NGEX RESOURCES INC

MARCH 31, 2016

NGEx RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2016

This management's discussion and analysis ("MD&A") of the results of operations and financial condition for NGEx Resources Inc. ("the Company", "NGEx", "we" or "us") has been prepared as of May 6, 2016 and should be read in conjunction with the Company's unaudited consolidated financial statements for the three months ended March 31, 2016 and the Company's annual audited consolidated financial statements for the year ended December 31, 2015 and the related notes therein (collectively the "Financial Statements") and the MD&A for the fiscal year ended December 31, 2015. The 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. References to the "2016 period" and "2015 period" relate to the three months ended March 31, 2016 and March 31, 2015, respectively.

The effective date of this MD&A is May 6, 2016.

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 on the Company's website at 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 and Argentina. 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 copper-gold projects in Chile and Argentina. 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 Project Constellation, a combination of the Los Helados and Josemaria Projects which are advanced exploration stage copper-gold projects located in Chile and Argentina, respectively, and the Filo del Sol Project 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 tightening mine supply and growing demand, especially from developing countries, will contribute to stronger prices and 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 and 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.

Q1 2016 HIGHLIGHTS AND SIGNIFICANT EVENTS

- **Positive results from the Preliminary Economic Assessment of Project Constellation**
  A Preliminary Economic Assessment (the "Integrated PEA") of Project Constellation, which contemplates the combined development of the Los Helados and Josemaria deposits, was completed during the three months ended March 31, 2016. The Integrated PEA contemplates a large, long life project, with life of mine average annual metal production of 150,000 tonnes of copper, 180,000 ounces of gold, and 1.18 million ounces of silver over 48 years. The Integrated PEA shows a base case after-tax NPV (8%) of US$2.61 billion and IRR of 16.6%.

- **Positive results from surface exploration program at Filo del Sol**
  Field work including geological mapping, geophysical surveys, and geochemical sampling was successful in extending the Filo system to the north and identified new targets for future drill testing.

- **Completed two private placements for total net proceeds of $10.6 million**
  The Company completed two separate private placements and sold an aggregate of 17,333,333 common shares during the three months ended March 31, 2016 for net proceeds of $10.6 million.

- **Appointed new Interim CFO**
  On February 3, 2016 the Company announced the appointment of Ms. Joyce Ngo as Interim Chief Financial Officer.

PROJECTS

Project Constellation

The Integrated PEA, initially announced on January 7, 2016, contemplates an integrated project combining the Los Helados and Josemaria projects, whereby materials from both the Los Helados and Josemaria deposits would be processed at a centralized processing plant located in Argentina. Following the removal of an export retention tax that was applicable to copper concentrate exports in Argentina, the results of the Integrated PEA were updated on February 22, 2016 to reflect an increase in Project Constellation's after-tax NPV and after-tax IRR to US$2.61 billion and 16.6% respectively.

A National Instrument 43-101 Technical Report with an effective date of February 12, 2016, an amended signature date of March 31, 2016, and titled "*Constellation Project incorporating the Los Helados Deposit, Chile and the Josemaria Deposit, Argentina NI 43-101 Technical Report on Preliminary Economic Assessment*" (the "Project Constellation Report") was prepared by Amec Foster Wheeler International Ingeniería y Construcción Limitada ("AMEC") under the direction of Jamie Beck, P. Eng, Project Manager (NGEx Resources). The report has been filed on SEDAR and is available for review under the Company's profile on SEDAR (www.sedar.com).

Pursuant to the updated results of the Integrated PEA, Project Constellation is estimated to produce a life-of-mine annual average of approximately 150,000 tonnes of copper, 180,000 ounces of gold and 1,180,000 ounces of silver over a project life of 48 years from two porphyry deposits. Forecast annual metal production over the first five years of production are 185,000 tonnes of copper, 345,000 ounces of gold and 1,310,000 ounces of silver.

