instability in Argentina

The Josemaria and Filo del Sol Projects are located in San Juan Province, Argentina. There are risks relating to an uncertain or unpredictable political and economic environment in Argentina, especially as social opposition to mining operations in certain parts of the country and increasingly protectionist economic measures are implemented by the National Government. During an economic crisis in 2001 to 2003, Argentina defaulted on foreign debt repayments and on the repayment on a number of official loans to multinational organizations. In addition, the government has renegotiated or defaulted on contractual arrangements. More recently, the Argentinean government placed currency controls on the ability of companies and its citizens to obtain United States dollars, in each case requiring Central Bank approval (resulting in, at times, a limitation on the ability of multi-national companies to distribute dividends abroad in United States dollars) and revoked exemptions previously granted to companies in the oil and gas and mining sectors from the obligation to repatriate 100% of their export revenues to Argentina for conversion in the local foreign exchange markets, prior to transferring funds locally or overseas. Similarly, the government adopted a requirement that importers provide notice to the government and obtain approval for importation before placing orders for certain goods. These actions indicate that the Argentinean government may alter or impose additional requirements or policies that may adversely affect the Company's activities in Argentina or in its ability to attract joint venture partners or obtain financing for its projects in the future.

Corruption and Bribery

The Company is required to comply with anti-corruption and anti-bribery laws, including the Canadian *Corruption of Foreign Public Officials Act* and the U.S. *Foreign Corrupt Practices Act*, as well as similar laws in the countries in which the Company conducts its business. If the Company finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Company resulting in a material adverse effect on the Company.

Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential, as well as the necessary labour and supplies required to develop such properties. The Company competes with other exploration and mining companies, many of which have greater financial resources, operational experience and technical capabilities than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. The Company may not be able to maintain or acquire attractive mining properties on terms it considers acceptable, or at all. Consequently, its financial condition could be materially adversely affected.

Environmental and Socio-Political Risks

The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the countries in which the Company conducts activities and the Company will conduct its activities in accordance with high corporate social responsibility principles. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines. The Company is subject to environmental regulation in the various jurisdictions in which it operates. Failure to comply with these laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may also be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Furthermore, environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Programs may also be delayed or prohibited in some areas due to technical factors, new legislative constraints, social opposition or local government capacity or willingness to issue permits to explore in a timely manner.

In parts of Argentina, there is significant environmental opposition to both mineral exploration and mining. This has affected properties in some of the provinces where the Company works, in particular in Mendoza where the Company has two drill ready projects, Paramillos and Papagallos. In certain other Argentine provinces including La Rioja there is a significant degree of anti-mining sentiment which affects the risk of successfully exploring and developing the Company's assets in those provinces.

The Argentine Congress has passed legislation designed to protect the country's glaciers. This law would restrict development on and around glaciers. The detailed regulations that will govern implementation of the law have not yet been written but this legislation could affect the Company's ability to develop parts of the Company's properties in Argentina including the Filo del Sol and Josemaría properties.

***Indigenous* Peoples**

The Company operates in some areas including parts of the Los Helados and Tamberias areas presently or previously inhabited or used by indigenous peoples. Various international and national laws, codes, resolutions, conventions, guidelines, and other material relate to the rights of indigenous peoples. Many of these materials impose obligations on government to respect the rights of indigenous people. Some mandate that government consult with indigenous people regarding government actions which may affect indigenous people, including actions to approve or grant mining rights or permits. ILO Convention 169, which has been ratified by Argentina and Chile, is an example of such an international convention. The obligations of government and private parties under the various international and national materials pertaining to indigenous people continue to evolve and be defined. Examples of recent developments in this area include the United Nations Declaration of the Rights of Indigenous People and the International Finance Corporation's revised Performance Standard 7 which requires governments to obtain the free, prior, and informed consent of indigenous peoples who may be affected by government action, such as the granting of mining concessions or approval of mine permits. The Company's current and future operations are subject to a risk that one or more groups of indigenous people may oppose continued operation, further development, or new development of the Company's projects or operations. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations such as protests, roadblocks or other forms of public expression against the Company's activities. Opposition by indigenous people to the Company's operations may require modification of or preclude operation or development of the Company's projects or may require the Company to enter into agreements with indigenous people with respect to the Company's projects.

Title Risk

The Company has investigated its right to explore and exploit its properties and, to the best of its knowledge, those rights are in good standing except for the imposed provincial park boundary expansion over the Papagallos project, and anti-mining legislation affecting all mineral exploration in Mendoza and La Rioja provinces in Argentina. The results of the Company's investigations should not be construed as a guarantee of title. Other parties may dispute the title to a property or the property may be subject to prior unregistered agreements or liens and transfers or land claims by aboriginal, native, or indigenous peoples. The title may be affected by undetected encumbrances or defects or governmental actions. The Company has not conducted surveys of all of its properties, and the precise area and location of claims or the properties may be challenged and no assurances can be given that there are no title defects affecting such properties. Any defects in the title to the Company's properties could have a material and adverse effect on the Company.

No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining authorizations nor that such exploration and mining authorizations will not be challenged or impugned by third parties. Although the Company has not had any problem renewing its licenses in the past there is no guarantee that it will always be able to do so. Inability to renew a license could result in the loss of any project located within that license.

The Company is earning an interest in certain of its properties through option agreements and acquisition of title to the properties is completed only when the option conditions have been met. These conditions include making property payments, incurring exploration expenditures on the properties and satisfactory completion of certain pre-feasibility studies and third party agreements.

If the Company does not satisfactorily complete these option conditions in the time frame laid out in the option agreements, the Company's title to the related property will not vest and the Company will have to write down its previously capitalized costs related to that property.

Dependence on Key Personnel

The Company's success will largely depend on the efforts and abilities of certain senior officers and key employees. Certain of these individuals have significant experience in the mining industry and, in particular the mining industry in South America. While the Company does not foresee any reason why such officers and key employees will not remain with the Company, if for any reason they do not, the Company could be adversely affected. The Company has not purchased key man life insurance for any of these individuals.

Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Conflicts of Interest

Some of the directors of the Company are also directors of other companies that are similarly engaged in the business of acquiring, exploring and developing natural resource properties. Such associations may give rise to conflicts of interest from time to time. In particular, one of the consequences will be that corporate opportunities presented to a director of the Company may be offered to another corporation or companies with which the director is associated, and may not be presented or made available to the Company. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company, to disclose any interest which they may have in any project or opportunity of the Company, and to abstain from voting on such matter. Conflicts of interest that arise will be subject to and governed by the procedures prescribed by the Company's Code of Business Conduct and Ethics and the CBCA.

Currency Risk

The Company will transact business in a number of currencies including but not limited to the US Dollar, the Argentine Peso and the Chilean Peso. The Argentine Peso in particular has had significant fluctuations in value relative to the US and Canadian dollars. Ongoing economic uncertainty in Argentina as well as unpredictable changes to foreign exchange rules may result in fluctuations in the value of the Argentine Peso that are greater than those experienced in the recent past. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction. The Company does not currently engage in foreign currency hedging activities.

Derivative Instruments

The Company may, from time to time, manage exposure to foreign exchange rates by entering into derivative instruments approved by the Company's board of directors. The Company does not hold or issue derivative instruments for speculation or trading purposes. These derivative instruments are marked-to-market at the end of each period and may not necessarily be indicative of the amounts the Company might pay or receive as the contracts are settled.

Mineral Resource Estimates

The Company's reported Mineral Resources are only estimates. No assurance can be given that the estimated Mineral Resources will be recovered. By their nature Mineral Resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable because among other factors they are based on limited sampling, and, consequently, are uncertain because the samples may not be representative. Mineral Resource estimates may require revision (either up or down). Market fluctuations in the price of metals, as well as increases in estimated production costs or reductions in estimated recovery rates, may render certain Mineral Resources uneconomic and may ultimately result in a restatement of estimated resources.

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability and there is no assurance that they will ever be mined or processed profitably. Due to the uncertainty which may attach to Mineral Resources, there is no assurance that Inferred Mineral Resources will be upgraded to

Proven and Probable Mineral Reserves as a result of continued exploration.

Uninsurable Risks
Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, as well as political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company. The Company does not maintain insurance against political risks.

Tax
The Company runs its business in different countries and strives to run its business in as tax efficient a manner as possible. The tax systems in certain of these countries are complicated and subject to changes. For this reason, future negative effects on the result of the Company due to changes in tax regulations cannot be excluded. Repatriation of earnings to Canada from other countries may be subject to withholding taxes. The Company has no control over withholding tax rates.

Infrastructure
Development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power and water supplies are important determinants which affect costs. The Company's ability to obtain a secure supply of power and water at a reasonable cost depends on many factors, including: global and regional supply and demand; political and economic conditions; problems that can affect local supplies; delivery; and relevant regulatory regimes. Power and water are currently in short supply throughout Northern Chile and this may adversely affect the ability of the Company to exploration and develop its Chilean projects. Unusual or infrequent weather phenomena, sabotage or government, and other interference in the maintenance or provision of such infrastructure could adversely affect the activities and profitability of the Company.

Establishing such infrastructure will require significant resources, identification of adequate sources of raw materials and supplies and necessary cooperation from national and regional governments, none of which can be assured. There is no guarantee that the Company will secure these power, water and access rights going forward or on reasonable terms.

Joint Exploration Properties
Certain of the Company's properties including Los Helados, Josemaria, and Filo del Sol are subject to joint exploration agreements. The Company is the operator of the these joint projects but they are nonetheless subject to the risks normally associated with the conduct of joint exploration partners, such as (i) disagreement with joint exploration partners regarding how to explore, develop, and operate the projects efficiently; (ii) inability to exert influence over certain strategic decisions made; and (iii) inability of joint exploration partners to meet their obligations (iv) litigation between joint exploration partners regarding joint exploration matters. Teck Resources Limited is the operator under the GJ option agreement. To the extent that the Company is not the operator of its joint exploration properties, the success of any such operations will be dependent on such operators for the timing of activities related to such properties. There can be no assurance that all decisions of the operators will achieve expected goals. The existence of any of these circumstances may have a material adverse impact on the Company.

Surface Access
Surface rights in the area of the Los Helados are held by a local community "Comunidad Civil Ex Estancia Pulido". The Company has signed a four year access agreement with the community dated September 26, 2011. The agreement allows for the construction and operation of camps and roads and the development of exploration activities on the Properties, including drilling. This agreement must be renewed on or before the anniversary date in 2015 and although there are no indications that the

agreement will not be renewed there can be no assurance that the Company will be able renew the agreement. The Company does not own any surface rights at the Los Helados Project.

The Company has surface access rights but does not own any surface rights at the Josemaría Project. The owners of the surface rights are in agreement with Deprominsa conducting exploration activities on their ground.

From time to time, a land possessor may dispute the Company's surface access rights, and as a result the Company may be barred from its legal temporary occupation rights. Surface access issues have the potential to result in the delay of planned exploration programs, and these delays may be significant. Such delays may have a material adverse effect on the Company.

The Company may require additional surface rights and property interests to further develop or exploit the resources on its properties, which will require negotiations with private landowners for the additional ownership and/or surface rights in order for the Company to fully operate. Surface rights may also be regulated and restricted by applicable law. There is no assurance that the Company will be able to obtain the required surface rights or negotiate successfully with private landowners to allow it to develop its properties and establish commercial mining operations on a timely basis. To the extent additional surface rights are available, they may only be acquired at significantly increased prices, potentially adversely impacting financial performance of the Company.

OFF BALANCE SHEET AGREEMENTS

The Company has no off-balance sheet arrangements.

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION AND STATEMENTS

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

The forward-looking statements and information are based on the opinions and estimates of management as of the date such statements and information are made and they are subject to a number of known and unknown risks, uncertainties and other factors, including, without limitation, those referred to in the "Risks and Uncertainties" section of the MD&A, the Company's Annual Information Form under the heading "Risks Factors" and elsewhere, which may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements or information.

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

Statements relating to "mineral resources" are deemed to be forward looking information, as they involve the implied assessment, based on certain estimates and assumptions that the mineral reserves and mineral resources described can be profitably produced in the future.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources: This MD&A" may use the terms "Measured", "Indicated" and "Inferred" Resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility.

It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.

