NGEX RESOURCES INC

DECEMBER 31, 2014

February 18, 2015

Independent Auditor's Report

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, 2014 and December 31, 2013 and the consolidated statements of comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity 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, 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.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7
T: 604 806 7000, F: 604 806 7806, www.pwc.com/ca

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, 2014 and December 31, 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants

NGEx RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

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 February 18, 2015 and should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2014 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 Chile, Argentina, and Canada. The Company's common shares are listed on the Toronto Stock Exchange (the "TSX") and NASDAQ OMX Stockholm ("Nasdaq Stockholm") under the symbol "NGQ".

NGEx has built a strong portfolio of exploration stage copper-gold projects in Chile, Argentina, and Canada. The Company has a strong management team and board with extensive experience in Chile and Argentina and an appropriate mix of geological, engineering, financial, and business skills to advance its projects and to generate value for its shareholders.

The Company's principal projects are the Los Helados and Josemaria Projects which are advanced exploration stage copper-gold projects located in Chile and Argentina respectively as well as Filo del Sol located in Argentina which is in the resource definition stage. The Company's long term view of the copper market is positive, with the expectation that over time tightening mine supply and growing demand especially from developing countries will contribute to stronger prices and will require the development of new greenfield mining projects. The Company's strategy is to create value for its shareholders by expanding and increasing the quality of its resources as well as by advancing the engineering and other studies that are required to prepare its projects for eventual development by the Company and its partners or by third parties. The Company intends to increase shareholder value through successful exploration and to eventually convert its exploration successes into tomorrow's development projects positioning the Company as a top tier copper industry investment.

2014 HIGHLIGHTS AND SIGNIFICANT EVENTS

Los Helados Project, Chile

- On October 20, 2014, the Company announced the results of a Preliminary Economic Assessment ("PEA") and an updated Mineral Resource estimate for the Los Helados Project. The study defines a robust resource which forms a strong base for a mining and processing solution, indicating that Los Helados has the potential to become a large, low cost mine producing a highly marketable concentrate.

Josemaria Project, Argentina

- On February 21, 2014, the Company announced the initial drilling results from the 2013/2014 field season at the Josemaria Project including the interception of 0.54% copper and 0.11 g/t gold over 340 metres.

- On April 24, 2014 the Company announced the results of the final seven holes drilled in 2014 at the Josemaria Project. The results of the 2014 drilling will be incorporated into an updated resource estimate.

Filo del Sol Property, Argentina

- On March 17, 2014, the Company announced the results of the first seven of 23 holes drilled during its 2013/2014 field season at the Filo del Sol Project which expanded the high grade zone.

- On April 10, 2014, the Company announced the results of ten additional holes drilled at the Filo del Sol Project which included some of the highest copper and silver grades intercepted to date including an intercept of 5.80% copper over 22 metres.

- On April 30, 2014, the Company announced the results from the final nine holes drilled in the first quarter of 2014 at Filo del Sol which included an intercept of 7.59% copper over 10 metres and 314.5 g/t silver over 12 metres.

- On December 2, 2014, the Company announced the initial mineral resource estimate for the Filo del Sol silver-copper-gold deposit.

Corporate Activities

- On June 16, 2014, the Company completed its private placement and sold an aggregate of 17,412,935 common shares for gross proceeds of approximately $35 million.

- On June 19, 2014, the Company completed a secondary listing of its common shares and commenced trading in Sweden on Nasdaq Stockholm.

- On October 23, 2014, the Company announced the acquisition of the 40% interest in the Filo del Sol Project held by its partner Pan Pacific Copper Co., Ltd. ("PPC") for total cash consideration of US$7.0 million. The Company believes that the Filo del Sol Project has excellent exploration potential and has the potential to grow into a significant asset.

- On February 16, 2015, the Company signed a letter of intent to sell its 60% interest in the Assean Lake claims in Manitoba to VMS Ventures Inc. ("VMS").

QUALIFIED PERSONS
Technical disclosure for the Company's projects included in this MD&A, with the exception of the technical disclosure related to ongoing engineering studies, has been reviewed and approved by Bob Carmichael P. Eng. (BC). Mr. Carmichael is NGEx's Vice-President of Exploration and a Qualified Person ("QP") under National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101). Technical disclosure related to the engineering studies has been reviewed and approved by Anthony George P. Eng. (BC). Mr. George is the Company's Project Manager and a Qualified Person under National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101).

Los Helados Project, Chile

Los Helados is a large copper-gold porphyry deposit located approximately 125 kilometres southeast of the city of Copiapo in Region III of Chile. 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%).

On October 20, 2014, the Company announced the results of a Preliminary Economic Assessment (the "PEA") completed on the Los Helados Project, together with an updated Mineral Resource Estimate. The proposed project concept is to develop an underground mine using block cave mining methods, followed by (Semi-Autogenous Grinding) SAG milling and conventional sulphide flotation producing a copper concentrate containing significant gold and silver with all deleterious elements below penalty levels.

For more detailed information on the PEA and the Resource Estimate refer to the National Instrument 43-101 Technical Report summarizing the results of the PEA and updated Mineral Resource Estimate which can be found on SEDAR (www.sedar.com) and on the Company's website (www.ngexresources.com). The PEA was prepared by AMEC International Ingeniería y Construcción Limitada ("AMEC") of Santiago, Chile, under the direction of Anthony George, Project Manager (NGEx Resources).