Integrated PEA Summary

<table>
<tr><td>Pre-Tax NPV (8%) & IRR</td><td colspan="2">$4.43 billion NPV
20.7% IRR</td></tr>
<tr><td>After-Tax NPV (8%) & IRR</td><td colspan="2">$2.61 billion NPV
16.6% IRR</td></tr>
<tr><td>Payback Period (undiscounted, after-tax cash flow)</td><td colspan="2">3.6 years</td></tr>
<tr><td>Metals Prices Assumed</td><td colspan="2">$3.00/lb Cu
$1,275/oz Au
$20.00/oz Ag</td></tr>
<tr><td>Initial Capital Expenditures</td><td colspan="2">$3.08 billion</td></tr>
<tr><td>LOM Sustaining Capital Expenditures</td><td colspan="2">$4.36 billion</td></tr>
<tr><td>LOM C-1 Cash Costs (net of by-product credits)</td><td colspan="2">$1.05/lb Cu payable</td></tr>
<tr><td>Nominal Mill Capacity</td><td colspan="2">150,000 t/d</td></tr>
<tr><td>Mine Life</td><td colspan="2">48 years</td></tr>
<tr><td rowspan="2">Average Annual Metal Production (rounded)</td><td>Life of Mine</td><td>First 5 years</td></tr>
<tr><td>150,000 t Cu
180,000 oz Au
1,180,000 oz Ag</td><td>185,000 t Cu
345,000 oz Au
1,310,000 oz Ag</td></tr>
<tr><td>LOM Average Process Recovery</td><td colspan="2">88.3% Cu
72.7% Au
61.4% Ag</td></tr>
</table>

* All figures in the table above are in 2015 US dollars and on a 100% Project and 100% equity basis valuation.

Note: The reader is advised that the Integrated PEA results in this MD&A are only intended to provide an initial, high-level summary of the project. The Integrated 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 the Integrated PEA results will be realized. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Both Los Helados and Josemaria are subject to separate Joint Exploration Agreements with joint exploration partners. The Company acts as the operator of both agreements and, in each case, both parties are required to contribute their pro-rata share of expenditures or dilute their interest in their respective projects.

Los Helados is subject to a Joint Exploration Agreement (“PPC JEA”) with Pan Pacific Copper Ltd. (“PPC”), whereby the Company holds approximately a 60% interest and PPC holds approximately a 40% interest in the Los Helados Project. Effective September 1, 2015, PPC has elected not to fund its pro-rata share of expenditures and, as a result, has elected to dilute its interest pursuant to the PPC JEA. Accordingly, the Company has funded 100% of the Los Helados project starting September 1, 2015. As at March 31, 2016, PPC’s interest in the Los Helados Project has been diluted by approximately 0.6%.

Josemaria is subject to a Joint Exploration Agreement with Japan Oil, Gas, and Metals National Corporation (“JOGMEC”), whereby the Company owns a 60% interest and JOGMEC holds a 40% interest in the Josemaria project. JOGMEC is funding its pro-rata share of expenditures. The Mineral Resource Estimate for Josemaria was updated in conjunction with the completion of the Project Constellation Report. For further details on the updated Josemaria Resource estimate, please refer to the Project Constellation Report.

Activities in the Current Quarter

During the 2016 period, the Company continued with environmental baseline data collection and studies in support of Project Constellation. Negotiations towards the acquisition of surface rights were also ongoing.

Filo del Sol Property, Argentina

Filo del Sol is a high sulphidation epithermal copper-gold-silver system associated with a porphyry copper-gold system. Filo del Sol is a very large mineralized system, with dimensions based on wide spaced drill holes, of at least 3.7 kilometres in a north-south direction and 1 kilometre in an east-west direction. The mineralized system includes both disseminated and stockwork mineralization and is open in all directions. Filo del Sol is located on the border between Chile and Argentina and is 100% controlled by NGEx.

The total Inferred Resource for the Filo del Sol deposit, at a 0.30% copper equivalent cutoff grade, is:

- 381.0 million tonnes at a grade of 0.39% copper, 0.33 g/t gold and 12 g/t silver for a copper equivalent grade of 0.69% (3.3 billion pounds of copper, 4.0 million ounces of gold, and 149.8 million ounces of silver).

The Mineral Resource estimate has an effective date of August 26, 2015 and 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 *"Updated Mineral Resource Estimate for the Filo del Sol Property, Region III of Atacama, Chile and San Juan Province, Argentina"* dated December 11, 2015 which is available under the Company's profile at www.sedar.com or on the Company's website.

Copper equivalent assumes metallurgical recoveries of 84% for copper, 70% for gold and 77% for silver based on similar deposits, as only limited acid-leach metallurgical testwork has been done on Filo del Sol mineralization, and metal prices of US$3/lb copper, US$1300/oz gold, US$23/oz silver. The CuEq formula is: CuEq=Cu+Ag*0.0102+Au*0.5266.

Activities in the Current Quarter

The Company conducted a surface exploration program at Filo del Sol during the three months ended March 31, 2016. Work completed included geological mapping, geochemical sampling and geophysical surveying. This was designed to improve the Company's understanding of the regional and property geology and in particular to expand the surface geophysical and geochemical surveys over the deposit area. As at March 31, 2016, some data was still pending, and compilation and interpretation was underway.