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

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

Readers are encouraged to see our Annual Information Form for the year ended December 31, 2013 filed on SEDAR for additional information on risks, uncertainties and other factors relating to forward-looking information and statements. There can be no assurance that such forward-looking statements or information will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking information or statements, which speak only as of the date the statements were made. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. The Company does not undertake or assume any obligations to update or revise any forward-looking statements and information after the date of this MD&A, except as required by applicable laws.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements of NGEx Resources Inc. (the "Company") and other financial information contained in the management's discussion and analysis are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, using management's best estimates and judgment based on currently available information.

In order to discharge management's responsibility for the integrity of the financial statements, the Company maintains an appropriate system of internal controls to provide reasonable assurance that financial information is accurate and reliable and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors carries out its responsibilities for the consolidated financial statements principally through its Audit Committee, comprised of independent directors. The Audit Committee reviews the Company's annual consolidated financial statements and recommends their approval to the Board of Directors. The Company's auditors have full access to the Audit Committee, with and without management being present.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, Independent Chartered Accountants.

"Wojtek Wodzicki"
President and Chief Executive Officer

"Chester See"
Chief Financial Officer

Vancouver, British Columbia
March 28, 2014

March 28, 2014

To the Shareholders of NGEx Resources Inc.

We have audited the accompanying consolidated financial statements of NGEx Resources Inc., which comprise the consolidated balance sheets as at December 31, 2013 and December 31, 2012, the consolidated statement of comprehensive loss, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of NGEx Resources Inc. as at December 31, 2013 and December 31, 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

signed "PricewaterhouseCoopers LLP"
Chartered Accountants

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

	December 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 21,259,598	$ 17,296,923
Investments (Note 4)	326,000	836,000
Receivables and other assets (Note 6)	1,118,105	627,004
	22,703,703	18,759,927
Equipment	247,077	271,679
Mineral properties (Note 7)	10,438,840	11,566,206
Other non-current assets	8,000	8,000
TOTAL ASSETS	$ 33,397,620	$ 30,605,812
LIABILITIES		
Current liabilities:		
Trade payables and accrued liabilities	$ 4,328,090	$ 6,174,204
Due to related parties (Note 11)	27,471	44,717
Due to joint exploration partners (Note 7)	4,101,231	2,877,567
	8,456,792	9,096,488
Other non-current liabilities	319,080	-
TOTAL LIABILITIES	8,775,872	9,096,488
EQUITY		
Share capital (Note 8)	214,924,582	181,485,132
Reserved for issuance	1,284	1,284
Contributed surplus (Note 9)	7,482,860	6,348,030
Cumulative deficit	(193,132,284)	(164,759,836)
Accumulated other comprehensive loss	(4,654,694)	(1,565,286)
TOTAL EQUITY	24,621,748	21,509,324
TOTAL LIABILITIES AND EQUITY	$ 33,397,620	$ 30,605,812

Commitments (Note 14)

The accompanying notes are an integral part of these consolidated financial statements.

ON BEHALF OF THE BOARD:

/s/William A. Rand
Director

/s/Wojtek A. Wodzicki
Director

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

	For the Year Ended December 31, 2013	2012
Expenses		
Exploration and project investigation (Note 10)	$ 22,698,390	$ 24,157,882
General and Administration:		
Salaries and benefits (Note 11)	1,067,912	941,173
Share-based compensation (Note 9)	1,038,280	1,421,548
Management fees (Note 11)	540,000	540,000
Professional fees	368,977	498,547
Travel	171,855	201,719
Promotion and public relations	355,424	375,642
Donation	340,000	119,000
Office and general	321,278	229,998
Operating loss	26,902,116	28,485,509
Other (income) expenses		
Interest income	(234,855)	(115,206)
Foreign exchange loss (gain)	(148,347)	46,349
Other expenses	93,296	94,598
Gain on disposition of investments (Note 5)	(180,000)	-
Gain on disposition of royalty interests	-	(2,782,000)
Unrealized loss on investments	660,000	946,000
Write-down of mineral property interests (Note 7)	1,196,128	-
Net loss from continuing operations	28,288,338	26,675,250
Net loss from discontinued operations	84,110	6,874,805
Net loss	$ 28,372,448	$ 33,550,055
Other comprehensive loss		
Change in fair value of available-for-sale securities (Note 4)	30,000	-
Foreign currency translation adjustment	3,059,408	129,977
Comprehensive loss	$ 31,461,856	$ 33,680,032
Basic and diluted loss per common share		
Continuing operations	$ 0.17	$ 0.17
Discontinued operations	$ 0.00	$ 0.04
	$ 0.17	$ 0.21
Weighted average common shares outstanding	167,833,348	158,380,647

The accompanying notes are an integral part of these consolidated financial statements.

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

	For the Year Ended December 31, 2013	2012
Cash flows used in operating activities		
Net loss for the year	$ (28,372,448)	$ (33,550,055)
Items not involving cash and cash equivalents:		
Depreciation	199,489	164,354
Share-based compensation	1,196,655	1,806,183
Gain on disposition of investments	(180,000)	-
Gain on disposition of royalty interests	-	(2,782,000)
Unrealized loss on investments	690,000	946,000
Write-down of mineral property interests	1,196,128	2,861,916
	(25,270,176)	(30,553,602)
Net changes in working capital items:		
Receivables and other	(308,019)	235,830
Trade payables and accrued liabilities	(1,695,597)	1,546,020
Due to related parties	(17,246)	30,963
Due to joint exploration partners	1,260,548	(1,264,631)
	(26,030,490)	(30,005,420)
Cash flows from financing activities		
Common shares issued, net	33,276,316	-
Proceeds from exercise of stock options	101,309	507,883
	33,377,625	507,883
Cash flows used in investing activities		
Net cash on sale of Hambok mineral property	-	4,918,500
Cash received on disposition of royalty interest	-	1,000,000
Mineral properties and related expenditures	(1,194,894)	(1,297,033)
Acquisition of equipment	(207,411)	(30,916)
	(1,402,305)	(4,590,551)
Effect of exchange rate change on cash and cash equivalents	(1,982,155)	866,812
Increase / (decrease) in cash and cash equivalents during the year	3,962,675	(24,040,174)
Cash and cash equivalents, beginning of year	17,296,923	41,337,097
Cash and cash equivalents, end of year	$ 21,259,598	$ 17,296,923

The accompanying notes are an integral part of these consolidated financial statements.