PEA Summary

	130,000 t/d Option	**65,000 t/d Option**
Pre-Tax NPV (8%) & IRR	$923 million NPV 10.8% IRR	$723million NPV 10.4% IRR
After-Tax NPV (8%) & IRR	$270 million NPV 8.9% IRR	$198 million NPV 8.8% IRR
Metals Prices	$3.25/lb Cu $1,300/oz Au $21.50/oz Ag	$3.25/lb Cu $1,300/oz Au $21.50/oz Ag
Initial Capital Expenditures	$4.3 billion	$3.1 billion
LOM Sustaining Capital Expenditures	$1.3 billion	$1.3 billion
LOM C-1 Cash Costs (net of by-product credits)	$1.10/lb Cu sold	$1.13/lb Cu sold
Nominal Mill Capacity	130,000 t/d	65,000 t/d
Mine Life	26 years	37 years
LOM Average Annual Metal Production	115,000 t Cu 133,000 oz Au 675,000 oz Ag	81,000 t Cu 93,000 oz Au 474,000 oz Ag
LOM Average Process Recovery	89.4% Cu 80.2% Au 51.0% Ag	89.4% Cu 80.2% Au 51.0% Ag

* All figures reported are in 2014 US dollars and on a 100% Project and 100% equity basis valuation. A US dollar (USD) to Chilean Peso (CLP) exchange rate of 500 CLP = 1 USD was used for all cost estimates.

Note: The reader is advised that the PEA study results in this MD&A are only intended to provide an initial, high-level summary of the project. The PEA is preliminary in nature and includes the use of inferred mineral resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that PEA results will be realized. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Mineral Resource Estimate

Los Helados has a current Mineral Resource at a base case 0.33% copper equivalent ("CuEq") cutoff, as follows:

- 2,099 million tonnes at a grade of 0.38% copper, 0.15 g/t gold, and 1.37 g/t silver for a copper equivalent grade of 0.48% (17.6 billion pounds of copper, 10.1 million ounces of gold, and 92.5 million ounces of silver) in the Indicated Resource category; and
- 827 million tonnes at a grade of 0.32% copper, 0.10 g/t gold, and 1.32 g/t silver for a copper equivalent grade of 0.39% (5.8 billion pounds of copper, 2.7 million ounces of gold, and 35.1 million ounces of silver) in the Inferred Resource category.

Copper Equivalent (CuEq) is calculated using US$3.00/lb copper, US$1,300/oz gold and US$23/oz Ag, and includes a provision for selling costs and metallurgical recoveries corresponding to three zones which vary with depth. The formulas used are: CuEq% = Cu% + 0.6264*Au (g/t) + 0.0047*Ag (g/t) for the Upper Zone (surface to ~ 250m); Cu% + 0.6366*Au (g/t) + 0.0077*Ag (g/t) for the Intermediate Zone (~250m to ~600m); Cu% + 0.6337*Au (g/t) + 0.0096*Ag (g/t) for the Deep Zone (> ~600m).

Mineral Resources are reported within a block cave underground mining shape based on US$13.07/tonne operating costs and including a provision for capital expenditure. The base case cutoff grade of 0.33% CuEq was derived through an economic evaluation of several block cave shapes developed over a range of different cutoff grades and is the cutoff grade which results in a zero NPV.

The Mineral Resource estimate for the Los Helados Project has an effective date of September 19, 2014 and 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. For more information about the current resource estimate refer to the technical report *"Los Helados Cu-Au Deposit Atacama Region III, Chile, NI 43-101 Technical Report on Preliminary Economic Assessment"*, dated November 25, 2014.

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.

Engineering Studies

On October 20, 2014, the Company announced the results of a PEA completed on the Los Helados Project. The study defines a robust resource which forms a strong base for a mining and processing solution, indicating that Los Helados has the potential to become a large, low cost mine producing a quality precious metal-rich concentrate. Further studies are planned during the next 12 months which will focus on opportunities to improve project returns by seeking ways to reduce initial capital costs through realizing potential synergies with other deposits in the region, as well as opportunities to increase the tonnage mined, and potentially to improve metallurgical recoveries. Work is ongoing and a variety of potential development scenarios continue to be considered.

Field work resumed in the fourth quarter of 2014 and is focused on limited infill drilling to convert a portion of the Indicated Resource to Measured as well as geotechnical drilling in the volume of the conceptual block cave. Baseline environmental programs, including a review of areas for potential infrastructure are ongoing. Field and desktop work in support of the environmental studies were carried out during the current quarter.

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") in which the Company holds a 60% interest and JOGMEC holds a 40% interest. Each party funds its pro-rata share of expenditures.

Mineral Resource Estimate

Josemaria has a current Mineral Resource at a base case 0.30% copper equivalent* ("CuEq") cutoff, as follows:

Sulphide Resource (0.3% CuEq* cutoff):

- 789 million tonnes at a grade of 0.35% copper and 0.24 g/t gold for a copper equivalent grade of 0.53% (6.1 billion pounds of copper and 6.1 million ounces of gold) in the Indicated Resource category; and,
- 315 million tonnes at a grade of 0.28% copper and 0.17 g/t gold for a copper equivalent grade of 0.41% (1.9 billion pounds of copper and 1.7 million ounces of gold) in the Inferred Resource category.

Plus: Oxide Resource (0.2 g/t Au cutoff):

- 45 million tonnes at a grade of 0.14% copper and 0.32 g/t gold (463 thousand ounces of gold) in the Indicated Resource category; and,
- 3 million tonnes at a grade of 0.05% copper and 0.33 g/t gold (30 thousand ounces of gold) in the Inferred Resource category.

*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).

The Mineral Resource estimate for the Josemaria Project has an effective date of September 27, 2013 and 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. To put the Josemaria resource into its full context the reader is encouraged to read 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*". This report describing the details of the resource estimate is available under the Company's profile on SEDAR www.sedar.com. 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.

A total of 7,302 metres of diamond drilling in 14 holes was completed during the 2013/2014 field season which ended in the first quarter of 2014. Results from seven holes were released on February 21, 2014, and assays for the remaining seven holes were released on April 24, 2014. The Company plans to incorporate the results of this season's drilling into an updated resource estimate. Metallurgical test work is underway and is expected to be completed during the first quarter of 2015.