A total of 27.7 line kilometres of Induced Polarization (IP) geophysics was completed during January and February, 2016. This work extended the IP grid to the north of the existing coverage. Initial interpretation of the results indicates an extension of the system to the north, and confirms the presence of key structures mapped on surface during the geological mapping campaign. These structures are interpreted to be important potential controls on mineralization.

Talus fine sampling was also extended 2.5 kilometres to the north of the existing data area, with an additional 418 samples collected. Initial interpretation of the results indicates a new area of anomalous copper and gold values located to the northwest of the Filo del Sol deposit, in a previously unsampled area. Additional work is required to follow up on these anomalous samples and determine their significance.

Other Chilean and Argentinean Projects

The Company holds a number of early stage exploration projects in Chile and Argentina. Work on these projects has been limited for the last few years while the Company focused its efforts on Project Constellation and Filo del Sol. However, with the completion of the Project Constellation PEA the Company has restarted its project generation efforts focusing on Argentina and Chile.

CORPORATE ACTIVITIES

On February 19, 2016, the Company completed a private placement of 13,333,333 common shares of the Company for gross proceeds of $8 million. Finder's fees and other related costs totaling $0.2 million were paid in relation to the private placement. The net proceeds received by the Company, upon completion of the private placement, totaled $7.8 million.

On March 22, 2016, the Company completed an additional private placement of 4,000,000 common shares of the Company for net proceeds of $2.8 million.

The Company also secured a US$525,000 credit facility evidenced by a debenture to provide additional financial flexibility to fund general corporate purposes. The debenture is unsecured and has a maturity date of July 20, 2016 (the "Maturity Date"). The terms of the credit facility include the Company issuing to the lender an aggregate of 10,000 common shares and an additional 700 common shares per month for each US$50,000 of the credit facility outstanding from time to time up to the Maturity Date. As at March 31, 2016, the Company has no outstanding balance due on the debenture. A total of 17,406 common shares were issued to the lender as consideration for providing the credit facility to the Company.

SUBSEQUENT EVENT

The acquisition of VMS Venture Inc ("VMS") by Royal Nickel Corporation ("RNC") under a previously announced plan of arrangement ("Arrangement") was completed on April 27, 2016. VMS shareholders have the option to receive cash consideration, share consideration, or a combination of cash / share consideration from RNC. The Company currently holds 600,000 shares of VMS from the sale of Assean Lake project. Pursuant to the terms of the Arrangement, the Company will receive 147,940 common shares of RNC and approximately $14,246 in cash consideration.

SELECTED QUARTERLY INFORMATION

Financial Data for 8 Quarters								
Three Months Ended	**Mar-16** ***(1st qtr)***	**Dec-15** ***(4th qtr)***	**Sep-15** ***(3rd qtr)***	**Jun-15** ***(2nd qtr)***	**Mar-15** ***(1st qtr)***	**Dec-14** ***(4th qtr)***	**Sep-14** ***(3rd qtr)***	**Jun-14** ***(2nd qtr)***
(In thousands $ except for per share amounts)								
Exploration expenses, net of recoveries	2,275	2,740	1,965	2,765	12,367	6,900	1,837	2,300
Net loss	(3,371)	(1,701)	(2,674)	(4,434)	(12,568)	(7,788)	(1,839)	(4,364)
Total basic and diluted loss per share (i)	(0.02)	(0.01)	(0.01)	(0.02)	(0.07)	(0.04)	(0.01)	(0.03)

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

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 the number of stock 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.

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 activities.

As drilling activities are generally not conducted during the winter season in South America, exploration expenditures and net losses in the 2nd and 3rd quarter of each year are typically lower compared to other quarters. Exploration programs are tailored and performed based on the level of cash resources available.

QUARTERLY ANALYSIS

Overall exploration and project investigation costs for the 2016 period totaled $2.3 million, compared to the $12.4 million for the 2015 period. The $10.1 million decrease in exploration and project investigation costs was primarily due to the Company conducting minimal exploration activities subsequent to the completion of the Integrated PEA for Project Constellation in the first quarter of 2016. As the 2015 exploration program for Project Constellation and Filo del Sol included 7,696 meters of drilling activities during the first quarter of 2015, the exploration and project investigation costs for the 2015 period were significantly higher than the costs incurred for the 2016 period. General and administration costs totaled $0.9 million for the 2016 period and were consistent with the costs incurred for the 2015 period.

The Company's net loss for the three months ended March 31, 2016 was $3.4 million or $(0.02) per share as compared to a net loss of $12.6 million or $(0.07) per share for the three months ended March 31, 2015. The decrease in net loss of $9.2 million was primarily due to a reduction in exploration expenditures, as discussed earlier, offset by the recognition of a $0.2 million foreign exchange loss from holding US currencies, which weakened against the Canadian dollar during the three months ended March 31, 2016.