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

	Number of shares issued and outstanding	Number of shares reserved for issuance	Share capital	Reserved for issuance	Contributed surplus	Accumulated other comprehensive loss	Accumulated Deficit	Total
Balance, January 1, 2012	158,121,010	20,248	$ 180,786,894	$ 1,284	$ 4,732,202	$ (1,435,309)	$ (131,209,781)	$ 52,875,290
Exercise of stock options	461,375	-	698,238	-	(190,355)	-	-	507,883
Share-based compensation	-	-	-	-	1,806,183	-	-	1,806,183
Foreign currency translation	-	-	-	-	-	(129,977)	-	(129,977)
Unrealized loss on investments	-	-	-	-	-	-	858,000	858,000
Recognition of unrealized loss on investments	-	-	-	-	-	-	(858,000)	(858,000)
Exchange of reserved shares	8	(8)	-	-	-	-	-	-
Net loss for the year	-	-	-	-	-	-	(25,248,823)	(25,248,823)
Balance, December 31, 2012	158,582,393	20,240	$ 181,485,132	$ 1,284	$ 6,348,030	$ (1,565,286)	$ (164,759,836)	$ 21,509,324
Balance, January 1, 2013	158,582,393	20,240	$ 181,485,132	$ 1,284	$ 6,348,030	$ (1,565,286)	$ (164,759,836)	$ 21,509,324
Exercise of stock options	132,166	-	163,134	-	(61,825)	-	-	101,309
Share-based compensation	-	-	-	-	1,196,655	-	-	1,196,655
Unrealized loss on investments	-	-	-	-	-	(30,000)	-	(30,000)
Foreign currency translation	-	-	-	-	-	(3,059,408)	-	(3,059,408)
Private placement (Note 8)	10,000,000	-	33,276,316	-	-	-	-	33,276,316
Net loss for the year	-	-	-	-	-	-	(28,372,448)	(28,372,448)
Balance, December 31, 2013	168,714,559	20,240	$ 214,924,582	$ 1,284	$ 7,482,860	$ (4,654,694)	$ (193,132,284)	$ 24,621,748

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

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

Liquidity risk is the risk that the Company will be unable to meet its obligations as they become due. As we are in the exploration stage, no mineral producing revenue has been generated to date. Our ability to meet obligations and continue the exploration and development of our mineral properties is dependent upon our ability to continue to raise adequate financing. Historically, operating, capital and exploration requirements have been funded primarily from equity financing, joint exploration partners, disposition of mineral properties and investments. There can be no assurance that such financing will be available to us in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to us. Based on the amount of funding raised, our exploration program may be tailored accordingly.

We are governed by the Canada Business Corporations Act and our registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada. Our common shares are listed on the Toronto Stock Exchange.

2. BASIS OF PRESENTATION

Our consolidated financial statements for the year ended December 31, 2013 ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. We prepare these consolidated financial statements on a historical cost basis except for certain financial assets, which are measured at fair value.

Our consolidated financial statements were authorized for issuance by the Board of Directors of the Company on March 28, 2014.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Consolidation

Our consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany balances, transactions, income and expenses, and profits or losses between group companies are eliminated in full on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company. The Company's significant operating subsidiaries include Frontera Chile Limitada (Chile), Desarrollo de Prospectos Mineros S.A. (Argentina), Filo del Sol Exploracion S.A. (Argentina), and Minera Frontera del Oro SPA (Chile).

(i) Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. All of the Company's subsidiaries are wholly-owned.

b) Critical accounting estimates and judgments

The preparation of our consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities and expenditures on the financial statements. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual results could differ from those estimates.

The valuation of our mineral properties requires making estimates and assumptions on future recoverability. We currently capitalize acquisition costs of our mineral properties less any provision for impairment, with the expectation that the future economic benefits expected to be recovered once our development of our properties commence in the future will exceed its carrying value. We assess and review our mineral property assets for potential impairment indicators that may exist at the end of each reporting period and monitor any events or changes in circumstances that may indicate its carrying values exceed its fair value. In undertaking this review, we are required to make significant estimates that are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties and related expenditures.

c) Foreign currency translation

Our consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

The majority of our significant foreign subsidiaries do not have the Canadian dollar as their functional currency. Accordingly, foreign exchange gains and losses arising from the translation of these foreign subsidiaries' accounts into Canadian dollars are reported as a component of other comprehensive income. Their results and financial position are translated into Canadian dollars as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet.
- Income and expenses for each income statement are translated at average exchange rate.
- All resulting exchange differences are recognized in other comprehensive income.

d) Property, plant and equipment

Property, plant and equipment are stated at cost (which includes all expenditures directly attributable to bringing the asset to the location and installing it in working condition for its intended use) less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

These assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Furniture and office equipment	2 to 3 years
Field equipment	3 years
Vehicles	3 years

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the income statement.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date. If the carrying values of these assets are not considered recoverable, an impairment loss would be recorded.

e) Mineral properties and exploration and evaluation expenditure

We have been actively exploring our mineral properties and have adopted the policy of capitalizing significant acquisition costs for property rights, including payments for exploration rights and estimated fair value of exploration properties acquired as part of a business acquisition, are capitalized.

Mineral exploration costs and maintenance payments are expensed prior to the determination that a property has economically recoverable ore reserves. When it has been established that a mineral property is considered to be sufficiently advanced and an economic analysis has been completed, all further expenditures for the current year and subsequent years are capitalized as incurred.

Exploration and evaluation expenditures relating to the Company's joint exploration properties are recognized proportionately based on the Company's ownership percentage.

We assess at each reporting period whether there is an indication that an asset or group of assets may be impaired. When impairment indicators exist, the Company estimates the recoverable amount of the asset and compares it against the asset's carrying amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If the carrying value exceeds the recoverable amount, an impairment loss is recorded in the consolidated statement of earnings during the period.