Engineering Studies

Metallurgical test work and baseline environmental programs continued during the fourth quarter of 2014. Field work in support of the environmental program was carried out during the fourth quarter. The Company is considering a scoping level study to evaluate the potential for a combined Los Helados-Josemaria operation.

Filo del Sol Property, Argentina

The Filo del Sol Project is an exploration project located approximately 17 kilometres south of Los Helados in San Juan Province, Argentina. A total of 8,208 metres of drilling in 23 holes was completed during the 2013/2014 season which ended on March 5, 2014.

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. Overlapping mineralizing events combined with weathering effects, including supergene enrichment, have created several different styles of mineralization at Filo del Sol, including copper-gold porphyry, structurally-controlled gold, manto-style high-grade silver (+/- copper) and high-grade supergene copper enrichment.

On December 3, 2014 the Company announced the initial resource estimate for the deposit. The total Inferred Resource for the Filo del Sol deposit, at a 0.30% CuEq cutoff grade is 280.5 million tonnes at a grade of 0.38% copper, 0.32 g/t gold, 9.7 g/t silver and 54 ppm molybdenum for a copper equivalent grade of 0.66% (2.3 billion pounds of copper, 2.9 million ounces of gold, and 87.8 million ounces of silver). This resource remains open to expansion in all directions. A step out drill program expected to total around 8,000 metres began in December and is expected to continue until early March.

The resource estimate was completed by James N. Gray, P.Geo. of Advantage Geoservices Ltd., an Independent Qualified Person as defined by National Instrument 43-101. Further details of the estimation methods and procedures are described in the Technical Report *"Initial Mineral Resource Estimate for the Filo del Sol Property, Region III of Atacama, Chile and San Juan Province, Argentina"* dated December 14, 2014 which is available under the Company's profile at www.sedar.com or on the Company's website.

On October 23, 2014, the Company announced the acquisition of the 40% interest in the Filo del Sol Project held by its partner PPC for total cash consideration of US$7.0 million effective September 1, 2014. The consideration is payable in two installments: US$3.5 million paid in November 2014 and US$3.5 million by the earlier of November 1, 2015 or upon completion of an administrative restructuring of certain exploration licenses. As a result, the Company holds a 100% interest in the Filo del Sol Project. In addition the Company holds an option to acquire a 100% interest in the Tamberias Project which is located across the international border in Chile and hosts the extension of the Filo del Sol mineralization.

Other Chilean and Argentinean Projects

The Company holds a number of early stage exploration projects in Chile and Argentina. Work on these projects is currently on hold while the Company focuses its efforts on Los Helados, Josemaria, and Filo del Sol.

NORTH AMERICAN PROJECTS

GJ Project, British Columbia, Canada

The GJ Project is 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 completed the initial earn-in requirements as of December 31, 2014 and has notified the Company that it will exercise the option to acquire a 51% interest in the GJ Project.

Assean Lake, Manitoba, Canada

On February 16, 2015, the Company signed a letter of intent to sell its 60% interest in the Assean Lake claims in Manitoba to VMS. In accordance with the terms of the letter of intent, the Company will receive:

- Upon approval by the TSX Venture Exchange, a cash payment of $15,000 and 600,000 common shares of VMS;
- Upon the earliest to occur of the completion of a preliminary economic assessment, a prefeasibility study or a feasibility study, a further 600,000 common shares of VMS; and
- Upon the commencement of commercial production from Assean Lake, a further 600,000 common shares of VMS.

The Company's interest in the Assean Lake claims were written off to nil in the financial statements in previous years.

SELECTED ANNUAL INFORMATION

	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Statement of Operations Data ($000's)			
Total revenue	$ NIL	$ NIL	$ NIL
Exploration expenditures	$ 19,258	$ 22,698	$ 24,158
Net loss from continuing operations	$ (23,316)	$ (28,288)	$ (26,675)
Net loss from discontinued operations	$ (36)	$ (84)	$ (6,875)
Net loss	$ (23,352)	$ (28,372)	$ (33,550)
Data per Common Share ($)			
Basic and diluted net loss from continuing operations	$ (0.13)	$ (0.17)	$ (0.17)
Basic and diluted net loss from discontinued operations	$ (0.00)	$ (0.00)	$ (0.04)
Basic and diluted net loss	$ (0.13)	$ (0.17)	$ (0.21)
Balance Sheet Data ($000's)			
Total Assets	$ 48,671	$ 33,398	$ 30,606
Long Term Liabilities	$ -	$ 319	$ NIL

SELECTED QUARTERLY INFORMATION

Financial Data for 8 Quarters								
Three Months Ended	**Dec-14**	**Sep-14**	**Jun-14**	**Mar-14**	**Dec-13**	**Sep-13**	**Jun-13**	**Mar-13**
(In thousands $ except for per share amounts)								
Exploration Expenses, net of recoveries	6,900	1,837	2,300	8,221	2,339	1,505	3,385	15,469
Net loss from continuing operations	(7,770)	(1,834)	(4,354)	(9,358)	(3,186)	(2,066)	(5,994)	(17,042)
Net loss from discontinued operations	(18)	(5)	(10)	(3)	96	(106)	(25)	(49)
Net loss	(7,788)	(1,839)	(4,364)	(9,361)	(3,090)	(2,172)	(6,019)	(17,091)
Basic and diluted loss per share from continuing operations (i)	(0.04)	(0.01)	(0.03)	(0.05)	(0.02)	(0.01)	(0.04)	(0.10)
Basic and diluted loss per share from discontinued operations (i)	(0.00)	(0.00)	(0.00)	(0.00)	0.00	(0.00)	(0.00)	(0.00)
Total basic and diluted loss per share (i)	(0.04)	(0.01)	(0.03)	(0.05)	(0.02)	(0.01)	(0.04)	(0.10)

(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/down of mineral properties interests and will vary accordingly. Net loss is also impacted by the recognition of share-based payments in each quarter which depends on options granted and vested. Exploration and project investigation expenditures are affected to some extent by seasonal factors, exploration results, share-based payments and availability of funds.