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 finances its exploration activities by raising capital through equity financing, joint ventures or disposition of mineral properties and investments, and additional financings may be required to fund further exploration and corporate expenses. There can be no assurance that such financings will be available to the Company in the amount required at any time, or for any period or, if available, that such financings can be obtained on terms satisfactory to the Company.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2016, the Company had cash and working capital of $8.5 million and $8.0 million, respectively, as compared to cash and working capital of $2.1 million and $0.9 million, respectively, at December 31, 2015. The increase in cash and working capital is due to funds received from two separate private placement financings during the 2016 period. The net cash received from these financing totaled $10.6 million and will be used to fund ongoing exploration activities and corporate working capital purposes.

In addition, the Company secured a credit facility of US$525,000 as an additional source of liquidity to manage its cash flow. The financing proceeds were used towards ongoing work programs in Chile and

Argentina and for general corporate purposes. As at March 31, 2016, the Company had no outstanding balance due on the credit facility, as the amount drawn under the credit facility during the period had been repaid in full.

OUTLOOK

The Integrated PEA indentified additional opportunities to de-risk and add value to Project Constellation, including:

- Land acquisition to secure surface access rights;
- Continued environmental baseline studies;
- Exploring potential regional synergies and cooperative development plans with other regional operators to utilize spare capacity of processing plants and infrastructure, including desalination plants, water pipeline routes and ports; and
- Defining the exploration potential on the remainder of the land package.

The Company plans to pursue these de-risking opportunities during the 2016 work program and will seek to engage with potential partners to lay the groundwork for an eventual transaction. Efforts will be focused on exploring all potential development scenarios for the Project Constellation assets.

At the Filo del Sol Project, the results gathered from the drilling programs conducted to date have improved the Company's understanding of the deposit and highlighted a number of prospective exploration targets on the land package. The field work completed during this quarter will be used to define drill targets for future testing. Some preliminary metallurgical testwork is also planned to test the potential for low cost heap leaching of the near surface oxide mineralization. The Company is also evaluating the possibility of embarking on a Preliminary Economic Assessment of a potential open pit mine and heap leach operation at Filo del Sol.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions 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 and such differences could be material. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

For a complete discussion of critical accounting estimates, refer to the Company's annual 2015 Management Discussion and Analysis.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had 205,063,733 common shares outstanding and 6,987,500 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 other assets, investments, trades payable and accrued liabilities, and amounts 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.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Audit Committee is responsible for reviewing the contents of this document along with the interim quarterly financial statements to ensure the reliability and timeliness of the Company's disclosure while providing another level of review for accuracy and oversight.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its Chief Executive Officer ("CEO") and Interim Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure.

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. However, due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements or fraud.

Management has used the Internal Control – Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organizations for the Treadway Commission (COSO) in order to assess the effectiveness of the Company's internal control over financial reporting.

There has not been any changes in the Company's disclosure controls and procedures and the internal control over financial reporting that occurred during the three months ended March 31, 2016 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of controls and procedures

The Company's management believes that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

RISKS AND UNCERTAINTIES

There have been no material changes in the risks and uncertainties affecting the Company that were discussed in the Company's 2015 annual MD&A filed February 22, 2016. The risk factors which should be taken into account in assessing the Company's activities, include, but are not necessarily limited to, those set out in the AIF which is available on SEDAR at www.sedar.com.

FINANCIAL INFORMATION

The report for the six months ended June 30, 2016 is expected to be published on August 12, 2016.

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 (collectively, "forward-looking information"). The forward-looking information contained in this MD&A is based on information available to the Company as of the date of this MD&A. Except as required under applicable securities legislation, the Company does not intend, and does not assume any obligation, to update this forward looking information. Generally, this forward-looking information can frequently, but not always, be identified by use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events, conditions or results "will", "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotations thereof.

All statements other than statements of historical fact may be forward-looking statements. Forward-looking information is necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that 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 information, including but not limited to: risks and uncertainties relating to, among other things, the inherent uncertainties regarding cost estimates, changes in commodity prices, currency fluctuation, financing, unanticipated resource grades, infrastructure, results of exploration activities, cost overruns, availability of materials and equipment, timeliness of government approvals, taxation, political risk and related economic risk and unanticipated environmental impact on operations as well as other 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 for the year ended December 31, 2015, 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 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 contains forward-looking statements or information pertaining to the Company's expectations and estimates with respect to cost estimates and other assumptions used in the Integrated PEA and expectations from the Integrated PEA; assumptions used in the updated mineral resources estimates for the Los Helados, Joesemaria, and Filo del Sol projects; exploration and development expenditures; the timing and nature of any potential development scenarios; opportunities to improve project economics; estimation of commodity prices, mineral resources, costs and the success of exploration activities; expectations with regard to adding to mineral resources through exploration; permitting time lines; ability to obtain surface rights and property interests; currency exchange rate fluctuations; requirements for additional capital; government regulation of mining activities; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; and other risks and uncertainties.

