



# **ANNUAL INFORMATION FORM**

**For the Year  
Ended December 31, 2010**

**Dated: March 28, 2011**

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## INTRODUCTORY NOTES

### Cautionary Note to U.S. Readers Concerning Mineral Reserve and Resource Estimates

Information concerning the properties and operations of NGEx Resources Inc. (the "Corporation") has been prepared in accordance with Canadian standards under applicable Canadian securities laws, and may not be comparable to similar information for United States companies. The terms "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" used in this presentation are Canadian mining terms as defined in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") under guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Standards on Mineral Resources and Mineral Reserves adopted by the CIM Council on December 11, 2005. While the terms "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" are recognized and required by Canadian regulations, they are not defined terms under standards of the United States Securities and Exchange Commission. Under United States standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve calculation is made. As such, certain information contained in this presentation concerning descriptions of mineralization and resources under Canadian standards is not comparable to similar information made public by United States companies subject to the reporting and disclosure requirements of the United States Securities and Exchange Commission. An "Inferred Mineral Resource" has a great amount of uncertainty as to its existence and as to its 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. Readers are cautioned not to assume that all or any part of Measured or Indicated Resources will ever be converted into Mineral Reserves. Readers are also cautioned not to assume that all or any part of an "Inferred Mineral Resource" exists, or is economically or legally mineable. In addition, the definitions of "Proven Mineral Reserves" and "Probable Mineral Reserves" under CIM standards differ in certain respects from the standards of the United States Securities and Exchange Commission.

### Cautionary Note Regarding Forward-Looking Statements

This Annual Information Form ("AIF") and documents incorporated herein by reference contain "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements include, but are not limited to, statements with respect to the estimation of commodity prices, mineral reserves and resources, the success of exploration activities, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining activities, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. Generally, these forward-looking statements can be identified by the 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 state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks and uncertainties relating to, among other things, changes in commodity prices, currency fluctuation, financing, unanticipated reserve and 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 and uncertainties described under "Risks Factors" in this AIF and in the Management's Discussion and Analysis for the year ended December 31, 2010, and is available under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

Although the Corporation has attempted to identify important factors that would cause actual results to differ materially from those contained in forward-looking statements, 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 statements contained in this document are qualified by these cautionary statements. Readers should not place undue reliance on forward-looking statements. The Corporation expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.

The financial information in this AIF is taken from the Corporation's audited consolidated financial statements for the year ended December 31, 2010. Readers are cautioned to refer to such financial statements for complete information, as the information in this AIF has been selectively drawn from the financial statements and are not complete.

### Currency

The Corporation reports its financial results and prepares its financial statements in Canadian dollars. All currency amounts in this AIF are expressed in Canadian dollars, unless otherwise indicated. The closing exchange rates for Canadian dollars in terms of the United States dollar, as quoted by the Bank of Canada, were:

	As at March 31, 2009	As at December 31, 2009	As at December 31, 2010
Close	0.7928	0.9555	1.0054

### Conversion Table

In this AIF, metric units are used with respect to the Corporation's various mineral properties. Conversion rates from imperial measures to metric units and from metric units to imperial measures are provided in the table set out below.

<u>Imperial Measure</u>	=	<u>Metric Unit</u>	<u>Metric Unit</u>	=	<u>Imperial Measure</u>
2.47 acres		1 hectare (ha)	0.4047 hectares		1 acre
3.28 feet		1 metre (m)	0.3048 metres		1 foot
0.62 miles		1 kilometre (km)	1.609 kilometres		1 mile
2.2 pounds		1 kilogram (kg)	0.454 kilograms		1 pound
0.032 ounces (troy)		1 gram (g)	31.1 grams		1 ounce (troy)

### Classification of Mineral Reserves and Resources

In this AIF, estimated mineral reserves and mineral resources have been calculated in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") definitions adopted by CIM Council on December 11, 2005 (the "CIM Definition Standards").

### CIM Definition Standards - For Mineral Resources and Mineral Reserves are restated below:

#### Mineral Resource

A Mineral Resource is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic

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extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

**Inferred Mineral Resource**

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

**Indicated Mineral Resource**

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

**Measured Mineral Resource**

A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

**Mineral Reserve**

A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

**Probable Mineral Reserve**

A 'Probable Mineral Reserve' is the economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

**Proven Mineral Reserve**

A 'Proven Mineral Reserve' is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

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**ITEM 1 – DATE OF INFORMATION**

All information in this AIF is as at December 31, 2010, and applies to the business activities and operations of the Corporation for the 12 month period ended December 31, 2010, unless otherwise indicated. References herein to the “Corporation” may include, collectively or individually, one or more of the direct or indirect subsidiaries of the Corporation and its predecessor companies.

**ITEM 2 – CORPORATE STRUCTURE****Incorporation and Registered Office**

The Corporation was continued under the *Canadian Business Corporations Act* (“CBCA”) on August 20, 2004 with an authorized capital comprised of an unlimited number of common shares.

The Corporation was originally incorporated under the *Company Act* (British Columbia) on February 3, 1983 under the name Curator Resources Ltd. as having an authorized capital consisting of 300,000,000 shares divided into (a) 100,000,000 common shares without par value, (b) 100,000,000 Class “A” Preference shares with a par value of \$10.00 each, and (c) 100,000,000 Class “B” Preference shares with a par value of \$50.00 each.

Effective October 8, 1985, the issued and authorized common shares of the Corporation were consolidated on a three-for-one basis, the name was changed from Curator Resources Ltd. to International Curator Resources Ltd., and the authorized capital of the Corporation was increased from 33,333,333-1/3 post-consolidation common shares to 100,000,000 common shares. Effective May 2, 2000, the authorized capital of the Corporation was increased to 150,000,000 common shares.

Effective December 23, 2003, the issued and authorized capital of the Corporation was increased to 500,000,000 common shares and then consolidated on a five-for-one basis; the name of the Corporation was changed from International Curator Resources Ltd. to Canadian Gold Hunter Corp.

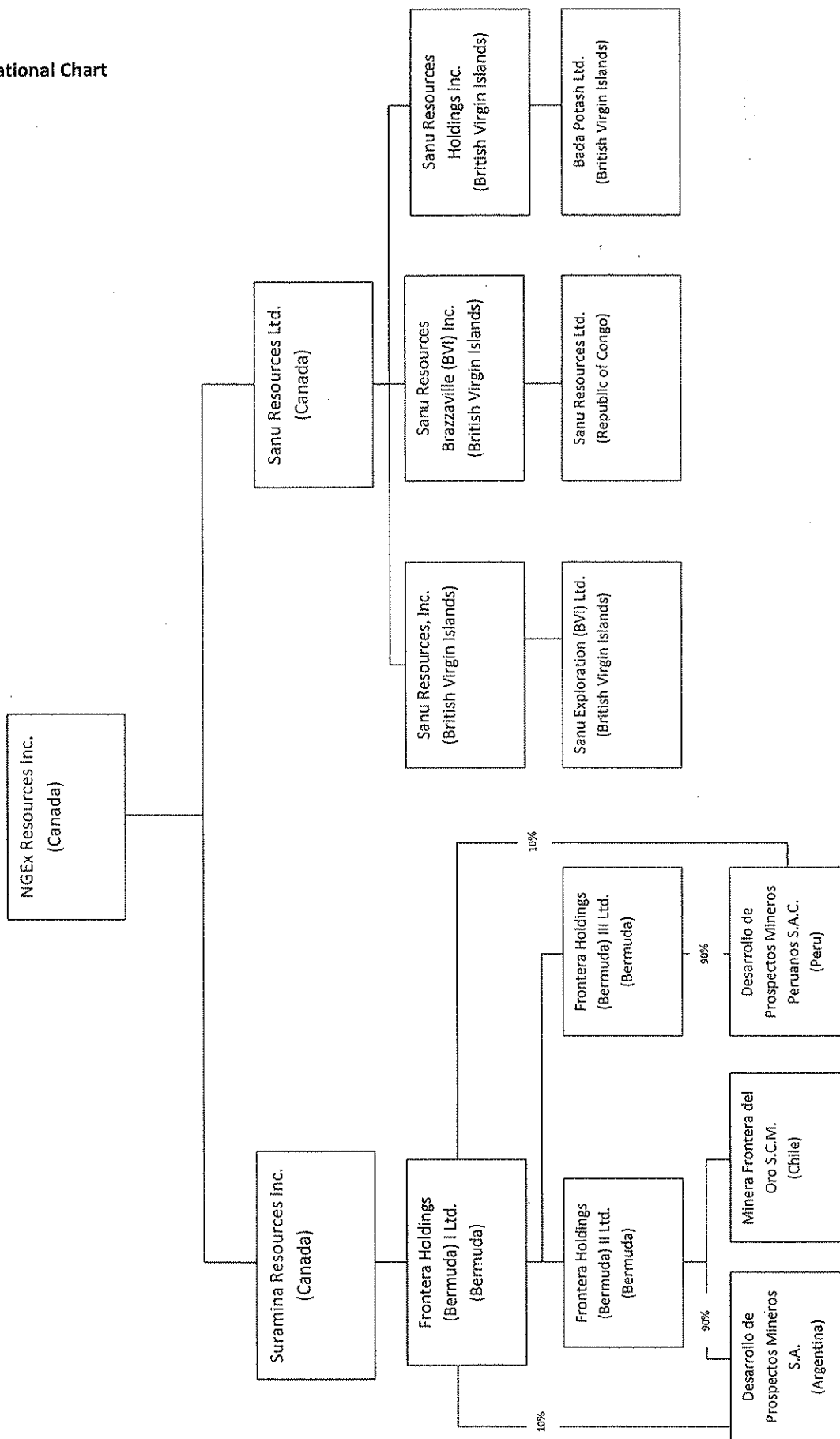
Effective April 17, 2009, the Corporation acquired all of the issued and outstanding common shares of Suramina Resources Inc. (“Suramina”) by way of Plan of Arrangement under the CBCA, following which Suramina became a wholly-owned subsidiary of the Corporation. Effective August 20, 2009, the Corporation acquired all of the issued and outstanding common shares of Sanu Resources Inc. (“Sanu”) by way of Plan of Arrangement under the CBCA, following which Sanu became a wholly-owned subsidiary of the Corporation. On September 15, 2009, following completion of the arrangements with Suramina and Sanu, the Corporation changed its name to NGEx Resources Inc.