Both exploration expenses and net loss from continuing operations for the fourth quarter ended December 31, 2014 increased when compared to the fourth quarter ended December 31, 2013. This is due to the timing of commencement of exploration activities at the Company's South American projects. In addition, during the fourth quarter of 2014, the Company incurred project investigation expenditures relating to engineering studies at the Los Helados Project and the preparation of the initial mineral resource estimate at the Filo del Sol Project.

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. During the fourth quarter ended December 31, 2014, the Company recorded a loss 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, 2014 COMPARED TO YEAR ENDED DECEMBER 31, 2013

The Company's net loss for the year ended December 31, 2014 was $23.4 million or $(0.13) per share as compared to a loss of $28.4 million or $(0.17) per share for the year ended December 31, 2013. Net loss from continuing operations was $23.3 million or $(0.13) per share compared with a net loss from continuing operations of $28.3 million or $(0.17) per share for 2013.

The decrease in net loss from continuing operations of $5.0 million for the year ended December 31, 2014 was primarily due to a reduction in exploration and project investigation expenditures of $3.4 million, a one-time write-down of mineral property interests in 2013 of $1.2 million and a loss on investments in 2013 of $0.7 million. Exploration and project investigation expenditures were lower during the year ended December 31, 2014 at the Los Helados Project and the Josemaria Project compared to 2013. This was offset by increased exploration activity at the Filo del Sol Project.

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

The Company's business is driven by seasonal trends through increased exploration activity during the summer months in South America as well as the achievement of project milestones such as the achievement of various technical, environmental, socio-economic and legal objectives, including obtaining the necessary permits, preparation of engineering designs, as well as receipt of financings to fund these objectives.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2014, the Company had cash and working capital of $28.5 million and $17.7 million, respectively, as compared to cash and working capital of $21.3 million and $14.2 million, respectively, at December 31, 2013. The increase in cash and working capital is primarily a result of proceeds from the private placement completed in June 2014 offset by exploration expenditures incurred and general and administrative expenses.

Net cash used in operating activities was $23.0 million for the year ended December 31, 2014 and consisted primarily of the loss from operations of $23.4 million, which included exploration expenditures of $19.3 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 $4.6 million consisted of the first US$3.5 million payment to acquire PPC's interest in the Filo del Sol Project and expenditures relating to mineral property option payments and equipment purchases.

Cash flow from financing activities was $34.3 million, which comprised of proceeds from the private placement completed in June 2014 and exercise of stock options.

The Company anticipates that its current financial position will provide sufficient working capital to fund its share of planned exploration and project investigation expenditures, which are discretionary, and corporate expenses for the next twelve months. 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

At Los Helados, the completion of the PEA helped identify a number of opportunities to potentially improve the project economics. These include:

- Exploring regional synergies for capital and operating cost reductions;
    - Through potential synergies and cooperative development plans with other regional operators to utilize spare capacity of process plants and infrastructure, including desalination plants, water pipeline routes and ports;
    - A scoping study on the potential to develop a combined Los Helados-Josemaria operation;
    - Through expanding the resource base within our regional land package which includes the Josemaria and Filo del Sol Projects – all within 20 kilometres of the Los Helados deposit;
- Extending the life of mine and project cash-flow of the Los Helados resource through the application of a variable cut-off grade which has the potential to add tonnage to the proposed mine plan;
- Increasing metallurgical recoveries with further test work and optimization;
- Evaluating the use of seawater in the process plant reducing capital and operating costs for the desalination plant;

- Reviewing the suitability of High Pressure Grinding Roll technology (HPGR) which has the potential to reduce overall power use and costs; and
- Delineating more or higher-grade feed material for the process plant through continued exploration.

An infill drilling program started in December 2014 in order to upgrade a portion of the Los Helados mineral resource to the Measured Category and to build upon our geotechnical understanding of the resource volume. Baseline environmental programs will continue.

The Company plans to incorporate the results of the 2013/2014 Josemaria drill program into an updated resource estimate.

Drilling was also initiated at the Filo del Sol Project in December 2014, designed to expand the resource and infill key areas particularly of the high-grade silver zone. Drilling is expected to conclude in the first quarter of 2015 and the new data will be used to update the resource estimate.

NEW ACCOUNTING PRONOUNCEMENTS

A number of new standards, amendment to standards and interpretations are effective for periods after December 31, 2014 and accordingly have not been applied in preparing these consolidated financial statements.

- Annual Improvements to IFRSs 2012-2014 Cycle, which are required to be applied for years beginning on or after January 1, 2016.
- IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement, and is required to be applied for years beginning on or after January 1, 2018.
- IFRS 15, Revenue from Contracts with Customers, is required to be applied for years beginning on or after January 1, 2017. The International Accounting Standards Board and the Financial Accounting Standards Board of the United States worked on this joint project to clarify the principles for the recognition of revenue and to develop the common revenue standard. The new standard was released in May 2014 and supersedes existing standards and interpretations including IAS 18, Revenue.

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.

Information about estimates and assumptions that could have the most significant effect on our recognition and measurement of assets is provided below:

Valuation of Mineral Properties - The carrying amount of mineral properties capitalized is stated at cost net of any impairment provisions. The Company expects that the future economic benefits to be obtained once development of the properties commence in the future will exceed its carrying value.

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 to the development stage and economic viability has been demonstrated, all further expenditures for the current year and subsequent years are capitalized as incurred. As at December 31, 2014, all costs incurred to date are accounted for as exploration and evaluation expenditures.

OUTSTANDING SHARE DATA

As at February 18, 2015, the Company had 187,712,994 common shares outstanding and 4,812,500 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, 2014 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 purchase	$ 120,000	$ 1,206,000	$ -	$ 1,326,000

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, 2014.