Forward-looking information is based on certain assumptions that the Company believes are reasonable, including that the current price of and demand for commodities will be sustained or will improve, the supply of commodities will remain stable, that the general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed on reasonable terms and that the Company will not experience any material labour dispute, accident, or failure of plant or equipment. These factors are not, and should not be construed as being, exhaustive. Although the Company has attempted to identify important factors that would cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. All of the forward-looking information contained in this document is qualified by these cautionary statements. Readers are cautioned not to place undue reliance on forward-looking information due to the inherent uncertainty thereof.

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 resources described can be profitably produced in the future.

CAUTIONARY NOTE TO U.S. READERS

As a Canadian reporting issuer, the Company is subject to rules, policies and regulations issued by Canadian regulatory authorities and is required to provide detailed information regarding its properties including mineralization, drilling, sampling and analysis, security of samples and mineral resource and mineral reserve estimates. In addition, as a Canadian reporting issuer, the Company is required to describe mineral resources associated with its properties utilizing Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") definitions of "indicated" or "inferred", which categories of resources are recognized by Canadian regulations but are not recognized by the United States Securities and Exchange Commission ("SEC").

The SEC allows mining companies, in their filings with the SEC to disclose only those mineral deposits they can economically and legally extract or produce. Accordingly, information contained in this MD&A regarding our mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations of the Commission thereunder.

In particular, this MD&A uses the term "indicated" resources. U.S. readers are cautioned that while that term is recognized and required by Canadian regulations, the SEC does not recognize it. U.S. investors are cautioned not to assume that any part or all of mineral deposits in this category will ever be converted into mineral reserves.

This MD&A also uses the term "inferred" resources. U.S readers are cautioned that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred resources" have a great amount of uncertainty as to their existence, and great uncertainty 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 pre-feasibility studies, except in rare cases. U.S. readers are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.

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

		March 31, 2016		December 31, 2015
ASSETS				
Current assets:				
Cash and cash equivalents	$	8,494,552	$	2,112,705
Investments		814,986		651,658
Receivables and other assets		426,125		467,493
		9,735,663		3,231,856
Share consideration receivable		898,186		860,537
Equipment		124,603		137,240
Mineral properties (Note 3)		12,164,733		12,770,477
Other non-current assets		8,000		8,000
TOTAL ASSETS	$	22,931,185	$	17,008,110
LIABILITIES				
Current liabilities:				
Trade payables and accrued liabilities	$	1,796,710	$	2,262,111
Due to joint exploration partners		31,296		40,140
		1,828,006		2,302,251
Other non-current liabilities (Note 3)		807,236		875,541
TOTAL LIABILITIES		2,635,242		3,177,792
EQUITY				
Share capital (Note 4)		260,642,979		250,063,406
Reserved for issuance		1,284		1,284
Contributed surplus (Note 5)		9,272,136		8,955,949
Cumulative deficit		(241,232,200)		(237,861,437)
Accumulated other comprehensive loss		(8,388,256)		(7,328,884)
TOTAL EQUITY		20,295,943		13,830,318
TOTAL LIABILITIES AND EQUITY	$	22,931,185	$	17,008,110

Subsequent event (Note 10)

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

ON BEHALF OF THE BOARD:

/s/William A. Rand
Director

/s/Wojtek A. Wodzicki
Director

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

	For the Three Months Ended March 31, 2016	2015
Expenses		
Exploration and project investigation (Note 7)	2,275,000	12,367,242
General and Administration:		
Salaries and benefits (Note 8)	220,052	223,628
Share-based compensation (Note 5)	223,012	163,723
Management fees	83,000	135,000
Professional fees	143,351	138,042
Travel	19,875	57,176
Promotion and public relations	79,873	127,143
Office and general	173,837	147,505
Operating loss	3,218,000	13,359,459
Other expenses / (income)		
Interest income	(8,903)	(14,740)
Finance expenses (Note 6)	10,444	-
Foreign exchange loss / (gain)	188,871	(786,511)
Unrealized loss on investments	-	10,000
Accretion of share consideration receivable	(37,649)	-
Net loss	$ 3,370,763	$ 12,568,208
Other comprehensive loss		
Items that may be reclassified subsequently to net loss		
Net change in fair value of available-for-sale securities	(163,329)	88,000
Foreign currency translation adjustment	1,222,701	(1,114,627)
Comprehensive loss	$ 4,430,135	$ 11,541,581
Basic and diluted loss per common share	$ 0.02	$ 0.07
Weighted average common shares outstanding	194,123,942	187,712,994