The Corporation’s registered office is located at Suite 2610 Oceanic Plaza, 1066 West Hastings Street, Vancouver, BC V6E 3X1. The Corporation’s principal office is located at Suite 2101, 885 West Georgia Street, Vancouver, BC V6C 3E8.

**Intercorporate Relationships**

A significant portion of the Corporation’s business is carried on through its various subsidiaries. The following chart illustrates, the Corporation’s significant subsidiaries, including their respective jurisdiction of incorporation and the percentage of voting securities in each that are held by the Corporation either directly or indirectly:

Organizational Chart



Note: Unless otherwise indicated, ownership is 100%

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### ITEM 3 – GENERAL DEVELOPMENT OF THE BUSINESS

Historically (since 1983), the Corporation was a natural resource exploration and development company engaged in the acquisition, exploration and development of natural resource properties, either on its own or in conjunction with joint venture partners. Prior to 2007, the Corporation's focus was on the exploration and development of natural resource properties located in Canada. These properties included the GJ property located in the Liard Mining Division of northern British Columbia, which it first acquired in 1983, the Kinaskan Property, immediately adjacent to the GJ Property, and other early stage properties located in, British Columbia, all of which were acquired by virtue of the Corporation's take-over of Royal County Minerals Corp. in July 2003.

On May 16, 2008, the Corporation entered into an option agreement with Eastfield Resources Ltd. to earn up to a 75% interest in the Zymo property, located in central British Columbia. In July 2008, the Corporation concluded a non-brokered private placement of 565,000 flow-through common shares at a price of \$2.30 per share and 3,500,000 non-flow-through common shares at a price of \$2.00 per share for gross proceeds of \$8,300,650. The flow-through proceeds were used for exploration activities on the Corporation's Canadian exploration projects, including the Zymo property, and the non-flow through proceeds were used for ongoing work at the Caballo Blanco property, as well as for working capital purposes. In April 2010, the option agreement with Eastfield Resources Ltd. was terminated.

On February 13, 2009, the Corporation entered into the Suramina Arrangement Agreement to effect a business combination of the two companies pursuant to a plan of arrangement (see "Significant Acquisitions" for further details). As a result of the business combination with Suramina which was completed on April 17, 2009, the Corporation acquired the Josemaria copper ("copper") – gold deposit (the "Josemaria Project") in Argentina and a large portfolio of strategically located copper/gold, silver and base metal exploration properties in central and southern Argentina and central Chile, as well as claims in Peru.

On June 30, 2009, the Corporation entered into the Sanu Arrangement Agreement to effect a business combination of the two companies pursuant to a plan of arrangement (see "Significant Acquisitions" below for further details). As a result of the business combination with Sanu which was completed on August 20, 2009, the Corporation acquired a resource-stage exploration project in western Eritrea (the Hambok deposit), greenstone-gold projects in Burkina Faso and exploration licenses covering carbonate hosted copper-zinc-lead mineralization areas (Reneville and Kingouala) in the Republic of Congo (Congo-Brazzaville).

In November 2009, the Corporation decided to sell its interest in the Caballo Blanco property located in Mexico, as part of its strategy to focus its efforts and to realize value from its portfolio of projects. Under the terms of a Share Purchase Agreement dated November 23, 2009, between the Corporation and Goldgroup Resources Inc. ("GRI"), a private corporation, the Corporation sold a 100% interest in its Mexican subsidiary, Minera Cardel SA de CV ("Minera Cardel"), which held the option to acquire a 70% interest in the Caballo Blanco property. The sale closed into escrow on November 27, 2009 and escrow was released on February 12, 2010 (see "Item 4, Caballo Blanco Project, Veracruz, Mexico" for further details).

On December 21, 2009, the Corporation concluded a non-brokered private placement of 12,428,571 common shares at a price of \$0.70 per share for gross proceeds of \$8.7 million. The proceeds from the placement were used toward ongoing exploration programs as well as for general working capital purposes.

In June 2010, the Corporation sold its indirect wholly-owned subsidiary Sanu Resources Burkina S.A.R.L. to Indigo Exploration Inc. ("Indigo") for consideration of \$65,000 cash and 3,000,000 common shares in the capital of Indigo at a deemed price of \$0.15 per share. The Indigo shares were sold in December 2010 for gross proceeds of \$960,000.00.

In July 2010, as a result of a business combination between GRI and Sierra Minerals Inc. to form the TSX issuer, Goldgroup Mining Inc. ("GMI"), the Corporation received 9,000,000 GMI common shares in exchange for the 9,000,000 GRI common share the Corporation had received as part consideration from GRI for sale of Minera Cardel. In November 2010, the Corporation sold the GRI shares for gross proceeds of \$9,000,000.00.

In August 2010, the Corporation entered into an Option Agreement with Teck Resources Limited whereby Teck was granted options to earn up to a 75% interest in the Corporation's 100% owned GJ copper-gold property located in northern British Columbia by making certain cash payments and expenditures (see "Item 4, GJ/Kinaskan Project, Northwestern British Columbia, Canada" for further details).

In December 2010, the Corporation was awarded an exploration license located in the Danakil Depression in Eritrea with potential to host potash mineralization.

On March 25, 2011, the Corporation entered into an option agreement with Compania Minera Tamberias SCM whereby the Corporation can earn a 100% interest in the Tamberias property located in Region 3, Chile (see "Item 4, Other Chilean Properties" for further details).

### **Significant Acquisitions**

There were no significant acquisitions during the Corporation's most recently completed financial year.

Effective April 17, 2009, the Corporation acquired all of the issued and outstanding shares of Suramina. Under the Suramina Arrangement Agreement, the holders of common shares of Suramina received common shares of the Corporation on the basis of 0.7541 of a common share of the Corporation for each common share of Suramina (the "Suramina Exchange Ratio"). All outstanding Suramina incentive stock options were exchanged for replacement stock options in the Corporation using the Suramina Exchange Ratio. As a result, Suramina became a wholly-owned subsidiary of the Corporation.

The Corporation and Suramina prepared a Joint Management Information Circular concerning the Suramina Arrangement Agreement dated March 12, 2009. The Corporation filed a business acquisition report ("BAR") dated June 10, 2009 in connection with the Arrangement. Copies of the Joint Management Information Circular and BAR are available under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

Effective August 20, 2009, the Corporation acquired all of the issued and outstanding shares of Sanu. Under the Sanu Arrangement Agreement, the holders of common shares of Sanu received common shares of the Corporation on the basis of 0.5725 of a common share of the Corporation for each one Sanu share (the "Sanu Exchange Ratio"). All then outstanding Sanu incentive stock options and warrants were exchanged for replacement stock options and replacement warrants in the Corporation using the Sanu Exchange Ratio. As a result, Sanu became a wholly-owned subsidiary of the Corporation.

Sanu prepared and filed a Management Information Circular concerning the Sanu Arrangement Agreement dated July 20, 2009. A copy of the Sanu Management Information Circular is available under Sanu's profile at [www.sedar.com](http://www.sedar.com).

### **ITEM 4 – NARRATIVE DESCRIPTION OF THE BUSINESS**

The principal business of the Corporation is mineral exploration, including the identification, acquisition, and evaluation of projects that have the potential to host mineral reserves that may warrant development into mines. The Corporation's current portfolio of precious and base metals properties are located in North and South America and Africa.

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## SOUTH AMERICAN GOLD AND BASE METALS EXPLORATION PROJECTS

### General Introduction

The Corporation's land package in South America currently encompasses approximately 420,000 hectares in Argentina, Chile and Peru. The Corporation has a joint exploration agreement with Japan Oil, Gas and Metals National Corporation ("JOGMEC") known as the "JOGMEC Vicuña JEA" in which the Corporation holds a 60% interest and JOGMEC holds a 40% interest. The JOGMEC Vicuña JEA covers a large contiguous land package comprising claims located in San Juan Province Argentina and neighboring Region 3, Chile. Under a separate agreement, known as the "JOGMEC Josemaria JEA", JOGMEC has the option to earn a 40% interest in the Corporation's Josemaria Project located in San Juan Province, Argentina.

During 2010 and first quarter of 2011, the Corporation conducted a drill program on the Los Helados target which is included in the "JOGMEC Vicuña JEA, and at Josemaria which is part of the JOGMEC Josemaria JEA.

There are 3 main types of mineralization targeted at the Corporation's various projects in South America:

- Porphyry copper/gold (e.g. Josemaria, Los Helados, Colmillos, Andrea, Paramillos)
- High sulphidation bulk tonnage disseminated copper/gold mineralization (e.g. Filo del Sol)
- Low sulphidation gold/silver vein and base metal systems (e.g. Cerro Cuadrado)

### *JOGMEC Josemaria JEA*

Exploration on the Josemaria Project described below is conducted under the JOGMEC Josemaria JEA, dated March 16, 2009, whereby JOGMEC has the option to earn a 40% interest in the Josemaria Project by making a cash payment of US\$1 million (paid) and funding total work expenditures of US\$6.13 million (US\$3.2 million spent to December 31, 2010). The Corporation is the operator of exploration programs conducted under the JOGMEC Josemaria JEA.

The JOGMEC Josemaria JEA is subject to two underlying agreements: one covering the Lirio Properties and a separate agreement covering the adjacent Batidero Properties.

- **Lirio Properties** –The Corporation holds a 100% interest in the Lirio Properties subject to a 0.5% net smelter return royalty and an additional US\$2 million within 6 months following the second complete year of mine operations. The Lirio property covers the Josemaria resource. A portion of the Lirio Properties, excluding the Josemaria Project, form part of the JOGMEC Vicuña JEA.
- **Batidero Property** – is subject to a separate agreement with TNR Gold Corp. ("TNR"). Pursuant to the TNR agreement, the Corporation and TNR have a 75% and 25%, respectively, participating interest in the Batidero Property.