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 1992 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, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

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 on SEDAR for the year ended December 31, 2013.

The operations of the Company are speculative due to the high risk nature of its business. Material risk factors and uncertainties, which should be taken into account in assessing the Company's activities, include, but are not necessarily limited to, those set out below. Any one or more of these risks and others could have a material adverse effect on the Company.

RISKS RELATING TO THE BUSINESS

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 may also 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.

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 its activities. The Company also aims to 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 Projects.

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.

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.

Joint Exploration Properties

Certain of the Company's properties including Los Helados and Josemaria 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; (iii) inability of joint exploration partners to meet their obligations; and (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.

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. Increased levels of volatility can adversely affect the Company's operations and the value and price of the Shares. 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. Access to public financing has been negatively impacted by concerns over global growth rates and conditions. Consequently, equity financing may not be available to the Company in the amount required at any time or for any period or, if available, it may not be obtained on terms satisfactory to the Company.

RISKS RELATING TO THE MINING INDUSTRY

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.

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. 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.

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.

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.

Uninsurable Risk
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.

RISKS RELATING TO AN INVESTMENT IN THE COMPANY'S SHARES

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.

Future offerings of debt or equity securities
The Company may require additional funds to finance further exploration, development and production activities, or to take advantage of unanticipated opportunities. If the Company raises additional funds by issuing additional equity securities, such financing would dilute the economic and voting rights of the Company's shareholders. Since the Company's capital needs depend on market conditions and other factors beyond its control, it cannot predict or estimate the amount, timing or nature of any such future offering of securities. Thus, holders of common shares of the Company bear the risk of any future offerings reducing the market price of the common shares and diluting their shareholdings in the Company.

FINANCIAL INFORMATION

The report for the three months ended March 31, 2015 is expected to be published on May 5, 2015.

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.

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

		December 31, 2014		December 31, 2013
ASSETS				
Current assets:				
Cash and cash equivalents (Note 4)	$	28,480,133	$	21,259,598
Investments (Note 5)		353,000		326,000
Receivables and other assets (Note 6)		1,537,022		1,118,105
		30,370,155		22,703,703
Equipment		163,658		247,077
Mineral properties (Note 7)		18,129,239		10,438,840
Other non-current assets		8,000		8,000
TOTAL ASSETS	$	48,671,052	$	33,397,620
LIABILITIES				
Current liabilities:				
Trade payables and accrued liabilities	$	5,769,438	$	4,355,561
Due to joint exploration partners (Note 7)		6,852,012		4,101,231
		12,621,450		8,456,792
Other non-current liabilities		-		319,080
TOTAL LIABILITIES		12,621,450		8,775,872
EQUITY				
Share capital (Note 8)		250,063,406		214,924,582
Reserved for issuance		1,284		1,284
Contributed surplus (Note 9)		8,006,453		7,482,860
Cumulative deficit		(216,484,370)		(193,132,284)
Accumulated other comprehensive loss		(5,537,171)		(4,654,694)
TOTAL EQUITY		36,049,602		24,621,748
TOTAL LIABILITIES AND EQUITY	$	48,671,052	$	33,397,620

Commitments (Note 14), Subsequent Events (Note 17)

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, 2014	2013
Expenses		
Exploration and project investigation (Note 10)	19,257,604	22,698,390
General and Administration:		
Salaries and benefits (Note 11)	1,411,840	1,067,912
Share-based compensation (Note 9)	1,060,560	1,038,280
Management fees	540,000	540,000
Professional fees	354,341	368,977
Travel	246,584	171,855
Promotion and public relations	419,514	355,424
Donation	218,162	340,000
Office and general	408,014	321,278
Operating loss	23,916,619	26,902,116
Other (income) expenses		
Interest income	(64,963)	(234,855)
Foreign exchange gain	(888,870)	(148,347)
Other expenses	248,708	93,296
Unrealized loss on investments	105,000	660,000
Write-down of mineral property interests	-	1,196,128
Gain on disposition of investments	-	(180,000)
Net loss from continuing operations	23,316,494	28,288,338
Net loss from discontinued operations	35,592	84,110
Net loss	$ 23,352,086	$ 28,372,448
Other comprehensive loss		
Items that may be reclassified subsequently to net loss		
Net change in fair value of available-for-sale securities	(27,000)	30,000
Recognition of unrealized loss on investments to income statement	(105,000)	-
Foreign currency translation adjustment	1,014,477	3,059,408
Comprehensive loss	$ 24,234,563	$ 31,461,856
Basic and diluted loss per common share		
Continuing operations	$ 0.13	$ 0.17
Discontinued operations	$ 0.00	$ 0.00
	$ 0.13	$ 0.17
Weighted average common shares outstanding	178,528,152	167,833,348

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, 2014	2013
Cash flows used in operating activities		
Net loss for the year	$ (23,352,086)	$ (28,372,448)
Items not involving cash and cash equivalents:		
Depreciation	86,086	199,489
Share-based compensation	1,352,791	1,196,655
Gain on disposition of investments	-	(180,000)
Gain on disposition of field equipment	(5,316)	-
Unrealized foreign exchange gain	(823,195)	-
Unrealized loss on investments	105,000	690,000
Write-down of mineral property interests	-	1,196,128
Net changes in working capital items:		
Receivables and other	(230,003)	(308,019)
Trade payables and accrued liabilities	(2,142,506)	(1,712,843)
Due to joint exploration partners	1,977,976	1,260,548
	(23,031,253)	(26,030,490)
Cash flows from financing activities		
Common shares issued, net	33,012,025	33,276,316
Proceeds from exercise of stock options	1,297,601	101,309
	34,309,626	33,377,625
Cash flows used in investing activities		
Mineral properties and related expenditures	(703,148)	(1,194,894)
Acquisition of Filo del Sol interest from PPC	(3,922,800)	-
Proceeds from sale of field equipment	8,431	-
Field equipment purchase	(7,983)	(207,411)
	(4,625,500)	(1,402,305)
Effect of exchange rate change on cash and cash equivalents	567,662	(1,982,155)
Increase in cash and cash equivalents during the year	7,220,535	3,962,675
Cash and cash equivalents, beginning of year	21,259,598	17,296,923
Cash and cash equivalents, end of year	$ 28,480,133	$ 21,259,598