Mineral properties that were previously impaired are subsequently reviewed when its recoverable amounts increases in future periods and its impairment losses will be reversed at that reporting date. The reversal of impairment loss is limited to the extent that it is not a result of "unwinding of the discount" and that the resulting carrying value does not exceed the carrying value that would have been the result if no impairment losses had been previously recognized.

f) Financial instrument classification and risks

In respect of the recognition and measurement of financial instruments, we have adopted the following policies:

	Accounting Classification		
Financial instruments	**Loans and receivables**	**Available for sale**	**Other financial liabilities**
Measured at amortized cost:			
Receivables and others, cash and cash equivalents	X		
Trade payables and accrued liabilities			X
Due to related parties			X
Due to joint exploration partners			X
Measured at fair value:			
Investments		X	

With the exception of investments, the carrying value of its financial instruments approximates their fair value due to the immediate or short term maturity of these investments.

g) Investments

We account for investments as available-for-sale financial assets which are measured at their value determined directly by reference to quoted market prices in active markets. Unless there is an other than temporary decline in the value of our available-for-sale investments, the carrying values of available-for-sale investments are adjusted to fair value, with such adjustment being included in the Consolidated Statements of Loss and Comprehensive Loss as a component of other comprehensive income.

A significant or prolonged decline in the fair value of the security below its cost could indicate that the investments are impaired and the decline in the value is not temporary in nature. If any such evidence for these available-for-sale financial assets exists (i.e. when there is an other than temporary decline in the value of our investment), the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the separate consolidated statement of loss.

If, in a subsequent period, the fair value of our available-for-sale investments increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the separate consolidated statement of loss.

h) Receivables and other assets

We assess at the end of each reporting period whether there is objective evidence that our receivable and other assets are impaired. They are considered to be impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statement of loss.

i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

j) Current and deferred income tax

We follow the liability method of accounting for income taxes. Deferred income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years for tax purposes to the extent they are more likely than not to be realized. The amounts recognized in respect of deferred income tax assets and liabilities are based upon the expected timing of the reversal of temporary differences or usage of tax losses and application of the substantively enacted tax rates at the time of reversal or usage.

k) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

l) Share-based compensation

We have a share-based compensation plan, under which participants may receive options to purchase our common shares at a price equal to their fair market value at the time of grant. The fair value of services received from participants in exchange for options granted is recognized as an expense on our financial statements.

We use the Black-Scholes option-pricing model to estimate the fair value of options granted under our share option plan. This pricing model requires judgment, which includes making assumptions about the expected dividends, volatility of our share price (which is based on historical volatility in the price of our shares), estimate of risk-free interest rates (which is based on the Government of Canada yield curve that is current at the time of grant) and the expected life of our options (which is based on our historical share option award exercise data). In addition, judgment is required to estimate the number of awards expected to be forfeited.

Share options currently granted to participants have a two year vesting period that may be exercised over three years from date of grant. We apply the graded method of vesting to our share option awards.

We issue new common shares to satisfy stock option exercises. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

m) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

n) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

o) Segment Reporting

As we primarily focus our activity on the exploration and development of mineral properties, our operating and reportable segments are the Los Helados and Filo del Sol joint exploration project, the Josemaria joint exploration project and non-joint exploration projects. Operating segments are components of an entity that engage in business activities from which they incur expenses and whose operating results are regularly reviewed by a chief operating decision-maker to make resource allocation decisions and to assess performance. Our Chief Executive Officer (the chief operating decision-maker for our Company) obtains and reviews operating results of each operating segment once a month.

p) Accounting standards effective January 1, 2013

Effective January 1, 2013, the Company has adopted the following new and amended IFRS pronouncements in accordance with the transitional provisions outlined in the respective standards without any significant effect on its financial statements:

IFRS 10 *Consolidated Financial Statements* establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 defines the principle of control and establishes control as the basis for determining which entities are consolidated. IFRS 10 sets out three elements of control: power over the investee; exposure or rights to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investors' return; and the requirements on how to apply the control principle. IFRS 10 replaces SIC-12, *Consolidation – Special Purpose Entities* and parts of IAS 27, *Consolidated and Separate Financial Statements.*

IFRS 11 *Joint Arrangements* requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures,* and SIC-13, *Jointly Controlled Entities – Non-monetary Contributions by Venturers.*

IFRS 12 *Disclosure of Interests in Other Entities* establishes disclosure requirements of interests in other entities, including subsidiaries, joint arrangements, associates, and special purpose vehicles.

IFRS 13 *Fair Value Measurement* provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk.

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

The amendments to IAS 1 *Presentation of Financial Statements* required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

q) New accounting pronouncements

A number of new standards, amendment to standards and interpretations are effective for periods after December 31, 2013 and accordingly have not been applied in preparing these consolidated financial statements.

Specifically, the International Accounting Standards Board (IASB) has made amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets, which will be effective for annual periods beginning on or after January 1, 2014. The overall effect of the amendments is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement, and is currently being developed in stages by the IASB. While it initially required adoption of IFRS 9 for annual periods beginning on or after January 1, 2015, the IASB tentatively decided to defer the mandatory effective date and to leave such date open pending the finalization of the impairment and classification and measurement requirements within the Financial Instruments – Phase I: Classification and Measurement project.

IFRIC 21 Levies sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognized.

Based on its preliminary assessment, the Company does not expect these new standards and interpretations to have a material impact on its future financial position and results.

4. INVESTMENTS

	December 31, 2013	December 31, 2012
Goldgroup Mining Inc.	$ 176,000	$ 836,000
Legend Gold Corp.	150,000	-
	$ 326,000	$ 836,000

Our investments are comprised of 2.2 million shares of Goldgroup Mining Inc. ("Goldgroup") received in April 2012 as consideration for the termination of the Net Smelter Return Royalty Agreement and 500,000 shares of Legend Gold Corp. ("Legend") received in September 2013 as explained in Note 5.

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

5. GAIN ON DISPOSITION OF INVESTMENTS

During the year ended December 31, 2012, we received 1 million shares of Corado Resources Corp ("Corado"), a private Canadian company, in exchange for the relinquishment and termination of follow-up rights from the sale of Sanu Resources Brazzavile (BVI) Inc. The fair value of these shares was estimated by management to have a nominal value and was not previously recorded on our consolidated financial statements.

On September 5, 2013, Corado was acquired by Legend, a public company listed on the TSX Venture Exchange. As a result of this transaction, we received 500,000 shares of Legend, which was initially recognized at $180,000. We recorded the value of the Legend shares as realized gain on disposal of Corado in the Statement of Comprehensive Loss.