The Josemaria Project is the subject of an NI 43-101 compliant report entitled "Preliminary Resource Estimate Update for the Josemaria Project, San Juan Province, Argentina" prepared by Messrs. John Nilsson, P.Eng. of Nilsson Mine Services Ltd. and Mario E. Rossi, M.Sc., of Geosystems International dated November 20, 2007 (the "PREU Tech Report"). Messrs. John Nilsson and Mario Rossi are each a "qualified person", as such term is defined by NI 43-101. The following description of the Josemaria Project has been summarized, in part, from the PREU Tech Report and readers should consult the PREU Tech Report to obtain further particulars regarding the Josemaria Project. The PREU Tech Report is available for review on the SEDAR website located at [www.sedar.com](http://www.sedar.com) under the Corporation's profile.

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### Property Description and Location

The Josemaria Project is located in northern San Juan Province, northwest Argentina, at elevations ranging from 3,900 to 4,700 metres above sea level. The Josemaria Project is subject to the JOGMEC Josemaria JEA described above.

The Josemaria Project is a copper-gold porphyry system hosted within a granodiorite to quartz diorite intrusive. Mineralization occurs as disseminated and stockwork controlled chalcopyrite, bornite and minor chalcocite.

### Accessibility, Climate, Local Resources and Infrastructure

The Josemaria Project area is accessible during the period September through May each year, via dirt roads from the rural towns of Guandacol in San Juan Province and Jugué in La Rioja Province. Both towns have local power generation plants and are linked to regional 133 kV grids. Both of these localities are served by national paved roads and are 165 and 185 kilometres, respectively, by gravel road from the Project area. The Project has a 70-man camp, located some 8 kilometres southeast of the Project area. Logistical support is based out of the city of San Juan, San Juan Province, approximately 10 hours drive from camp by four-wheel drive vehicle. Alternative road access is from Copiapo, Chile, which is located approximately 6 hours drive to the west of the Project area.

The climate is cold and windy, typical of the high Andes. Terrain varies from broad flat alluvial planes to rounded ridges and peaks of varying steepness. The primary exploration field season runs from October to April, however it is possible to maintain site activity throughout the winter through provision of adequate snow removal equipment and other normal winter program measures.

### Previous Work and Exploration History

Alteration and colour anomalies in the Josemaria area were initially identified from ASTER imagery and confirmed by later ground follow-up. The discovery of the Josemaria porphyry copper system was made by the Corporation's geologists during the 2002-2003 field season by following up anomalous copper, gold, molybdenum results from talus fines sampling completed over the alteration and colour anomalies. Follow-up work which included mapping, more detailed talus fines sampling and 16 km of CSAMT geophysical surveys, resulted in the identification of a porphyry copper target in early 2003. Initial road cut sampling returned 109 m of 0.36 ppm gold, 0.22% copper and 57 ppm molybdenum and a separate interval of 148 m of 0.174 ppm gold, 0.17% copper and 11 ppm molybdenum.

The 2003-2004 field season saw further detailed mapping and talus-fines sampling, extension of roadcuts and an IP-resistivity geophysical survey. Trenches started during the previous season, were extended and three additional trenches were added. One of the trenches returned 30m of 0.65% copper, 0.25 ppm gold and 53 ppm molybdenum with a 78m interval averaging 0.22% copper, 0.43 ppm gold and 35 ppm molybdenum. Other trenches gave comparable copper-gold-molybdenum results. A 30 line-km of ground magnetics survey showed close correlation between the magnetic anomalies and the copper-gold-molybdenum geochemical anomaly identified in talus and trench sampling.

Forty-eight reverse circulation holes and seven diamond drill holes totaling 21,616.75 metres were completed over four drill campaigns from 2004 to 2008 which defined the Josemaria mineralized zone over an area approximately 840m N-S by 830m E-W within which is a higher grade zone approximately 450m N-S by 250m E-W.

There was no work done on the Josemaria Project during the 2007-2008 field season. In April of 2009 a deep penetrating MIMDAS geophysical survey was completed and in the last quarter of 2009 seven diamond drill holes totaling 2,253 meters tested possible extensions of the Josemaria resource. The results of this program were received in the first quarter of 2010 and are therefore summarized here. The objective of this drill program was to

test the potential for a significant extension of the existing resource. All holes were drilled outside the 0.3% copper shell of the current resource. The drilling targeted coincident moderate chargeability and strongly anomalous copper and gold in soils located on the periphery of the known resource. Six of the seven holes drilled intersected thick sections of porphyry style alteration and sulfide mineralization outside the current resource envelope. Highlights include DDH-08 with 290 metres @ 0.3% Cu, 0.18 g/t Au; DDH-10 with 88 metres @ 0.27% Cu, 0.2 g/t Au including 18 metres @ 0.49% Cu, 0.26 g/t Au. In early 2010 the Corporation completed a 27 line kilometre IP/Resistivity survey that filled in gaps in the geophysical coverage to the north and west of the known resource. The survey confirmed the extension of the chargeability anomaly associated with mineralization for another 1,000 metres to the north of current drilling. The results confirm that the Josemaría deposit lies within a much larger mineralized porphyry system. The system is also open to the east where it disappears under younger cover rocks. The 2010-2011 drill program (currently in progress) is testing these two targets with approximately 2,500 metres of drilling in 6-8 holes. Drilling began in late December, 2010. Results are expected in the second quarter of 2011.

### Geology

The oldest known rocks in the Josemaría area are medium grained granites and granodiorites believed to correspond to the Permian-Triassic Carnerito Formation of the Choiyoi Group. Porphyritic flows of andesite-dacite composition possibly equivalent to the Tillito Formation of the Doña Ana Group occur in the central zone area and are regionally overlain by sub-horizontal pyroclastic dacitic to andesitic units. These rocks are intruded by medium- to coarse-grained, porphyritic, granodiorites and quartz diorites which are associated with the mineralization. To the east, the Josemaría system is overlain by younger, post-mineralization basaltic to andesitic volcanic rocks.

Strong lineaments grouped in WNW-ESE and NE-SW orientations cross the area. These structures connect the majority of color anomalies and mineral occurrences in the area. A further N-S structure dividing the eastern and western parts of the deposit is terminated and possibly translational between the WNW and NE oriented groups.

### Mineralization

The Josemaría Project is similar to copper-gold porphyry deposits in Chile and is characterized by disseminated and stockwork controlled pyrite, chalcopyrite and bornite mineralization hosted within a granodiorite to quartz diorite intrusive. Mineralization is associated with a potassically altered quartz diorite intrusive in the central portion of the Josemaría zone. Intensely silicified, hydrothermal breccias crop out in various parts of the property. Some of these outcrops are elongated along a NNE orientation. They contain strongly silicified clasts and matrix, vugs of iron oxides and native sulphur.

## Mineral Resource Estimates

A preliminary resource estimate was completed in November 2007. Based on 21,616 metres of reverse circulation and diamond drilling at the project, during the 2003-2004, 2004-2005, 2005-2006 and 2006-2007 field seasons, Josemaria has an inferred resource of 460 million tonnes at 0.39% TCu and 0.30 g/t gold at a 0.30% copper cutoff. The resource estimates at various cut off grades are summarized in the table below.

<b>Josemaría Model, Inferred Resources</b>			
TCu Cutoff (%)	Million tons above TCu cutoff	TCu Grade (%)	Au Grade (g/t)
0.2	1,125	0.31	0.22
0.3	460	0.39	0.30
0.4	131	0.51	0.38
0.5	52	0.60	0.43
0.6	20	0.70	0.45
0.7	7	0.80	0.47
0.8	3	0.89	0.48

1. All mineral resources have been calculated in accordance with CIM Standards.
2. The mineral resources set out in the table above have been estimated by Messrs. John Nilsson and Mario Rossi, who are qualified persons under NI 43-101.

The Josemaria resource block model was defined as a single-size block model that encompasses the area of interest. The block size chosen was 25m x 25m x 15m, intended to reflect the drill hole spacing available and generally accepted practices used to model large, copper-gold porphyry deposits. Grades were estimated using ordinary kriging and correlogram models and extensive graphical validation was completed.

## Future Exploration

A drill program totaling approximately 2,500 metres funded by JOGMEC began in December, 2010 and continued into the first quarter of 2011. The program is intended to test possible extensions of mineralization to the north and to the east.

### *JOGMEC Vicuña JEA*

The Vicuña Properties comprise a large land package of approximately 20,500 hectares that covers a number of porphyry copper and high sulfidation gold targets in San Juan Province, Argentina and immediately adjacent parts of Chile. The Vicuña Properties are adjacent to Josemaria Project and are subject to a separate Joint Venture Exploration Agreement (the "JOGMEC Vicuña JEA") with JOGMEC in which the Corporation holds a 60% participating interest and JOGMEC holds a 40% participating interest. Each party funds its pro rata share of expenditures. A portion of the Vicuña Properties within the JOGMEC Vicuña JEA is subject to underlying agreements.

The Vicuña project includes several copper-gold targets that have been explored in the past including: Filo del Sol where previous drilling identified near surface copper oxides and gold within an apparent diatreme as well as a deeper porphyry copper mineralization. Current exploration efforts are concentrated on Los Helados, another significant copper-gold system on the Chilean portion of the Vicuña Property. Drilling completed in the first half of 2009 included drill hole LH 04 which intercepted 762m of 0.43% copper and 0.22 g/t gold with the final 43m grading 0.74% copper and 0.23 g/t gold. During the first quarter of 2010 the Corporation completed geophysical surveys and 4,407 metres of drilling at the Los Helados during the southern hemisphere summer season which ended in June, 2010. Highlights from the drilling include LH-06 which intersected 430 metres of 0.46% copper and 0.15 grams/tonnes gold. Drilling resumed in December 2010 as part of a planned 7,500 metre drill program that will continue until the second quarter of 2011.