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

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

	For the Three Months Ended March 31, 2016	2015
Cash flows used in operating activities		
Net loss for the period	$ (3,370,763)	$ (12,568,208)
Items not involving cash and cash equivalents:		
Depreciation	7,648	14,905
Finance expenses (Note 6)	10,444	-
Share-based compensation	316,187	212,751
Accretion of share consideration receivable	(37,649)	-
Unrealized foreign exchange loss / (gain)	174,301	(452,697)
Unrealized loss on investments	-	10,000
Net changes in working capital items:		
Receivables and other	90,252	321,711
Trade payables and accrued liabilities	(277,632)	(753,275)
Due to joint exploration partners	(78,902)	(1,655,412)
	(3,166,114)	(14,870,225)
Cash flows from financing activities		
Private placement, net (Note 4)	10,569,129	-
Cash flows used in investing activities		
Mineral properties and related expenditures	(712,033)	(383,430)
Effect of exchange rate change on cash and cash equivalents	(309,135)	1,728,402
Increase / (decrease) in cash and cash equivalents during the period	6,381,847	(13,525,253)
Cash and cash equivalents, beginning of period	2,112,705	28,480,133
Cash and cash equivalents, end of period	$ 8,494,552	$ 14,954,880

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

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

	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, 2016	187,712,994	20,240	$ 250,063,406	$ 1,284	$ 8,955,949	$ (7,328,884)	$ (237,861,437)	$ 13,830,318
Private placement (Note 4)	17,333,333	-	10,569,129	-	-	-	-	10,569,129
Debenture financing consideration (Note 6)	17,406	-	10,444	-	-	-	-	10,444
Share-based compensation	-	-	-	-	316,187	-	-	316,187
Change in fair value of available-for-sale securities	-	-	-	-	-	163,329	-	163,329
Foreign currency translation	-	-	-	-	-	(1,222,701)	-	(1,222,701)
Net loss for the period	-	-	-	-	-	-	(3,370,763)	(3,370,763)
Balance, March 31, 2016	205,063,733	20,240	$ 260,642,979	$ 1,284	$ 9,272,136	$ (8,388,256)	$ (241,232,200)	$ 20,295,943
Balance, January 1, 2015	187,712,994	20,240	$ 250,063,406	$ 1,284	$ 8,006,453	$ (5,537,171)	$ (216,484,370)	$ 36,049,602
Share-based compensation	-	-	-	-	212,751	-	-	212,751
Change in fair value of available-for-sale securities	-	-	-	-	-	(88,000)	-	(88,000)
Foreign currency translation	-	-	-	-	-	1,114,627	-	1,114,627
Net loss for the period	-	-	-	-	-	-	(12,568,208)	(12,568,208)
Balance, March 31, 2015	187,712,994	20,240	$ 250,063,406	$ 1,284	$ 8,219,204	$ (4,510,544)	$ (229,052,578)	$ 24,720,772

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

1. NATURE OF OPERATIONS

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

The Company is governed by the Canada Business Corporations Act and its registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada. The Company's common shares are listed on the Toronto Stock Exchange and the NASDAQ OMX Stockholm Stock Exchange (Stock symbol "NGQ").

2. BASIS OF PRESENTATION

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting.

The interim financial statements should be read in conjunction with the most recently issued Annual Report of NGEx Resources Inc. which includes information necessary or useful to understanding the Company's businesses and financial statement presentation. In particular, the Company's significant accounting policies were presented as Note 3 to the audited consolidated financial statements for the fiscal year ended December 31, 2015 included in that report, and have been consistently applied in the preparation of these interim financial statements.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 6, 2016.