Supplemental Information:

Changes in trade payables and accrued liabilities relating to mineral property acquisition (Note 7)	(3,922,800)	-

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, 2014	168,714,559	20,240	$ 214,924,582	$ 1,284	$ 7,482,860	$ (4,654,694)	$ (193,132,284)	$ 24,621,748
Exercise of stock options	1,585,500	-	2,126,799	-	(829,198)	-	-	1,297,601
Share-based compensation	-	-	-	-	1,352,791	-	-	1,352,791
Change in fair value of available-for-sale securities	-	-	-	-	-	27,000		27,000
Recognition of unrealized loss on income statement	-	-	-	-	-	105,000		105,000
Foreign currency translation	-	-	-	-	-	(1,014,477)	-	(1,014,477)
Private placement (Note 8)	17,412,935	-	33,012,025	-	-	-	-	33,012,025
Net loss for the year	-	-	-	-	-	-	(23,352,086)	(23,352,086)
Balance, December 31, 2014	187,712,994	20,240	$ 250,063,406	$ 1,284	$ 8,006,453	$ (5,537,171)	$ (216,484,370)	$ 36,049,602
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
Change in fair value of available-for-sale securities	-	-	-	-	-	(30,000)	-	(30,000)
Foreign currency translation	-	-	-	-	-	(3,059,408)	-	(3,059,408)
Private placement	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", "we", or "our") are principally engaged in the acquisition, exploration and development of mineral properties located in North and South America.

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. Effective June 19, 2014, we also began trading on the NASDAQ OMX Stockholm Stock Exchange.

2. BASIS OF PRESENTATION

Our consolidated 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 February 18, 2015.

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. 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).

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. Information about estimates and assumptions that could have the most significant effect on our recognition and measurement of assets is provided below.

The recoverability of mineral properties – The carrying amount of mineral properties capitalized is stated at cost net of any impairment provisions. We expect that the future economic benefits to be obtained once development of our properties commence in the future will exceed its carrying value.

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 to the development stage and economic viability has been demonstrated, all further expenditures for the current year and subsequent years are capitalized as incurred. As at December 31, 2014, all of our costs incurred to date are accounted for as exploration and evaluation 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. 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) 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.

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.

e) 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 joint exploration partners			X
Measured at fair value:			
Investments		X	

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

f) Investments

We account for investments as available-for-sale financial assets which are measured at fair 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, 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.

g) 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, the reversal of the previously recognized impairment loss is recognized in the consolidated statement of loss.

h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts.

i) 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.

j) 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.

k) 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 estimation, 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 contributed surplus.

l) 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.

m) 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.

n) 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 joint exploration project, the Josemaria joint exploration project, the Filo del Sol project, the Tamberias 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.

o) Accounting standards effective January 1, 2014

The following standards are required to be applied for periods beginning on or after January 1, 2014, and their effect(s) on our financial performance were not material:

The International Accounting Standards Board (IASB) has made amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets 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.

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.

p) New accounting pronouncements

A number of new standards, amendment to standards and interpretations are effective for periods after December 31, 2014 and accordingly have not been applied in preparing these consolidated financial statements.

- Annual Improvements to IFRSs 2012-2014 Cycle, which are required to be applied for years beginning on or after January 1, 2016.
- IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement, and is required to be applied for years beginning on or after January 1, 2018.

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

- IFRS 15, Revenue from Contracts with Customers, is required to be applied for years beginning on or after January 1, 2017. The International Accounting Standards Board and the Financial Accounting Standards Board of the United States worked on this joint project to clarify the principles for the recognition of revenue and to develop the common revenue standard. The new standard was released in May 2014 and supersedes existing standards and interpretations including IAS 18, Revenue.

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. CASH AND CASH EQUIVALENTS

	December 31, 2014	December 31, 2013
Cash	$ 27,204,026	$ 21,259,598
Short-term deposits	1,276,107	-
	$ 28,480,133	$ 21,259,598

5. INVESTMENTS

	December 31, 2014	December 31, 2013
Goldgroup Mining Inc.	$ 308,000	$ 176,000
Legend Gold Corp.	45,000	150,000
	$ 353,000	$ 326,000

6. RECEIVABLES AND OTHER ASSETS

	December 31, 2014	December 31, 2013
Value added taxes and taxes recoverable	$ 500,295	$ 469,427
Prepaid expenses	1,036,727	648,678
	$ 1,537,022	$ 1,118,105

(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	Total
	Los Helados Joint Exploration Agreement	**Josemaria Joint Exploration Agreement**	**Filo del Sol**	**Tamberias**	**Paramillos**	**Papagallos**	**GJ / Kinaskan**	
	Note a	**Note b**	**Note a**	**Note c**	**Note d**	**Note d**	**Note e**	
January 1, 2013	**$ 2,744,427**	**$ 6,650,011**	**$ 170,957**	**$ 807,810**	**$ 945,251**	**$ 110,753**	**$ 136,997**	**$ 11,566,206**
Additions	225,863	174,279	625,815	412,312	-	158,481	-	1,596,750
Impairment	-	-	-	-	(931,439)	(264,689)	-	(1,196,128)
Currency translation effect	(114,903)	(1,323,694)	(33,110)	(37,924)	(13,812)	(4,545)	-	(1,527,988)
December 31, 2013	**$ 2,855,387**	**$ 5,500,596**	**$ 763,662**	**$1,182,198**	**$ -**	**$ -**	**$ 136,997**	**$ 10,438,840**
Additions	145,186	-	-	557,962	-	-	-	703,148
Currency translation effect	(126,954)	(889,219)	230,892	(73,068)	-	-	-	(858,349)
Acquisition of Filo del Sol interest from PPC (Note a)	-	-	7,845,600	-	-	-	-	7,845,600
December 31, 2014	**$ 2,873,619**	**$ 4,611,377**	**$ 8,840,154**	**$1,667,092**	**$ -**	**$ -**	**$ 136,997**	**$ 18,129,239**

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 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 Pan Pacific Copper Co., Ltd., ("PPC") under which we hold a 60% participating interest and PPC holds a 40% participating interest.