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## *Los Helados Project*

### Property Description and Location

The Los Helados Project, located in Region 3, northern Chile, is part of the JOGMEC Vicuña JEA between JOGMEC and the Corporation in which the Corporation holds a 60% interest and JOGMEC a 40% interest. The Los Helados Project is part of a land package that is contiguous with the Corporation's Filo del Sol Project, and the Josemaria Project. The property is located immediately west of the Chile-Argentina border and approximately 10 kilometres south of the Regalito/Caserones copper project which is currently the subject of a feasibility study by its owners. Infrastructure including power in the area will dramatically improve if the Regalito/Caserones project is developed.

### Accessibility, Climate, Local Resources and Infrastructure

The Los Helados Project can be accessed, between September and May, from Copiapó by paved highway C35, via Los Loros, La Guardia and Iglesia Colorada a distance of 170 km and then by approximately 15 kilometres of gravel road to the Corporation's field camp. It takes approximately 2.5 hours to drive to the project from the Copiapo. Copiapo is a mining center with full services including daily jet air service from Santiago.

The Los Helados Project is in the high Andes and the topography is rugged with elevations ranging between 4400m and 5000m. Winter weather limits work between June and September.

### Geology

In the vicinity of the Los Helados Project, Tertiary granodiorite and diorite porphyries, intrude a Palaeozoic basement of granitic intrusives and rhyolitic and andesitic volcanics of the Choiyoi Group. The Los Helados Project area is marked by a dilation zone of high angle, reverse faults with dextral displacement. The alteration types observed include: silicification, phyllic, argillic, and potassic alteration over an area of approximately 4.5 square km.

### History and Previous Exploration Work

The Corporation, through its Chilean subsidiary, Minera Frontera del Oro SCM, staked the Los Helados Project area in 2004 based on interpretation of satellite imagery. Prior work in the Los Helados area had been limited to regional reconnaissance mapping and geochemical sampling.

Work during 2005-2006 included geologic mapping and sampling, trench mapping and establishment of a grid, which was used for geochemical and geophysical surveys. The talus samples were collected at 226 stations (five, 20m samples per station) over five north-south and ten east-west grid lines that covered alteration zones interpreted from satellite imagery. Anomalous gold, copper and molybdenum geochemistry was returned by the sampling. The average gold assay was 0.121 ppm with a maximum value of 2.28 ppm. The samples also returned an average copper assay of 204.8 ppm with a maximum value of 1,695 ppm. The geophysical surveys consisted of 22 line-km of IP-resistivity and ground magnetics. The program generated two primary drill targets defined by the talus sample results and supported by the geophysics.

Drilling of seven (7) reverse circulation drill holes (1643m) and four (4) diamond drill holes (1505m) resulted in the discovery of a large porphyry system with overlying high sulfidation epithermal mineralization that included up to 0.5% copper and 0.39 g/t gold over 50m in hole LH-01 and 762m in LH-04 of 0.43% copper and 0.22 g/t gold. This deep hole ended at 779m in increasing copper grades with the last 43m grading 0.74% copper and 0.23 g/t gold. This intercept is associated with strong potassic alteration.

Los Helados Phase II Drill Results					
DDH-LH 01	From	To	Interval	Cu (%)	Au(g/tn)
Including	0.00	530.45	530.45	0.459	0.306
	70.00	143.00	73.00	0.523	0.599
	170.00	530.45	360.45	0.525	0.252
	416.00	530.45	114.45	0.632	0.233

DDH-LH 02	From	To	Interval	Cu (%)	Au(g/tn)
Including	0.00	506.45	506.45	0.323	0.193
	200.00	506.45	306.45	0.384	0.210
	324.00	452.00	128.00	0.483	0.210
	412.00	452.00	40.00	0.615	0.265

Los Helados 2009 Drill Results					
Hole	Interval (m)	From (m)	To (m)	Copper (%)	Gold (g/t)
LH-DDH 03	745	5	750	0.28	0.13
Including	414	336	750	0.35	0.14
LH-DDH 04	762	17	779	0.43	0.22
Including	343	436	779	0.58	0.21
Including	43	736	779	0.74	0.23
Including	72	558	630	0.625	0.24

The results of LH-DDH 04 are interpreted as a confirmation that the core potassic zone of the Los Helados porphyry system continues at depth and carries significant copper and gold grades.

A deep penetrating MIMDAS geophysical survey was completed in April 2009 to better define the mineralization at depth and to the north and west of LH 04. This survey defined a chargeability anomaly measuring approximately 1,000m by 750m located just to the north of drill hole LH 04. During the 2009-2010 field season the Corporation completed a 4,407 metre drill program that both confirmed and extended the porphyry copper mineralization at Los Helados. The holes were all significant step outs from LH-04 completed in 2009, which intersected 762 metres of 0.43% copper and 0.22 grams/tonne gold including 345 metres of 0.57% copper and 0.21 grams/tonne gold. The holes drill this season were all significant step outs from LH-04 and the results confirm the presence of a large mineralized porphyry copper system that extends approximately 1,000 metres north/south and 700 metres east/west. The system is open to the south, west and east.

Highlights from the 2009-2010 season's drilling include LH-05 which intersected 465 metres of 0.39% copper, 0.1grams/tonne gold including 70 metres of 0.53% copper, 0.13 grams/tonnes gold; LH-06 430 metres of 0.46% copper, 0.15 grams/tonnes gold; and LH-07 with 18 metres of 0.51% copper, 0.15 grams/tonne gold within a continuous 744 metre interval of mineralized but lower grade material. The drilling as well as surface mapping and sampling completed during the 2009-2010 field season also confirm the potential for high sulfidation gold mineralization in the upper (eastern) portions of the Los Helados system.

A follow-up drill program at Los Helados expected to total at least 7,500 metres in 10-12 holes began in December, 2010. The first drill results from the 2010-2011 drill campaign were the subject of a news release dated February 15, 2011. The news release is available under the Corporation's profile on Sedar.com. Highlights include LH-12 with 711 metres of 0.54% copper and 0.26 g/t gold, and LH-13 with 562 metres of 0.54% copper and 0.25 g/t gold. Drilling continued is expected to continue into the second quarter of 2011.

#### ***Vicuña-Filo del Sol Project, Argentina***

The Filo del Sol Project is part of the JOGMEC Vicuña JEA in which the Corporation has a 60% participating interest and JOGMEC has a 40% participating interest. Filo del Sol is located in San Juan Province, Argentina along the

international border with Chile. The project area is located approximately 15 kilometres west of the Josemaria Project. Elevations in the project area range from 5,000 to 5200 meters.

Filo del Sol is a high-sulfidation copper-gold target hosted in a large complex diatreme body measuring approximately one kilometer in diameter that is superimposed on a porphyry copper system at depth. Mineralization in the upper part of the diatreme occurs as chalcantite, a soluble copper sulfate mineral. This transitions at depth to disseminated and veinlet controlled sulfides including pyrite, enargite, chalcopyrite, and occasional covellite, and chalcocite. Parts of the system are strongly anomalous in gold. Porphyry-style copper mineralization has been intersected at depth and lateral to the diatreme body.

The Corporation has conducted several exploration campaigns on the Filo del Sol Project including geochemical sampling, magnetics, IP/Resistivity surveys and 38 drill holes. The last drilling on the property took place during early 2008. This work has outlined a large body of mineralized material but is not yet sufficient to permit calculation of a resource. In 2009, the Corporation conducted a deep penetrating IP/Resistivity (MIMDAS) survey across the diatreme complex. This work outlined an upward flaring structure that is coincident with the mapped area of the diatreme. A review of project data during 2010 identified several compelling near surface gold targets in the northern part of the project area. Approximately 2,000 metres of drilling will be directed toward following up some of the better gold results from previous drilling and testing the gold potential of the diatreme. Drilling is expected to begin in the first quarter of 2011.

#### ***Cerro Cuadrado Project, Argentina***

The Cerro Cuadrado Project is an epithermal silver-lead-zinc vein system located in northwestern Santa Cruz Province, in the Patagonia region of southern Argentina. The project was acquired by staking and is 100% owned by the Corporation. The project area is located approximately 600km west of the coastal city of Comodoro Rivadavia, Argentina. Access is by a mix of paved and well maintained gravel roads. The project area is located just to the east of the main range of the Andes and the topography consists of low hills which rise 250-400m above the plains to the east, up to a maximum elevation of 680m at the summit of Cerro Cuadrado. Winters in the area are cold and windy but year round exploration is possible.

The regional basement in the Cerro Cuadrado area consists of Devonian to Carboniferous metasediments. The basement rocks are overlain in turn by a Jurassic volcanic sequence and Cretaceous clastic sedimentary rocks. These rocks are regionally intruded by Upper Cretaceous to Lower Tertiary intrusives. Cerro Cuadrado itself appears to be a subvolcanic rhyolite dome. Vein hosted mineralization is found in a series of sub-parallel, north-south trending structures that cut both the rhyolite dome and the surrounding andesitic volcanics. The structures that host the vein system have been traced for approximately 10 kilometres. Veins consist of micro-crystalline quartz and chalcedony with sphalerite, galena, and vary between 0.5m and 7m. Mineralization is similar to that seen elsewhere in the region at San José (Hochschild-Minera Andes): 0.65 Moz of gold and 45 Moz of silver grading 5.8 g/t gold and 404 g/t silver, Mina Marta (Coeur D'Alene): 0.017 Moz of gold and 30 Moz of silver grading 1.8 g/t gold and 1474 g/t silver and Manantial Espejo (Pan American Silver): 58 Moz of silver grading 146 g/t.

Mineralization at Cerro Cuadrado was discovered by the Corporation's geologists during a regional exploration program in 2002. There was no previous exploration in the area. Since the initial discovery there have been several exploration programs including mapping, geochemical sampling, ground magnetic and IP/Resistivity surveys as well as three phases of diamond drilling totaling 5,934 meters in 38 holes. Highlights of the drilling program include CC-24 which returned 26 metres grading 183 g/t silver, 4.8% zinc and 0.20 g/t gold and CC -25 which returned 17.7 meters grading 106 g/t silver, 8.27% zinc, 3.96% lead and 0.37 g/t gold.