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

3. MINERAL PROPERTIES

	South America				North America	Total
	Project Constellation (Joint Exploration Agreement)		The Filo del Sol Project		GJ / Kinaskan	
	Los Helados	Josemaria	Filo del Sol	Tamberias		
January 1, 2015	**$ 2,873,619**	**$ 4,611,377**	**$ 8,840,154**	**$ 1,667,092**	**$ 136,997**	**$ 18,129,239**
Additions	153,388	-	-	304,581	-	457,969
Disposition	-	-	-	-	(136,997)	(136,997)
Adjustment to acquisition consideration for Filo del Sol from PPC (Note a)	-	-	(2,881,858)	-	-	(2,881,858)
Currency translation effect	109,989	(1,019,018)	(1,916,084)	27,237	-	(2,797,876)
December 31, 2015	**$ 3,136,996**	**$ 3,592,359**	**$ 4,042,212**	**$ 1,998,910**	**$ -**	**$ 12,770,477**
Additions	139,565	-	-	572,468	-	712,033
Currency translation effect	(14,060)	(606,231)	(682,148)	(15,338)	-	(1,317,777)
March 31, 2016	**$ 3,262,501**	**$ 2,986,128**	**$ 3,360,064**	**$ 2,556,040**	**$ -**	**$ 12,164,733**

Note a - In October 2014, the Corporation acquired the 40% interest in the Filo del Sol Project held by its joint exploration partner Pan Pacific Copper Ltd. ("PPC") for total cash consideration of US$7.0 million. The Company 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.

The Company did not pay the remaining US$3.5 million on November 1, 2015 and therefore, pursuant to the Purchase and Sale Agreement as of September 1, 2014 ("the definitive agreement"), PPC was deemed as of November 2, 2015 to have funded US$3.5 million of exploration expenditures in respect of the remaining La Rioja properties and such deemed amount shall be set-off against any then current or future funding obligations of PPC. The Company considered the estimated timeframe required to expend US$3.5 million on behalf of PPC at the La Rioja properties and has presented the US$3.5 million due to PPC as a non-current liability, discounted to its present value at an annual effective rate of 8%.

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

4. SHARE CAPITAL

The Company has authorized an unlimited number of voting common shares without par value. All issued shares are fully paid.

On February 19, 2016, the Company completed a private placement of 13,333,333 common shares of the Company for gross proceeds of $8.0 million. An additional private placement of 4,000,000 common shares of the Company was completed on March 22, 2016 for gross proceeds of $2.9 million. Share issuance costs totaling $0.3 million were paid in relation to the two private placements. The net proceeds received by the Company upon completion of the private placements totaled $10.6 million.

5. SHARE OPTIONS

a) Share Option Plan

The Company has a rolling share option plan approved and 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 three months ended March 31, 2016, the Company granted a total of 2,060,000 (2015 – nil) share options to officers, employees, directors and other eligible persons at exercise price of $0.61 per share. The options have a vesting period of two years from date of issuance.

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:

		March 31, 2016
Assumptions:		
Risk-free interest rate *(%)*		0.43
Expected life *(years)*		2.50
Expected volatility *(%)*		59.10
Expected dividend		Nil
Results:		
Weighted average fair value of options granted *(per option)*	$	0.22

The total share-based compensation for the three months ended March 31, 2016 was $316,187 (2015 - $212,751) of which $223,012 (2015 - $163,723) has been allocated to general and administration expenses, and $93,175 (2015 - $49,028) to exploration and project investigation expenses.

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

b) Share Options Outstanding

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

	March 31, 2016		March 31, 2015	
	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 period	5,722,500	$ 1.54	4,812,500	$ 1.95
Granted	2,060,000	0.61	-	-
Forfeited	(83,334)	1.61	(8,334)	2.05
Expired	(711,666)	2.41	(89,166)	2.38
Balance at end of period	6,987,500	$ 1.18	4,715,000	$ 1.94

The following table summarizes information about the share options outstanding and exercisable at March 31, 2016:

	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 - $0.94	2,310,000	2.88	$ 0.64	769,992	2.88	$ 0.64
$0.95 to $1.89	2,525,000	2.11	$ 0.95	841,655	2.11	$ 0.95
$1.90 - $2.05	2,152,500	1.04	$ 2.04	1,496,664	1.01	$ 2.03
	6,987,500	2.03	$ 1.18	3,108,311	1.77	$ 1.39

6. DEBENTURE

The Company has secured a US$525,000 credit facility evidenced by a debenture to provide additional financial flexibility to fund general corporate purposes. The debenture is unsecured and has a maturity date of July 20, 2016 (the "Maturity Date"). The terms of the credit facility include the Company issuing to the lender an aggregate of 10,000 common shares and an additional 700 common shares per month for each US$50,000 of the credit facility outstanding from time to time up to the Maturity Date.

As at March 31, 2016, the Company has no outstanding balance due on the debenture. The amount previously drawn under the credit facility has been repaid in full during the period. A total of 17,406 common shares were issued to the lender as consideration for providing the credit facility to the Company.