On October 23, 2014, we announced the agreement to acquire the 40% interest in the Filo del Sol project held by PPC effective September 1, 2014 for total cash consideration of US$7.0 million. We paid US$3.5 million in November 2014, with the remaining US$3.5 million payable by the earlier of November 1, 2015 or upon completion of an administrative restructuring of certain exploration licenses.

As at December 31, 2014, the amount due to PPC in respect of the remaining consideration to be paid for the Filo del Sol acquisition and advance cash calls to fund ongoing exploration on the PPC JEA was $6,379,327 (2013 - $2,881,575).

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.

The amount due to Jogmec at December 31, 2014 in respect of cash calls to fund ongoing exploration on the Josemaria JEA was $472,685 (2013 - $1,219,656).

c) Tamberias property, Chile

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$1.7 million as at December 31, 2014.

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

d) Papagallos and Paramillos, Argentina

We have an earn-in agreement with a landowner to earn a 100% interest in the Papagallos properties by making option payments totaling US $2.7 million on or before January 2016. We have cumulatively paid US $0.63 million as at December 31, 2014.

There is also another property in Argentina where we have an earn-in agreement with a landowner to earn a 100% interest in the Paramillos property by making option payments totaling US $17 million by February 2015. We have stopped making payments toward this project since 2012 and have cumulatively paid US $1.05 million as at December 31, 2014.

As we have not yet obtained the necessary drill permits from the Argentina government for both drill ready projects, the value of the Papagallos and Paramillos mineral properties were written down to nil in 2013. Property option payments to Papagallos in 2014 have been expensed on the Statement of Comprehensive Loss.

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. Prior to the earn-in option exercised in late 2014 by Teck Resources Limited ("Teck") as described below, we initially owned 100% of all the mineral claims comprising the property.

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.

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

As at December 31, 2014, Teck has cumulatively spent $12.0 million and has reached the initial 51% interest in the property.

Upon satisfactory review of the costs incurred to date, both parties will evaluate available options including but not limited to the formation of a joint venture, which would be funded pro rata to the interest held in accordance with the agreement. Should ownership interest fall 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 June 19, 2014, we completed a private placement of 17,412,935 common shares of the Company for gross proceeds of $34.5 million. Finder's fees and other related costs totaling $1.5 million were paid in relation to the private placement. The net proceeds received by the Company upon completion of the private placement totaled $33.0 million.

9. SHARE OPTIONS

a) Share Option Plan

We have a rolling share option plan approved and recently ratified by shareholders on May 5, 2014, 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, 2014, the Company granted a total of 2,167,500 (2013 – 790,000) share options to officers, employees, directors and other eligible persons at exercise price of $2.05 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, 2014	December 31, 2013
Assumptions:		
Risk-free interest rate *(%)*	1.05	1.11
Expected life *(years)*	2.50	2.50
Expected volatility *(%)*	54.83	61.76
Expected dividend	Nil	Nil
Results:		
Weighted average fair value of options granted *(per option)*	$ 0.70	$ 0.92

The fair value of options granted during the 2014 year was $1,537,046 (2013 - $723,501) and will be amortized over the vesting period of 2 years. The Company recognized $1,024,732 in the year ended December 31, 2014 (2013 - $476,205).

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

The total share-based compensation for the year ended December 31, 2014 was $1,352,791 (2013 - $1,196,655) of which $1,060,559 (2013 - $1,038,280) has been allocated to Administration expenses, and $292,232 (2013 - $158,375) to Exploration and project investigation expenses.

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:

	December 31, 2014		**December 31, 2013**	
	Number of share issuable pursuant to share options	**Weighted average exercise price per share**	**Number of share issuable pursuant to share options**	**Weighted average exercise price per share**
Balance at beginning of year	6,256,250	$ 1.76	5,641,750	$ 1.66
Granted	2,167,500	2.05	790,000	2.36
Exercised (Note i)	(1,585,500)	0.82	(132,166)	0.77
Forfeited / expired	(2,025,750)	2.36	(43,334)	2.74
Balance at end of year	4,812,500	$ 1.95	6,256,250	$ 1.76

The following summarized information about the share options outstanding and exercisable at December 31, 2014:

	Outstanding Options			**Exercisable Options**		
Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price
$0.50 - $1.65	1,780,000	0.62	$ 1.62	1,780,000	0.62	$ 1.62
$1.66 - $2.05	2,612,500	2.23	$ 2.02	1,019,157	2.14	$ 2.01
$2.06 - $3.42	420,000	1.06	$ 2.87	305,000	0.99	$ 2.84
	4,812,500	1.53	$ 1.95	3,104,157	1.15	$ 1.86

Note i - the weighted average share price at the date of exercise for share options exercised during the year is $1.39.