The Corporation did not work on the Cerro Cuadrado Project during 2010 and continues efforts to divest the project.

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### **Other Argentina Properties**

The Corporation holds an extensive portfolio of early-stage mineral properties elsewhere in Argentina that have been predominantly acquired through staking. Holding costs are relatively low for the next few years. The Corporation has done initial geologic reconnaissance on many of these properties, and in some cases low cost scout drilling has been conducted to assess the potential of such properties. Formal exploration programs will be mobilized on each of these as time and resources permit, balanced with priorities on the Corporation's more advanced South American projects. The Corporation continues efforts to joint venture or divest of non-core properties in Argentina.

The Corporation also holds a number of properties in Mendoza and La Rioja Provinces that are in force majeure due to problems obtaining surface access and/or changes in provincial legislation that are anti-mineral exploration. Some of the more significant properties are: the Paramillos copper porphyry project in Mendoza, which is under force majeure pending resolutions of surface access rights and receipt of environmental permits required for drilling; and the Papagallos copper porphyry project, also in Medoza, which is under force majeure pending resolution of a provincial park boundary expansion.

### **Other Chilean Properties**

The Corporation also holds a number of earlier stage copper-gold projects in Chile. During 2010 reconnaissance mapping and geochemical sampling was carried out on two porphyry copper prospects; Colmillos and Andrea both located in Region 4, Chile.

Regional exploration and prospecting continued on a number of early stage copper-gold projects in Chile where previous mapping and sampling programs have defined targets with porphyry copper-style mineralization in poorly explored regions of the productive Miocene-Pliocene and Eocene-Oligocene Belts. The Colmillos and Andrea projects are early-stage porphyry copper projects discovered made by NGEx geologists while exploring alteration and structural targets identified through a combination of in-house satellite image processing and compilation of regional geology.

The Colmillos project consists of 100% owned exploration licenses covering 3,400 hectares. The licenses were acquired by staking. Mapping and sampling to date have defined a 4.3 by 0.7 kilometre long trend of tourmaline breccia bodies with occasional copper oxides and strongly anomalous molybdenum analyses in rock chip samples. Copper mineralized tourmaline breccias are a common feature of many major porphyry copper systems. Construction of an access road began in December 2010 and was completed in early 2011. An IP (Induced Polarization) geophysical survey is currently underway over the alteration zone. Up to 2,000 metres of drilling will be done starting in the second quarter of 2011.

The Andrea Project consists of 100% owned exploration licenses covering 1,300 hectares. The alteration zone extends over an area of 3 by 2 kilometres and grades outward from a 600m long central core of potassic alteration with disseminated secondary biotite and stockwork pyrite, magnetite and chalcopyrite, to a large area of sericitic alteration with abundant iron oxides (goethite > jarosite > hematite).

The results of geochemical sampling and alteration mapping completed during 2010 indicate that a significant copper-molybdenum porphyry system has been identified at Andrea. The best results to date correspond to the zone of potassic alteration which has strongly anomalous copper- up to 0.6% in rock chips. The planned program is similar to that for Colmillos. Negotiations with the owners of surface rights along the right of way for the planned access road are ongoing. A geophysical survey supported by helicopter and mules is planned for the first quarter of 2011. Up to 2,000 metres of drilling is planned if the negotiations for the access road can be completed in time.

On March 25, 2011, the Corporation entered into an option agreement (the "Tamberia Agreement") with

Compania Minera Tamberias SCM whereby the Corporation can earn a 100% interest in the Tamberias property by making optional payments totaling US\$ 20,000,000 on or before June 30, 2020. Compania Minera Tamberias SCM will retain a 1.5% NSR royalty that will be paid only after the Corporation has recovered all of its exploration and development costs. The initial payment of US\$200,000 was made upon signature of the Tamberia Agreement. The Tamberias property is located in Region 3, Chile and is adjacent to the Filo del Sol Project discussed above. Work on the Tamberias property by previous operators has defined potential for both porphyry copper and high-sulfidation gold mineralization. An exploration program expected to include geophysics and drilling is planned for the fourth quarter of 2011.

#### NORTH AMERICAN GOLD AND BASE METALS EXPLORATION PROJECTS

##### **GJ/Kinaskan Project, Northwestern British Columbia, Canada**

The GJ/Kinaskan copper-gold project is the subject of an NI 43-101 compliant report entitled “Technical Report on the, GJ Copper-Gold Porphyry Project – Laird Mining Division” prepared by Mehner D.T., Giroux, G. H., and Peatfield G. R., dated April 30, 2007 (the “GJ Copper-Gold Porphyry Report”). Mehner D.T., Giroux, G. H., and Peatfield G. R. are each qualified persons under NI 43-101. The following description of the GJ-Kinaskan Project has been summarized, in part, from the GJ Copper-Gold Porphyry Report and readers should consult the GJ Copper-Gold Porphyry Report to obtain further particulars regarding the GJ/Kinaskan property. The GJ Copper-Gold Porphyry Report is available for review on the SEDAR website located at [www.sedar.com](http://www.sedar.com) under the Corporation’s profile.

##### Property Description and Location

The GJ/Kinaskan property is situated in the Laird Mining Division within the Stikine region of northwestern British Columbia and about 200 km north of Stewart and 75 km south of Dease Lake. The property falls within Kinaskan Lake map sheets (NTS 104 G/9 & G/16), centered at latitude 57° 45’ N and longitude 130° 14’ W (UTM 425500E, 6398000N). The claim group covers about 20,550 hectares. All the mineral claims comprising the GJ/Kinaskan Lake property are owned 100% by the Corporation and are in good standing.

Throughout the narrative, reference is made to the GJ property, the Kinaskan property and the GJ/Kinaskan property. The terms “project” and “property” are used interchangeably in the text. GJ refers to that portion of the property (generally the southern portion) that is owned 100% by Corporation with no underlying royalty. This includes the Donnelly and North Donnelly Zones, the GJ Zone and about 75% of the North Zone. Kinaskan refers to that portion of the property (generally the northern portion) that was acquired in the merger with Royal County Minerals Corp. in July 2003, and is subject to a 1% NSR to 650399 BC Ltd. GJ/Kinaskan Project refers to the property as a whole.

The Donnelly, North Donnelly, GJ and North copper-gold porphyry Zones are the principal mineralized zones on the GJ/Kinaskan property. This deposit type is present elsewhere in the region, with other examples being the Red Chris, Schaft Creek, Galore Creek, and Copper Canyon deposits.

##### Accessibility, Climate, Local Resources, Infrastructure, and Physiography

Access to the GJ/Kinaskan property is by road from Smithers, 500 kilometres to the south, and then by helicopter from Tatogga Lake, located 17 kilometres to the northeast, or from Dease Lake, 80 kilometres further north on Highway 37.

The climate is typical of a northern Canadian Cordilleran setting, with windy, cold winters due to the generally high elevations and short summers from June through early September. Temperatures range from -20° C to -30° C during winter and reach the mid-20s C in the summer. Rainfall averages about 100 centimeters per annum, falling

roughly equally as rain and snow. Fieldwork can start normally at lower elevations in early June and at higher elevations by July. Inclement weather makes field work difficult past September although drill programs have continued well into November at the nearby Red Chris project, where elevation and weather conditions are similar.

Small settlements at Iskut, Eddontenajon and Tatogga Lake along Highway 37, and some 15 to 20 kilometres northeast of the GJ/Kinaskan property, provide basic services such as telephone, fuel, accommodation, meals, storage facilities, expediting services to Smithers and helicopter staging points. Dease Lake, 80 kilometres to the north, provides similar services and has a permanent helicopter base. Experienced labour for exploration activities is available locally.

### History and Previous Exploration Work

Exploration work on the copper-gold porphyry mineralization dates back to 1964 when Conwest Exploration Co. Ltd. ("Conwest") first recorded work on the property, concentrating on the GJ Zone on Groat Creek. From 1970 until 1983, when the Corporation first became involved in the GJ project through a predecessor company, numerous companies explored the GJ, Donnelly (as it was then known) and to a lesser extent, the North Zones. Although encouraging drill results were obtained by earlier work (including reported intercepts of 100.6 metres grading 0.46% copper, 0.95 grams per tonne gold and 8.94 grams per tonne silver in Amoco Canada Petroleum Co. Ltd. ("Amoco") hole 70-02 in the GJ Zone; 187.5 metres grading 0.31% Copper and 0.78 grams per tonne gold in Texasgulf Canada Ltd. hole 77-04/11 in the Donnelly Zone; and 112.8 metres grading 0.15% copper, 0.08 grams per tonne gold and 0.64 grams per tonne silver in Amoco hole 71-10 in the North Zone), no mineralized zones of significant size and grade were defined.

The Corporation acquired the ground covering the Donnelly, GJ and North Zones in 2000 and initiated a systematic exploration program including IP geophysics and ground magnetic surveys, bedrock surface geochemical sampling, and geological mapping.

### Exploration and Drilling Programs

In 2000, after acquiring all the ground covering the Donnelly, GJ and North zones, the Corporation initiated a systematic exploration program including IP geophysics and ground magnetic surveys, bedrock surface geochemical sampling, and geological mapping. By 2004, that work had outlined a broad IP chargeability anomaly measuring at least 4.5 kilometres east-west by 3.3 kilometres north-south. Within the Donnelly Zone, surveys outlined two significantly stronger chargeability zones with coincident magnetic highs and copper-gold bedrock geochemical anomalies. The larger was an open-ended anomaly measuring 3500 metres southeast-northwest by 1000 metres wide that encompasses both the GJ and Donnelly zones (as presently known). The second was an 1800 metre east-west by 800 metre north-south anomaly covering the North Zone.