6. RECEIVABLES AND OTHER ASSETS

	December 31, 2013	December 31, 2012
Value added taxes and taxes recoverable	$ 469,427	$ 416,042
Prepaid expenses and others	648,678	210,962
	$ 1,118,105	$ 627,004

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

7. MINERAL PROPERTIES

The carrying value of our mineral properties, capitalized at acquisition costs, is as follows:

	South America					**Canada**	**Africa**	**Total**
	Los Helados & Filo del Sol Joint Exploration Agreement	**Josemaria Joint Exploration Agreement**	**Tamberias**	**Paramillos**	**Papagallos**	**GJ / Kinaskan**	**Hambok**	
Note ref	**Note a**	**Note b**	**Note c**	**Note d**	**Note d**	**Note e**		
At January 1, 2012	**$ 2,642,615**	**$ 7,790,107**	**$ 407,960**	**$ 464,953**	**$ -**	**$ 136,997**	**$ 8,000,000**	**$ 19,442,632**
Additions	185,883	-	396,062	593,606	121,482	-	-	1,297,033
Disposals	-	-	-	-	-	-	(4,918,500)	(4,918,500)
Impairment	-	-	-	-	-	-	(2,861,917)	(2,861,917)
Translation effect	86,886	(1,140,096)	3,788	(113,308)	(10,729)	-	(219,583)	(1,393,042)
December 31, 2012	**2,915,384**	**6,650,011**	**807,810**	**945,251**	**110,753**	**136,997**	**-**	**11,566,206**
Additions	851,678	174,279	412,312	-	158,481	-	-	1,596,750
Impairment	-	-	-	(931,439)	(264,689)	-	-	(1,196,128)
Translation effect	(148,013)	(1,323,694)	(37,924)	(13,812)	(4,545)	-	-	(1,527,988)
December 31, 2013	**$ 3,619,049**	**$5,500,596**	**$1,182,198**	**$ -**	**$ -**	**$ 136,997**	**$ -**	**$ 10,438,840**

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

a) Los Helados & Filo del Sol Joint Exploration Agreement ("PPC JEA"), Argentina and Chile

The PPC JEA covers a large land package located in Argentina and Chile (the "PPC Properties") that is subject to a Joint Exploration Agreement with Japan Oil, Gas and Metals National Corporation ("Jogmec") under which we hold a 60% participating interest and Jogmec holds a 40% participating interest.

Effective September 7, 2012, Jogmec has exercised its right under the PPC JEA to transfer its 40% interest in the PPC JEA to a nominated Japanese company Pan Pacific Copper Co., Ltd. ("PPC"). PPC assumed Jogmec's rights and responsibilities under the PPC JEA. We remain as the operator of the project with a 60% interest.

A portion of the PPC Properties is subject to the following underlying agreements:

- The Lirio Property: The 100% owned Lirio Property is divided between the PPC JEA and Josemaria JEA. The Lirio Property-PPC Portion is that part of the Lirio Property which forms part of the PPC JEA. The Lirio Property-Josemaria Portion is that part of the Lirio Property which is held 60% by us and 40% by Jogmec under the Josemaria Joint Exploration Agreement as described below.

  The Lirio Property is subject to a 0.5% Net Smelter Return royalty and a further US$2 million payment due within 6 months following the second complete year of mine operations both payable to the original owner.

- Concina Property: We hold a 60% participating interest and PPC holds a 40% participating interest.

- La Chola Property: We have a 100% combined interest (with PPC) in this property after making all necessary payments in past periods.

The remainder of the property, including the Los Helados and Filo del Sol projects, subject to the PPC JEA was acquired by staking.

The amount due to PPC at December 31, 2013 in respect of advance cash calls to fund ongoing exploration on the PPC JEA was $2,881,575 (2012 - $1,586,794).

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

The Josemaria JEA is an agreement dated March 16, 2009 with Jogmec under which we hold a 60% interest and Jogmec a 40% interest in the Lirio Property-Josemaria Portion and Batidero properties that jointly comprise Josemaria. These properties are subject to an underlying agreement as described above.

The amount due to Jogmec at December 31, 2013 in respect of cash calls to fund ongoing exploration on the Josemaria JEA was $1,219,656 (2012 - $1,290,773).

c) Tamberias property, Argentina

On March 25, 2011 we entered into an option agreement (the "Agreement") with Compania Minera Tamberias SCM ("Tamberias SCM") whereby we can earn a 100% interest in the Tamberias property by making option payments totaling US$20 million on or before June 30, 2020 of which a US$5 million is payable on or before June 30, 2016, US$5 million on or before June 30, 2018 and US$10 million on or before June 30, 2020. We have cumulatively paid US$1.2 million as at December 31, 2013.

Tamberias SCM will retain a 1.5% NSR royalty that will be paid only after the Company has recovered all of its exploration and development costs. The Tamberias property is located in Region 3, Chile and is adjacent to the PPC joint exploration project, which is located in Argentina.

d) Paramillos and Papagallos, Argentina

We have earn in agreements with landowners to earn an 80% interest in the Paramillos and Papagallos properties by making payments of US $2.7 million and US$2 million respectively**.**

However, as we continue to experience difficulty in obtaining the necessary drill permits from the Argentina government for these two drill ready projects and did not allocate any significant financial resources to these projects for the current 2013-2014 exploration season, management has recorded $1.2 million as impairment charge and wrote down the value of the Paramillos and Papagallos mineral properties to nil as at December 31, 2013.

e) GJ and Kinaskan Lake Properties, B.C.

The GJ/Kinaskan property is a porphyry copper-gold prospect located in the Liard Mining Division of northwestern British Columbia. We own 100% of all the mineral claims comprising the property, subject to an earn-in option by Teck Resources Limited ("Teck").

Under the earn-in option agreement signed in August 2010, Teck can earn an initial 51% interest in the project by spending $12 million by December 31, 2014 and up to a 75% interest by making exploration expenditures totaling $44 million by December 31, 2020.

As at December 31, 2013, Teck has cumulatively spent $11.7 million and has not yet earned in to the property.

If Teck fulfils all of its obligations and exercises its earn in options, a joint venture will be formed and expenditures will be funded by both parties in pro rata to the interest held in accordance with the agreement. Should ownership interest falls below 10% by either party, it will convert to a 2% Net Smelter Return after payback of project expenditures.

8. SHARE CAPITAL

We have authorized an unlimited number of voting common shares without par value. All issued shares are fully paid.

On January 29, 2013 we completed a non-brokered private placement of 10,000,000 common shares of the Company at a price of $3.40 per share for gross proceeds of $34.0 million. Finder's fees totaling $0.7 million were paid on a portion of the private placement. The net proceeds received by the Company upon completion of the private placement totaled $33.3 million.