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

10. EXPLORATION AND PROJECT INVESTIGATION

We have expensed the following mineral properties costs, all incurred in South America, for the year ended December 31, 2014:

	Los Helados Joint Exploration Agreement	Josemaria Joint Exploration Agreement	Filo del Sol (Note 7a)	Tamberias	Others	Total
Gov't fees, licenses, permits, taxes, rights and land access	$ 850,953	$ 38,587	$ 51,405	$ 39,730	$ 644,404	$ 1,625,079
Field related expenses	361,752	339,192	898,601	87,560	318,583	2,005,688
Camp cost	647,303	241,845	760,025	70,627	92,914	1,812,714
Consultants	16,694	94,561	172,931	-	-	284,186
Drilling and fuel	236,875	661,071	2,611,263	28,802	-	3,538,011
Geochemistry & conceptual study	962,657	668,703	421,415	218,077	125,857	2,396,709
Road work and trenching	182,312	196,253	619,555	342,968	-	1,341,088
Transport and travel	167,091	86,684	396,070	58,486	223,005	931,336
Environmental & community relations	1,070,255	527,787	312,387	12,392	5,452	1,928,273
Value added tax	310,701	627,257	1,548,425	138,974	435,859	3,061,216
Office and general expense	-	-	-	3,954	37,118	41,072
Share-based compensation (Note 6)	74,063	53,652	120,066	15,433	29,018	292,232
Total for the year	**$ 4,880,656**	**$ 3,535,592**	**$ 7,912,143**	**$ 1,017,003**	**$1,912,210**	**$ 19,257,604**

We have expensed the following mineral properties costs, all incurred in South America unless otherwise noted, for the year ended December 31, 2013:

	Los Helados Joint Exploration Agreement	Josemaria Joint Exploration Agreement	Filo del Sol	Tamberias	Others*	Total
Gov't fees, licenses, permits, taxes, rights and land access	$ 194,806	$ 56,641	$ 10,126	$ 45,813	$ 201,948	$ 509,334
Field related expenses	1,210,370	612,506	439,349	5,015	483,985	2,751,225
Camp cost	1,118,308	475,768	300,906	6,932	353,107	2,255,021
Consultants	143,239	52,644	5,000	-	1,345	202,228
Drilling and fuel	4,210,778	2,019,543	993,927	5,227	295,978	7,525,453
Geochemistry & conceptual study	1,206,088	956,657	31,022	12,908	120,291	2,326,966
Road work and trenching	558,065	384,527	127,937	72,539	79,251	1,222,319
Transport and travel	708,928	188,990	142,490	9,714	120,928	1,171,050
Environmental & community relations	505,570	178,492	122,931	33,228	51,547	891,768
Value added tax	1,441,688	849,196	12,884	20,197	310,676	2,634,641
Office and general expense	81,626	36,826	183,314	-	748,244	1,050,010
Share-based compensation (Note 6)	79,957	40,551	15,977	1,486	20,404	158,375
Total for the year	**$11,459,423**	**$ 5,852,341**	**$ 2,385,863**	**$ 213,059**	**$2,787,704**	**$ 22,698,390**

(* $6,110 of these costs was incurred in Canada)

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

11. RELATED PARTY TRANSACTIONS

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, 2014	2013
Salaries	$ 1,171,533	$ 955,833
Employee benefits	43,169	30,284
Director fees	67,000	67,000
Share-based compensation	775,652	631,058
	$ 2,057,354	$ 1,684,175

12. INCOME TAXES

	December 31, 2014	December 31, 2013
Combined basic federal and provincial income tax rates	25.00%	25.00%
Net loss before taxes	$ (23,352,086)	$ (28,372,448)
Expected income recovery	$ (5,838,022)	$ (7,093,112)
Non-deductible share based compensation	338,198	299,164
Other non-deductible expenses and permanent differences	69,910	724,088
Difference in foreign tax rates	(66,944)	64,998
Income tax benefits not recognized and other items	5,496,858	6,004,862
Future income tax recovery	$ -	$ -

	December 31, 2014	December 31, 2013
Loss carry-forwards	$ 6,903,291	$ 8,764,300
Capital losses	183,515	183,515
Mineral properties and related expenditures	23,623,514	14,754,245
Other	146,049	237,729
Unrecognized deferred tax assets	$ 30,856,369	$ 23,939,789

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

As at December 31, 2014, 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
2015	$ 277,495	-	$ 2,024,047	$ 10,624	$ 2,312,166
2016	-	-	714,396	12,073	726,469
2017	-	-	3,648,842	7,873	3,656,715
2018	-	-	1,782,979	62,129	1,845,108
2019	-	-	154,906	54,701	209,607
Subsequent to 2019	15,002,841	-	-	-	15,002,841
No expiry	-	653,592	-	-	653,592
Total	$ 15,280,336	$ 653,592	$ 8,325,170	$ 147,400	$ 24,406,498

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 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, 2014			At December 31, 2013		
	Equipment, net	Mineral properties	Others	Equipment, net	Mineral properties	Others
Canada	$ 122,000	$ 136,997	$ 8,000	$ 140,300	$ 136,997	$ 8,000
South America	41,658	17,992,242	-	106,777	10,301,843	-
	$ 163,658	$ 18,129,239	$ 8,000	$ 247,077	$ 10,438,840	$ 8,000

14. COMMITMENTS

Future minimum payments at December 31, 2014 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 purchase	120,000	1,206,000	-	1,326,000

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) 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.

(iii) 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 currency risks by sourcing certain of our operations domestically starting this year and reduce the cash held in foreign currencies. A 10% variation in the exchange rate between the Argentina and Chilean pesos and the Canadian dollars would result in a $1.5 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 our capital requirements, we prepare 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.

17. SUBSEQUENT EVENTS

On February 16, 2015, we signed a letter of intent to sell our 60% interest in the Assean Lake claims in Manitoba to VMS Ventures Inc. ("VMS"). In accordance with the terms the letter of intent, we will receive:

- Upon approval by the TSX Venture Exchange, a cash payment of $15,000 and 600,000 common shares of VMS;
- Upon the earliest to occur of the completion of a preliminary economic assessment, a prefeasibility study or a feasibility study, a further 600,000 common shares of VMS; and
- Upon the commencement of commercial production from Assean Lake, a further 600,000 common shares of VMS.

Our interest in the Assean Lake claims was written off to nil in the financial statements in previous years.