Drilling by the Corporation from 2004 to 2007 of 59,491m in 199 drill holes successfully extended the known limits of the Donnelly copper-gold zone over an east-west length of 1,600 meters. The Donnelly Zone forms a relatively homogenous, keel-shaped mineralized body 300 meters wide in the eastern half that broadens into more complex bodies extending up to 500 meters in depth in the western half. The Zone is closed off to the east but remains open to depth in places to the west where it is overlain by post-mineral, Hazelton volcanic rocks.

No field work was conducted on the GJ/property during the 2008 and 2009 field seasons apart from camp maintenance and continued environmental studies. As at December 31, 2009, the Corporation had expended approximately \$11.4 million on this property.

Teck Option Agreement

In August, 2010 the Corporation entered into an Option Agreement (the "Agreement") with Teck Resources Limited ("Teck") whereby Teck was granted options to earn up to a 75% interest in the Corporation's 100% owned GJ/Kinaskan project by making the following cash payments and expenditures (all amounts are Canadian dollars):

1. a \$100,000 cash payment to the Corporation upon signing of the Agreement (the "initial cash payment")
2. 1<sup>st</sup> Option: Teck will have the option to earn an initial 51% in the GJ/Kinaskan project by making the following expenditures;

<u>On or Before</u>	<u>Cumulative Aggregate Expenditures</u>
December 31, 2011	\$2,500,000 <sup>(1)(2)</sup>
December 31, 2012	\$5,000,000
December 31, 2013	\$8,000,000
December 31, 2014	\$12,000,000

<sup>(1)</sup>The first \$1,500,000 in expenditures is a firm commitment by Teck

<sup>(2)</sup>Must include at least 1,500 meters of drilling

3. 2<sup>nd</sup> Option: Upon making the initial cash payment and incurring \$12,000,000 in expenditures under the 1<sup>st</sup> Option Teck will have a one-time option to elect to earn an additional 9% interest for a total 60% interest by sole funding an additional \$12,000,000 in expenditures prior to December 31, 2017 with a minimum required annual expenditure of \$2,000,000 per year.
4. 3<sup>rd</sup> Option: Upon exercising the 2<sup>nd</sup> Option Teck will have a one-time option to earn an additional 15% interest for a total 75% interest by sole funding another \$20,000,000 in expenditures prior to December 31, 2020 with a minimum required annual expenditure of \$4,000,000 per year.

If Teck exercises all its available options it will spend \$44M to earn a 75% interest in the GJ/Kinaskan project.

If Teck elects not to exercise either the 2<sup>nd</sup> or 3<sup>rd</sup> Options, or, upon Teck exercising the 3<sup>rd</sup> Option the parties will form a joint venture and fund further expenditures pro-rata according to their percentage interest at that time. If a party's interest falls below 10% it will convert to a 2% NSR that begins after payback of all project expenditures.

During 2010 Teck initiated its work program at the GJ/Kinaskan project and completed the first portion of what is planned to be a large ground geophysical program, as well as surface mapping, relogging of drill core and refurbishment of the camp. Work was stopped over the winter months but is expected to resume in June 2011. Teck is planning to complete the ground geophysical program and to drill up to 5,000 metres.

Geological Setting

The rocks underlying the GJ/Kinaskan Project have been mapped as Upper Triassic, Stuhini Group (basic volcanic flows, volcanoclastics and sedimentary rocks), unconformably overlain by Lower Jurassic, Hazelton Group andesitic to felsic flows and volcanoclastic rocks. Intruding the sequence throughout the GJ/Kinaskan Project are numerous small, quartz deficient plugs, sills and dykes of Late Triassic or Early Jurassic age, of diorite to monzodiorite and

monzonite composition. The largest of these is the south-west striking Groat Stock which is at least 10 kilometres long and up to 1.5 kilometres wide, and is off-set by numerous, north-south striking faults. Adjacent to the south-west extremities of the stock, porphyry copper-gold mineralization occurs in at least four areas, referred to herein as the Donnelly, North Donnelly, GJ and North Zones.

### Mineralization

The principal types of mineralization on the GJ/Kinaskan project are:

- porphyry copper-gold deposits associated with the Lower Jurassic Groat monzodiorite and monzonite stock and compositionally similar satellite intrusions in the southern part of the property; and
- gold-silver-copper-zinc-bearing quartz veins developed peripheral to early Jurassic quartz diorite, monzodiorite and monzonite stocks along Quash Creek in the northwest and around the Groat Stock in the southeast (Trevor Peak).

Porphyry copper-gold deposits constitute a high-priority exploration target on the GJ/Kinaskan project and include the GJ, Donnelly, North Donnelly, North and QC Zones. At this stage, the Donnelly – North Donnelly Zones in the southern part of the GJ/Kinaskan project are the primary exploration targets.

### Mineral Resource Estimation

Several mineral resource calculations have been done on the GJ/Kinaskan project over the years. A detailed discussion of the April 2007 resource status is provided in GJ Copper-Gold Porphyry Report. G. H. Giroux, one of the authors of the GJ Copper-Gold Porphyry Report updated the resource estimate in August 2008, for the Donnelly Zone and the North Donnelly Zone by utilizing 218 drill holes completed by the end of the 2007 field season in addition to drill holes completed by prior operators (see October 7, 2008 Press Release filed on Sedar). The results are listed in the tables below.

**DONNELLY ZONE - MEASURED RESOURCE**

Cutoff (Cu %)	Metric Tons > Cutoff (metric tons)	Grade > Cutoff		Contained Metal	
		Cu (%)	Au (g/t)	Million lbs Cu	Million ozs Au
0.05	153,700,000	0.248	0.284	840.49	1.403
0.10	133,410,000	0.274	0.312	806.02	1.338
0.15	108,820,000	0.307	0.348	736.64	1.218
0.20	84,490,000	0.346	0.390	644.60	1.059
0.25	62,380,000	0.389	0.435	535.06	0.872
0.30	44,270,000	0.436	0.487	425.60	0.693
0.35	30,760,000	0.486	0.538	329.63	0.532
0.40	21,890,000	0.531	0.585	256.30	0.412
0.45	15,370,000	0.577	0.643	195.55	0.318
0.50	10,900,000	0.619	0.692	148.77	0.243

**DONNELLY & NORTH DONNELLY ZONES - INDICATED RESOURCE**

Cutoff (Cu %)	Metric Tons > Cutoff (metric tons)	Grade > Cutoff		Contained Metal	
		Cu (%)	Au (g/t)	Million lbs Cu	Million ozs Au
0.05	216,120,000	0.173	0.219	824.42	1.522
0.10	159,870,000	0.208	0.255	733.23	1.311
0.15	108,670,000	0.247	0.298	591.85	1.041
0.20	68,830,000	0.290	0.344	440.13	0.761
0.25	41,050,000	0.335	0.387	303.23	0.511
0.30	22,040,000	0.388	0.433	188.56	0.307
0.35	11,570,000	0.449	0.489	114.55	0.182
0.40	6,970,000	0.500	0.530	76.84	0.119
0.45	4,170,000	0.550	0.577	50.57	0.077
0.50	2,620,000	0.598	0.629	34.55	0.053

**DONNELLY & NORTH DONNELLY ZONES - MEASURED PLUS INDICATED RESOURCE**

Cutoff (Cu %)	Metric Tons > Cutoff (metric tons)	Grade > Cutoff		Contained Metal	
		Cu (%)	Au (g/t)	Million lbs Cu	Million ozs Au
0.05	369,820,000	0.204	0.246	1663.52	2.925
0.10	293,280,000	0.238	0.281	1539.10	2.650
0.15	217,490,000	0.277	0.323	1328.40	2.259
0.20	153,320,000	0.321	0.369	1085.21	1.819
0.25	103,440,000	0.367	0.416	837.07	1.383
0.30	66,300,000	0.420	0.469	614.00	1.000
0.35	42,330,000	0.476	0.524	444.29	0.713
0.40	28,860,000	0.523	0.572	332.82	0.531
0.45	19,540,000	0.571	0.629	246.02	0.395
0.50	13,520,000	0.615	0.680	183.34	0.296

**DONNELLY & NORTH DONNELLY ZONES - INFERRED RESOURCE**

Cutoff (Cu %)	Metric Tons > Cutoff (metric tons)	Grade > Cutoff		Contained Metal	
		Cu (%)	Au (g/t)	Million lbs Cu	Million ozs Au
0.05	115,470,000	0.134	0.187	341.18	0.694
0.10	63,980,000	0.183	0.238	258.17	0.490
0.15	37,560,000	0.226	0.282	187.17	0.341
0.20	23,010,000	0.260	0.310	131.92	0.229
0.25	11,290,000	0.295	0.335	73.44	0.122
0.30	4,180,000	0.332	0.330	30.60	0.044
0.35	790,000	0.378	0.294	6.58	0.007
0.40	150,000	0.421	0.354	1.39	0.002
0.45	30,000	0.455	0.325	0.30	0.000

1. All mineral resources have been calculated in accordance with CIM Standards.
2. The mineral resources set out in the table above have been estimated by G. H. Giroux, who is a qualified person under NI 43-101.

**Zymo Copper-Gold Project, British Columbia**

The Zymo copper gold property is located 40 kilometres west of Smithers, British Columbia. On May 16, 2008, the Corporation entered into an option agreement with Eastfield Resources Ltd. to earn up to a 75% interest in the Zymo Copper-Gold Project in stages. The Corporation terminated the option agreement in April, 2010 and has no further interest in the property.

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## OTHER NORTH AMERICAN MINERAL PROPERTY INTERESTS

### Caballo Blanco Project, Veracruz, Mexico

The Corporation, through its wholly-owned Mexican subsidiary, Minera Cardel had an option with Almaden Minerals Ltd. (“Almaden”) and Minera Gavilan S.A. de C.V. (“Minera Gavilan”) to acquire a 70% interest in the Caballo Blanco property. Minera Cardel was sold to Goldgroup Resources Inc. in late 2009.