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

9. SHARE OPTIONS

a) Share Option Plan

We have a rolling share option plan approved and ratified 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.

During the year ended December 31, 2013, the Company granted a total of 790,000 (2012 – 1,815,000) share options to its participants at an average exercise price of $2.36 per share.

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with weighted average assumptions and resulting values for grants as follows:

	December 31, 2013	December 31, 2012
Assumptions:		
Risk-free interest rate *(%)*	1.11	0.99
Expected life *(years)*	2.50	3.00
Expected volatility *(%)*	61.76	65.06
Expected dividend	Nil	Nil
Results:		
Weighted average fair value of options granted *(per option)*	$ 0.92	$ 0.73

The fair value of options granted during the 2013 year was $723,501 (2012 - $1,331,928) and will be amortized over the vesting period of 2.5 years. The Company recognized $476,205 in the year ended December 31, 2013 (2012 - $738,822).

The total share-based compensation for the year ended December 31, 2013 was $1,196,655 (2012 - $1,806,183) of which $1,038,280 (2012 - $1,421,548) has been allocated to Administration expenses, and $158,375 (2012 - $384,635) to Exploration and project investigation expenses.

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

b) Share Options Outstanding

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

	Number of shares issuable pursuant to share options	Weighted average exercise price per share (CDN$)
Balance at December 31, 2011	**4,577,673**	**$ 1.68**
Granted	1,815,000	1.69
Exercised	(461,375)	1.10
Forfeited / expired	(289,548)	2.78
Balance at December 31, 2012	**5,641,750**	**1.66**
Granted	790,000	2.36
Exercised	(132,166)	0.77
Forfeited / expired	(43,334)	2.74
Balance at December 31, 2013	**6,256,250**	**$ 1.76**

The following summarized information about the share options outstanding and exercisable at December 31, 2013:

	Outstanding Options			**Exercisable Options**		
Range of exercise prices CDN$	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price CDN$	Number of options exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price CDN$
$0.50 - $1.30	1,588,250	0.96	$ 0.71	1,588,250	0.96	$ 0.71
$1.31 - $3.42	4,668,000	1.29	2.12	3,539,655	1.06	2.16
	6,256,250	1.21	$ 1.76	5,127,905	1.03	$ 1.71

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

10. EXPLORATION AND PROJECT INVESTIGATION

We have expensed the following mineral properties costs for the year ended December 31, 2013:

	South America					
	Los Helados & Filo del Sol Exploration Agreement	**Josemaria Exploration Agreement**	**Colmillos**	**Other**	**Canada**	**Total**
Gov't fees, licenses, permits, taxes, rights and land access	$ 204,932	$ 56,641	$ 132,251	$ 114,530	$ 980	$ 509,334
Field related expenses	1,649,719	612,506	214,010	274,990	-	2,751,225
Camp cost	1,419,214	475,768	337,091	22,948	-	2,255,021
Consultants	148,239	52,644	1,345	-	-	202,228
Drilling and fuel	5,204,705	2,019,543	295,978	5,227	-	7,525,453
Geochemistry & conceptual study	1,237,110	956,657	38,230	89,839	5,130	2,326,966
Road work and trenching	686,002	384,527	68,804	82,986	-	1,222,319
Transport and travel	851,418	188,990	120,554	10,088	-	1,171,050
Environmental & community relations	628,501	178,492	50,988	33,787	-	891,768
Value added tax	1,454,572	849,196	162,963	167,910	-	2,634,641
Office and general expense	264,940	36,826	2,025	746,219	-	1,050,010
Share-based compensation (Note 9)	95,934	40,551	9,938	11,952	-	158,375
Total for the year	**$13,845,286**	**$ 5,852,341**	**$1,434,177**	**$1,560,476**	**$6,110**	**$ 22,698,390**

We have expensed the following mineral properties costs for the year ended December 31, 2012:

	South America					
	Los Helados & Filo del Sol Exploration Agreement	**Josemaria Exploration Agreement**	**Colmillos**	**Other**	**Canada**	**Total**
Gov't fees, licenses, permits, taxes, rights and land access	$ 473,167	$ 20,214	$ 110,742	$ 63,363	$ 980	$ 668,467
Field related expenses	1,493,125	445,711	12,495	110,964	-	2,062,294
Camp cost	1,673,362	382,834	1,664	14,906	-	2,072,766
Consultants	114,660	21,526	-	404	-	136,590
Drilling and fuel	9,221,263	2,174,724	-	-	-	11,395,987
Geochemistry & conceptual study	727,763	290,908	124	83	5,130	1,024,008
Road work and trenching	1,392,731	163,154	-	-	-	1,555,885
Transport and travel	951,591	179,980	3,241	164,244	-	1,299,057
Environmental & community relations	303,557	72,482	86,107	47,651	-	509,797
Value added tax	1,687,611	816,626	10,122	9,029	-	2,523,388
Office and general expense	69,810	28,451	0	478,208	-	576,469
Share-based compensation (Note 9)	259,876	63,303	3,332	6,663	-	333,174
Total for the year	**$18,368,516**	**$4,659,913**	**$227,827**	**$895,515**	**$6,110**	**$ 24,157,882**

Due to a decrease in exploration activities during the year combined with the impact of the strengthening of the Canadian dollar compared to the Argentina Pesos, the Company incurred lower exploration and project investigation costs in fiscal 2013 compared to fiscal 2012.

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

11. RELATED PARTY TRANSACTIONS

a) Related parties expenses

We incurred the following expenses with Namdo Management Services Limited ("Namdo"), Lundin Mining Corporation ("Lundin Mining"), Lucara Diamond Corp. ("Lucara") and Sirocco Mining Inc. ("Sirocco"), companies related by way of certain common directors. We engaged technical personnel on a temporary basis from Lundin Mining, Lucara, and Sirocco to support technical studies at our projects. In addition, we incurred air charter services from Mile High Holdings Ltd ("Mile"), a company associated with the Chairman of the Company. We are related to Cassels Brock & Blackwell LLP ("Cassels Brock") in which a director is senior business advisor.