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

7. EXPLORATION AND PROJECT INVESTIGATION

The Company expensed the following exploration and project investigation costs, all incurred in South America, for the three months ended March 31, 2016:

	Project Constellation		The Filo del Sol Project		Others	Total
	Los Helados Joint Exploration Agreement	Josemaria Joint Exploration Agreement	Filo del Sol	Tamberias		
Gov't fees, licenses, permits, taxes, rights and land access	$ 36,299	$ 26,427	$ 27,115	$ 7,434	$ 28,217	$ 125,492
Field related expenses	184,942	20,888	144,151	-	102,135	452,116
Camp cost	71,220	6,901	121,682	-	6,410	206,213
Drilling and fuel	11,780	-	40,769	1,666	-	54,215
Geochemistry & conceptual study	55,000	-	211,921	-	545	267,466
Road work and trenching	-	-	240,339	-	-	240,339
Transport and travel	6,904	436	76,947	-	2,753	87,040
Environmental & community relations	85,213	61,677	16,502	-	-	163,392
Value added tax and other taxes	50,671	9,274	184,915	286	42,984	288,130
Office and general expense	-	40,910	65,260	-	191,252	297,422
Share-based compensation (Note 5)	21,439	7,111	48,240	401	15,984	93,175
Total for the period	**$ 523,468**	**$ 173,624**	**$ 1,177,841**	**$ 9,787**	**$390,280**	**$ 2,275,000**

The Company expensed the following exploration and project investigation costs, all incurred in South America, for the three months ended March 31, 2015:

	Project Constellation		The Filo del Sol Project		Others	Total
	Los Helados Joint Exploration Agreement	Josemaria Joint Exploration Agreement	Filo del Sol	Tamberias		
Gov't fees, licenses, permits, taxes, rights and land access	$ 57,371	$ 23,561	$ 109,740	$ 39,034	$ 413,558	$ 643,264
Field related expenses	350,061	39,384	727,236	39,984	105,011	1,261,676
Camp cost	570,758	63,033	1,040,522	42,789	17,834	1,734,936
Consultants	14,237	-	80,418	-	-	94,655
Drilling and fuel	755,557	-	1,864,885	465,086	-	3,085,528
Geochemistry & conceptual study	639,669	21,125	261,130	93,804	2,385	1,018,113
Road work and trenching	141,940	74,648	490,066	174,768	-	881,422
Transport and travel	157,731	6,120	381,073	49,909	44,964	639,797
Environmental & community relations	406,669	400,157	102,909	10,325	-	920,060
Value added tax and other taxes	357,267	138,666	1,272,661	152,766	109,308	2,030,668
Office and general expense	-	-	-	-	8,095	8,095
Share-based compensation (Note 5)	12,782	3,132	25,524	4,429	3,161	49,028
Total for the period	**$ 3,464,042**	**$ 769,826**	**$ 6,356,164**	**$ 1,072,894**	**$704,316**	**$ 12,367,242**

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

8. RELATED PARTY TRANSACTIONS

Key management compensation

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

	Three months ended March 31, 2016	2015
Salaries	$ 168,325	$ 178,696
Employee benefits	20,754	22,241
Director fees	16,750	16,750
Share-based compensation	214,199	124,485
	$ 420,028	$ 342,172

9. SEGMENTED INFORMATION

The Company is principally engaged in the acquisition, exploration and development of mineral properties in South America. The segments presented below together with the mineral property information presented in Note 3 and Note 7 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. The Chief Executive Officer is responsible for allocating resources and assessing performance of the operating segments.

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

	At March 31, 2016			At December 31, 2015		
	Equipment, net	Mineral properties	Others	Equipment, net	Mineral properties	Others
South America	$ 25,478	$ 12,164,733	$ -	$ 33,540	$ 12,770,477	$ -
Canada	99,125	-	8,000	103,700	-	8,000
	$ 124,603	$ 12,164,733	$ 8,000	$ 137,240	$ 12,770,477	$ 8,000

10. SUBSEQUENT EVENT

The acquisition of VMS Venture Inc ("VMS") by Royal Nickel Corporation ("RNC") under a previously announced plan of arrangement ("Arrangement") was completed on April 27, 2016. VMS shareholders have the option to receive cash consideration, share consideration, or a combination of cash / share consideration from RNC. The Company currently holds 600,000 shares of VMS from the sale of Assean Lake project. Pursuant to the terms of the Arrangement, the Company will receive 147,940 common shares of RNC and approximately $14,246 in cash consideration.

RESOURCES INC

Corporate Directory

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Bob Carmichael, Vice President Exploration
Jamie Beck, Project Manager
Joyce Ngo, Interim Chief Financial Officer
Julie Kemp, Corporate Secretary

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Dr. Wojtek Wodzicki
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