## AFRICAN PROPERTIES

Through its wholly-owned subsidiary, Sanu, the Corporation holds four exploration licenses (“EL”) (Mogoraib River, Kerkebet River, Shukula and Lelit) covering areas with potential for base metals and gold in western Eritrea. In December 2010, the Corporation was granted an exploration license (Bada Potash Exploration License) which covers an area with potential for potash in the Danakil Depression in Eritrea. The Corporation also held four exploration permits for gold in Burkina Faso (Kodyel, Tordo, Lati and Loto) which were sold along with the local subsidiary that held them to Indigo Exploration Inc. in June, 2010. The Corporation also holds two ELs (Reneville and Kingouala) for base-metals in the Congo-Brazzaville. All licenses are at an early grass roots stage of exploration except for the Mogoraib River EL, which contains the Hambok deposit a significant, NI 43-101 compliant copper-zinc volcanogenic massive sulfide (VMS) resource.

### ERITREA PROPERTIES

#### Mogoraib River EL and Hambok VMS deposit

The Hambok copper-zinc project is the subject of an NI 43-101 compliant report entitled “Hambok Deposit, Mogoraib Exploration License, Gash-Barka District, Western Eritrea, 43-101 Technical Report and Preliminary Resource Assessment” by G.H. Giroux P. Eng. and C. Tucker Barrie, P.Geo., dated January 23, 2009 (the “Hambok Technical Report”). Messrs. G. H. Giroux and C. Tucker Barrie are each qualified persons under NI 43-101. The following description of the Hambok project has been summarized, in part, from the Hambok Technical Report and readers should consult the Hambok Technical Report to obtain further particulars regarding the Hambok copper-zinc project. The Hambok Technical Report is available for review on the SEDAR website located at [www.sedar.com](http://www.sedar.com) under the Corporation’s profile.

#### Project Description and Location

Hambok is a copper- and zinc-bearing volcanic-hosted massive sulfide (VMS) deposit located at N15° 25’07”/E37° 24’31”, in Gash Barka District, west-central Eritrea. The Hambok massive sulfide deposit lies within the 130 sq. km Mogoraib River Exploration License which lies in the Western Lowlands of Eritrea about 60 km west of the town of Akordat, Eritrea. The Mogoraib River Exploration License was granted on July 5, 2005 for a three year term by the Government of Eritrea and has been renewed on a year by year basis since 2009. The license was recently renewed until July, 2010. The Corporation holds a 100% interest in the Mogoraib license. The State of Eritrea has an automatic right to a free carried 10% interest and has an option, under current Eritrean mining laws, to purchase up to a further 30% interest by agreement with the licensee.

#### Accessibility, Physiography Climate, Infrastructure and Local Resources

The Mogoraib license area is accessed from Asmara via a two-lane paved highway through the regional centers of Keren, Hagaz, and Akordat, a distance of 181 km. From Akordat access to the southern half of the Kerkebet River

and Mogoraib River Exploration Licenses is via an all-weather compact dirt road Akordat-Sawa road to 40 km west of Akordat, where a secondary gravel road leads to the Corporation's exploration camp. Journey time by road from Asmara to the Corporation's camp is approximately 5 hours by four wheel drive vehicle. Access from the exploration camp to the Corporation's Hambok deposit is via dirt roads for 15km to the villages of Aderat and Ankereit. Hambok lies a further 4km south of Ankereit village. During the wet season (July-September) the access to the deposit may be cut for several days at a time by flooding of the Mogoraib River just west of Bisha Camp.

The physiography of the license areas consists of broad alluvial plains, hilly grassland and low ranges covered with relatively thin soil and scrubby sahel-type vegetation. The plains are between 600 and 800m above MSL and the ranges rise 400m and 600m above the plains. In general the prospect area consists of mature, flat, flood plains with low rocky outcropping hills. Numerous, normally dry, seasonal, streams transect the area.

The climate in the license areas is semi-arid and tropical with elevated temperatures year round peaking in the hot season in April and May at an average of +42°C, although temperatures may rise to +50°C for short periods. A single rainy season is experienced between June and early October, periodically filling the Mogoraib and Barka Rivers and their tributaries with spectacular flash floods. Occasionally rain may fall in April-May and later in October. The rainy season causes periodic, short-lived, difficulty of travel off the main highways, although exploration work is possible year round. Local subsistence agriculture is practiced in all areas of Mogoraib and Kerkebet River Licenses.

There are no natural standing water bodies in any of the license areas and most water comes from wells drilled near the sand-filled Mogoraib or Barka Rivers where water is present in abundance just a few metres below surface at all times of the year.

Only very basic goods are commercially available in the towns and villages surrounding the Mogoraib license, and the main center for administrative and logistical support of exploration and development programs is from the capital city, Asmara.

#### Exploration History and Previous Work

The Corporation has no record of any previous exploration or mining activities on the Mogoraib License or surrounding areas prior to 2003 when it began work on the area. The Corporation started exploring for gold in Eritrea in 1997 but switched to exploration for VMS deposits after the discovery of the Bisha Deposit in 2002. The Hambok deposit was discovered in late 2005 and first drilled in early 2006.

A summary of the work done in the Mogoraib River Exploration License is shown in the following table.

Year	Type of Work
2003	<ul style="list-style-type: none"> <li>• Application for Mogoraib Prospecting License</li> <li>• Collection of 116 rock chip samples at Mai Melih prospect</li> <li>• Collection of 117 soil samples from the Mai Melih prospect</li> </ul>
2004	<ul style="list-style-type: none"> <li>• Collection of 64 rock chip samples from various Mogoraib prospects</li> <li>• Collection of 220 BLEG samples from the Mogoraib Prospecting License</li> <li>• Collection of 278 trench samples from the Mai Melih prospect</li> <li>• Airborne EM survey over the Mai Melih prospect area</li> <li>• Application for Mogoraib Exploration License</li> </ul>
2005	<ul style="list-style-type: none"> <li>• Collection of 170 rock chip samples from various Mogoraib prospects</li> <li>• Collection of 3217 soil samples from various Mogoraib prospects</li> <li>• Grant of Mogoraib Exploration License</li> <li>• Measurement of 2031 gravity points from various Mogoraib prospects between March 2004 and April 2005</li> <li>• Measurement of 37.6 line-km of ground EM data over various Mogoraib prospects</li> </ul>

	<ul style="list-style-type: none"> <li>• Completion of 510m of drilling in 3 holes at the Mai Melih prospect</li> <li>• Completion of 619m of drilling in 4 holes at the Ashelli prospect</li> </ul>
2006	<ul style="list-style-type: none"> <li>• Collection of 224 rock chip samples from various Mogoraib prospects</li> <li>• Collection of 2025 soil samples from various Mogoraib prospects</li> <li>• Measurement of 10,452 gravity points from various Mogoraib prospects between April 2005 and March 2006</li> <li>• Completion of 13,245 meters of drilling on the Hambok prospect between January 2006 and March 2007</li> <li>• Measurement of 33.3 line-km of ground EM data over various Mogoraib prospects between April 2005 and March 2006</li> <li>• Identification of a significant resource at the Hambok Prospects</li> </ul>
2007	<ul style="list-style-type: none"> <li>• Collection of 232 rock chip samples from various Mogoraib prospects</li> <li>• Collection of 1680 soil samples from various Mogoraib prospects</li> <li>• Collection of 16 trench samples from the Shabayet prospect</li> <li>• Additional drilling at various Mogoraib prospects</li> <li>• Additional EM surveys at various Mogoraib prospects</li> </ul>
2008	<ul style="list-style-type: none"> <li>• Detailed mapping and prospecting of various prospects on the Mogoraib licence</li> <li>• Re-analysis of geochemistry and geophysical data.</li> <li>• Preparation of Preliminary Resource Estimate of the Hambok deposit</li> </ul>
2009	<ul style="list-style-type: none"> <li>• Publication of 43-101 Technical Report and Preliminary Resource Assessment Hambok Deposit, Mogoraib Exploration License, Gash-Barka District, Western Eritrea</li> </ul>
2010	<ul style="list-style-type: none"> <li>• Completed a 1,545 metre drill program that included infill drilling at Hambok and testing new volcanogenic massive sulphide targets on its licenses. The most significant results were obtained from the Aradaib prospect located on the Kerkebet Licence</li> </ul>

### Geological Setting

The Hambok deposit is hosted in a 850-550 million year old in a granitoid-greenstone terrane which is part of the Arabian-Nubian shield that underlie parts of Egypt, Sudan, Eritrea, Ethiopia, Israel, Jordan, Saudi Arabia, and Yemen, on either side of the Red Sea.

The Hambok deposit lies within the western portion of the Nakfa Terrane consisting of volcanic and sedimentary sequences metamorphosed middle greenschist to lower amphibolite facies. The Hambok deposit appears to occupy the eastern flank of a broad anticlinorium cored by basaltic rocks and ultramafic and granitic intrusions. The Hambok deposit itself is hosted within a sequence of chloritic, volcanoclastic rocks with lesser, mafic flows and felsic tuffs.

### Mineralization

Drilling to date indicates that the Hambok massive sulfide body is a steeply east-dipping, lenticular body consisting of a series of lenses, separated in part by thin tuff horizons with an overall disc shape. The massive sulfide body extends for over 1000m along strike, approximately 350m down dip and is up to 75m thick in the center of the lens. Local stringer sulfide vein mineralization lies within the footwall to the massive sulfide mineralization.

The main sulphide minerals are pyrite, chalcopyrite, and sphalerite. There is also minor galena, tennantite, and digenite. The distribution of assayed base-metal values within the sulfide body shows that the best grades occur at the top, bottom, and edges of the thickest accumulation of sulfides.

The data base for the resource calculation set out in the following table consisted of 59 drill holes, 326 down hole surveys and assays for gold, silver, copper and zinc. A geologic model from cross sections outlined the massive sulfide unit and was the basis for a three dimensional mineralized solid that constrained the estimate.