Description of services	Related party	Year ended December 31, 2013	2012
Management fees	Namdo	$ 540,000	$ 540,000
Technical consulting services	Sirocco, Lucara, Lundin Mining	223,631	5,625
Aircraft charter and travel	Mile	135,504	173,542
Legal services	Cassels Brock	14,225	7,516
		$ 913,360	$ 726,683

b) Related parties liabilities

	December 31, 2013	December 31, 2012
Namdo and others	$ 982	$ 32,921
Lundin Mining	26,489	-
Sirocco	-	5,625
Cassels Brock	-	6,171
	$ 27,471	$ 44,717

c) Key management compensation

Our key management personnel have authority and responsibility for overseeing, planning, directing and controlling our activities and consist of our Board of Directors and members of our executive management team. Total compensation expense for key management personnel, and the composition thereof, is as follows:

	Year ended December 31, 2013	2012
Salaries	$ 955,833	$ 849,792
Employee benefits	30,284	30,535
Director fees	67,000	67,000
Share-based compensation	631,058	1,289,585
	$ 1,684,175	$ 2,236,912

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

12. INCOME TAXES

	December 31, 2013	December 31, 2012
Combined basic federal and provincial income tax rates	25.00%	25.00%
Net loss before taxes	$ (28,372,448)	$ (33,550,055)
Expected income recovery	(7,093,112)	$ (8,387,514)
Non-deductible share based compensation	299,164	451,546
Other non-deductible expenses and permanent differences	724,088	1,719,591
Difference in foreign tax rates	64,998	707,027
Income tax benefits not recognized and other items	3,350,624	5,610,135
Income tax benefits not previously recognized	2,654,238	(100,785)
Future income tax recovery	$ -	$ -

	December 31, 2013	December 31, 2012
Loss carry-forwards	$ 8,764,300	$ 9,531,384
Capital losses	183,515	183,515
Mineral properties and related expenditures	14,754,245	12,694,668
Other	237,729	486,104
Unrecognized deferred tax assets	$ 23,939,789	$ 22,895,671

As at December 31, 2013, we have the following tax losses, primarily in Canada, Chile and Argentina, which may be used to reduce future taxable income. The income tax benefit, if any, of these losses have not been recorded in our consolidated financial statements due to the uncertainty of their recovery. The future expiration of the losses is as follows:

Year of Expiry	Canada	Chile	Argentina	Other	Total
2014	$ 341,490	$ -	$ 503,603	$ -	$ 845,093
2015	277,675	-	3,318,258	-	3,595,933
2016	-	-	850,397	-	850,397
Subsequent to 2017	15,299,599	-	6,517,862	68,372	21,885,833
No expiry	-	4,252,551	-	-	4,252,551
Total	$ 15,918,764	$ 4,252,551	$ 11,190,120	$ 68,372	$ 31,429,807

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

13. SEGMENTED INFORMATION

We are principally engaged in the acquisition, exploration and development of mineral properties in North and South America. The segments presented below together with the mineral property and exploration expenditures information presented in Note 7 and Note 10 reflects the way in which management reviews its business performance. Operating segments are reported in a manner consistent with the internal reporting provided to executive management who act as the chief operating decision - maker. Our Chief Executive Officer is responsible for allocating resources and assessing performance of the operating segments.

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

	At December 31, 2013			At December 31, 2012		
	Equipment, net	**Mineral properties**	**Others**	**Equipment, net**	**Mineral properties**	**Others**
Canada	$ 140,300	$ 136,997	$ 8,000	$ 158,600	$ 136,997	$ 8,000
South America	106,777	10,301,843	-	113,079	11,429,209	-
	$ 247,077	$ 10,438,840	$ 8,000	$ 271,679	$ 11,566,206	$ 8,000

14. COMMITMENTS

Future minimum payments at December 31, 2013 under various land access and right commitments, which are entered in the normal course of business, are approximately as follows:

	Payment due period			
In USD	**< 1 year**	**1 -3 years**	**3 – 5 years**	**Total**
Land access rights payments	$ 504,000	-	-	$ 504,000
Land purchase	132,000	240,000	1,086,000	1,458,000
Water rights payments	147,000	-	-	147,000
Total commitments	$ 783,000	240,000	1,086,000	$ 2,109,000

To the extent that the commitments relate to properties that form part of the PPC or Josemaria JEAs the amounts as disclosed above represent our 60% share as the payment.

15. MANAGEMENT OF FINANCIAL RISKS

The Company's financial instruments are exposed to certain financial risks, including credit, market, liquidity and currency risks.

(i) Credit risks associated with cash and cash equivalents is minimal as we deposit the majority of our cash with a large Canadian financial institution that have been accorded strong investment grade ratings by a primary rating agency. As the majority of our receivables and other assets relates to value added taxes and taxes recoverable from governments, our credit risks associated with receivables and other assets are inherently managed and exposure to potential loss is assessed as minimal.

(ii) Market risks associated with holding investments classified as available for sale are assessed as minimal as they are considered short term in nature.

(iii) Liquidity risks associated with our inability to meet obligations as they become due is minimized through the management of our capital structure as explained on Note 16 and by maintaining good relationships with our bankers. We also closely monitor and review our costs to date and actual cash flows on a monthly basis. Accounts payable and accrued liabilities are due within the current operating period.

(iv) We are exposed to currency risks as our operations are primarily conducted in Argentina and Chile. Exploration and project investigation costs are primarily denominated in Argentina pesos, Chilean pesos and the US dollar. As our functional and presentation currency is the Canadian dollar, significant changes in these foreign exchange rates would have a direct impact to our results of operations, financial position and cash flow. While we have not used any hedging strategies to manage our exposure to currency fluctuations, management strives to minimize and manage currency risks by sourcing certain of our operations domestically starting this year as well as utilizing other corporate strategies to minimize such exposure. We also try to maintain most of our cash in Canadian or USD currency, and send funds to our foreign subsidiaries on an as-needed-basis. A 15% variation in the exchange rate between the Argentina and Chilean pesos and the Canadian dollars would result in a $1 million change in costs.

16. CAPITAL STRUCTURE MANAGEMENT

Our objectives when managing capital are to safeguard our ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management and definition of capital, we consider the items included in shareholders' equity to be capital.

We manage the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of our assets. In order to maintain or adjust the capital structure, we may attempt to issue new shares or debt instruments, acquire or dispose of assets, or to bring in joint venture partners.

In order to facilitate the management of its capital requirements, we prepares annual expenditures budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.