<b>Hambok Resource within the Mineralized Shell at a Zinc Equivalent Cutoff</b>							
<b>Indicated Resource</b>							
	Cutoff ZnEQ%)	Tonnes					ZnEQ
	Grade > Cutoff	> Cutoff	Zn(%)	Ag (g/t)	Cu (%)	Au (g/t)	(%)
	<b>0.75</b>	<b>16,100,000</b>	<b>1.63</b>	<b>5.48</b>	<b>0.84</b>	<b>0.18</b>	<b>3.17</b>
	<b>2.00</b>	<b>10,700,000</b>	<b>2.21</b>	<b>7.10</b>	<b>1.04</b>	<b>0.20</b>	<b>4.10</b>
<b>Inferred Resource</b>							
	Cutoff ZnEQ%)	Tonnes					ZnEQ
	Grade > Cutoff	> Cutoff	Zn(%)	Ag (g/t)	Cu (%)	Au (g/t)	(%)
	<b>0.75</b>	<b>24,800,000</b>	<b>1.30</b>	<b>4.66</b>	<b>0.75</b>	<b>0.17</b>	<b>2.67</b>
	<b>2.00</b>	<b>15,900,000</b>	<b>1.77</b>	<b>6.15</b>	<b>0.93</b>	<b>0.20</b>	<b>3.46</b>

1. All mineral resources have been calculated in accordance with CIM Standards.
2. The mineral resources set out in the table above have been estimated by Messrs. G. H. Giroux and C. Tucker Barrie, who are qualified persons under NI 43-101.

Zinc Equivalent values in the above table were calculated using the following metal prices and recoveries:

<b>Metal</b>	<b>Assumed Price</b>	<b>Assumed Recovery</b>
Gold	US\$ 675.00/ounce	36%
Silver	US\$10.00/ounce	29%
Zinc	US\$0.79/ounce	84%
Copper	US\$1.30/ounce	85%

Please note that these recoveries are only assumed at this time as no metallurgical work has been completed on the Hambok project. Given these assumptions a value for Zn Equivalent (ZnEQ) can be worked out as follows:

- $ZnEQ (\%) = Zn (\%) + (Ag (g/t) * 29/84 * 0.32/17.42) + (Cu\% * 85/84 * 28.66/17.42) + (Au (g/t) * 36/84 * 21.70/17.42)$

Other prospects on the Mogoraib License where the massive sulfide intercepts have been drilled include Aderat, located approximately 5 kilometres north of Hambok.

#### Kerkebet River Exploration Licence

The Kerkebet River Exploration Licence consists of 405 square kilometres. It has been explored since 2003 by satellite image analysis, regional mapping, stream sediment and soil sampling, airborne EM and magnetic surveys, ground gravity and magnetic surveys as well reconnaissance drilling of a number of prospects including Koken and Aradaib. The Koken prospect discovered by satellite image analysis consists of a shallow dipping gossan horizon

exposed over 4.5km of strike Reconnaissance drilling in 2009 intersected thin massive sulfide mineralization.

The Aradaib barite gossan occurrence was drilled in early 2010 and intersected 17m of massive sulfide mineralization with values of copper, zinc and gold including 10meters grading 1.2% zinc, 1.9% copper and 0.9 grams per tonne gold and 7meters grading 15% zinc, 1% copper and 0.49 g/t gold. Detailed mapping and reconnaissance soil geochemistry has extended this barite-gossan-zinc in soil horizon over 3km.

A second hole, ARD-10-002, drilled 230 metres to the northeast, intersected altered host volcanic rocks with pervasive disseminated and stringer sulphides, returning a 3 metre interval of 1.30% Zn from 60.0 metres depth. The remainder of the hole was strongly anomalous in copper and zinc.

The results from four follow-up holes were received during the quarter ended September 30, 2010. Two holes (ARD-10-03 and 04) confirmed the projected down plunge and down dip extensions of the massive sulfides intersected in ARD-10-01. ARD-10-03 tested 30 metres down plunge from the mineralization in ARD-10-01 and returned 13.0 metres grading 5.59% Zn, 3.31% Cu, 1.85g/t Au and 46g/t Ag from a 24.4 metre intersection of massive sulfide and stringer mineralization. Hole ARD-10-04 drilled on the same section as ARD-10-01 but intersecting the zone 25 metres deeper, returned 4.0 metres grading 0.31% Zn, 3.49% Cu, 0.68 g/t Au and 38 g/t Ag from massive sulfides at 108 metres and 7.0 metres at 1.70% Zn, 2.70% Cu, 0.82 g/t Au and 26 g/t Ag from 118 metres. The third hole in this program, ARD-10-05, was drilled under gossan outcrops approximately 300 metres north of the other two holes, and intersected a thick interval of altered and oxidized volcanic rock with disseminated and stringer mineralization but no significant values. The style of mineralization that was intercepted is interpreted as proximal to a massive sulfide body but it is possible that these drill holes over- or under-cut massive sulphide mineralization.

A high resolution helicopter-borne electromagnetic, magnetic, and radiometric (VTEM) survey covering 700 square kilometres was completed in December 2010. The survey covered the Corporation's exploration licenses in Western Eritrea. The survey done by Geotech Airborne Surveys, South Africa and was designed to identify buried massive sulfide mineralization. Initial screening of the survey results has been done, looking for high conductivity, high gravity, and low magnetism features. This has highlighted in 18 anomalies to be geophysically modeled for 'typical' VMS sulfide bodies. Prospective targets from the modeling will be investigated in detail using gravity (where needed), trenching, shallow RAB overburden drilling, and diamond drilling beginning in the second quarter of 2011.

The recent commissioning of Eritrea's first modern mine by Nevsun Resources Ltd. ("Nevsun") has generated increased interest in the Corporation's adjacent land position including the Hambok Deposit which lies approximately 15 kilometres from Nevsun's Bisha mine. The Corporation will continue to explore all options to realize shareholder value from its Eritrean projects. As well as the aforementioned high-priority prospects, numerous other small gossan occurrences have been mapped in the exposed portions of the extensive felsic volcanic section of Kerkebet North. However over 80% of the license area is covered by thin alluvial sediments and an airborne EM and magnetic survey is being considered to explore for shallowly buried massive sulfide deposits.

#### Shukula and Lelit Exploration Licences

These two, contiguous exploration licenses of 64 and 49 sq. km respectively are situated approximately 75km due north of Koken prospect and Kerkebet village in the mountainous terrain of northern Eritrea. Satellite image analysis defined a 7-8km long zone of altered felsic volcanics within a mafic volcanic section. A 400m long massive sulfide gossan occurs on the north and south sides of the Shukula River within a sericite-chlorite altered, pyritic tuff unit. Pyritic tuff and thin gossan lenses can be traced 5km south on to the Lelit Exploration Licence. The airborne geophysical survey completed in December 2010 covered both licences. Follow up drilling is planned for the second quarter of 2011.

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### Bada Potash Exploration License

In December 2010 the Corporation was granted the Bada Potash Exploration License (the “Bada License”), located in the Danakil Depression in Eritrea. The Bada license encompasses 431 square kilometers and is located 30 kilometres inland from the Red sea port of Mersa Fatma and 150 kilometres southeast of the capital city of Asmara.

The Bada License is situated within the northern portion of an evaporite basin extending southward into Ethiopia, where exploration in the 1960’s resulted in the discovery of the Crescent and Musley potash and sylvite deposits. More recently South Boulder Mines Ltd. (“South Boulder”) have announced the discovery of shallow potash mineralization near the village of Colluli in Eritrea, 20 kilometres north of Musley and 30 kilometres southeast of Bada. The Danakil Depression is known to continue northeast from Colluli and is believed to have potential for potash-bearing beds on the Bada license. However, only very limited historical exploration work has been done in the license area to date. Initial reconnaissance at Bada by NGEX found extensive shallow alluvium cover, young volcanic rocks or recent marine evaporites, with potential for potash-bearing rocks under much of the license area.

Exploration of the license began in January, 2011. The initial phase will be to confirm the evaporite sequence and then to drill test the shallower portions of the basin for potash mineralization. Drilling is planned to begin in the second quarter of 2011.

### **BURKINA FASO PROPERTIES**

The Corporation held four exploration permits in Burkina Faso. Sanu Resources Burkina S.A.R.L, the Corporation’s wholly owned indirect subsidiary, which held the permits, was sold to Indigo Exploration Inc. (“Indigo”) in June 2010 for consideration of \$65,000 cash and 3,000,000 common shares in the capital of Indigo. The Corporation’s only other project in Burkina Faso was the Nyieme Exploration Permit described below.

### Nyieme Exploration Permit

The Nyieme Exploration Permit covers 246 sq. km near the town of Dano some 285km southwest of Ouagadougou, the capital of Burkina Faso.

The Nyieme Exploration Permit was originally granted to a private individual resident in Ouagadougou, Burkina Faso, by the Burkina Faso government on October 4, 2005 and was held by the Corporation under an option to purchase agreement dated October 20, 2005 as amended. On December 17, 2009, The Corporation entered into an option agreement with Goldplat Plc, an AIM-listed South African company, whereby Goldplat could acquire the rights to the Nyieme Exploration Permit from the Corporation. Under the terms of the agreement, in order to earn 100% of the Corporation’s earnable interest in Nyieme Exploration Permit, subject only to a 2% NSR in favour of the Corporation and a 1% NSR in favour of the underlying owner, Goldplat agreed to make staged payments to the Corporation in the aggregate amount of US\$215,000 (of which, US\$190,000 is to be paid by the Corporation to the underlying owner) over a period of time ending October 1, 2010. Additionally, Goldplat Plc is required to expend US\$500,000 on the Nyieme Exploration Permit before October 1, 2011. Goldplat met was obligations and thereby earned 100% of the Corporation’s interest in Nyieme in October 2010. The Corporation now only holds the 2% NSR.

### **CONGO REPUBLIC PROPERTIES**

The Corporation’s local subsidiary was granted two exploration licenses in the Republic of the Congo (Congo-Brazzaville) on 30 December 2009. The licenses cover 1,579 square kilometres of ground in the Boko Songo-Mindouli trend where mining during French colonial times exploited high grade copper and zinc ore bodies hosted in carbonate rocks. Some historic mines are presently being rehabilitated by Chinese and other foreign companies.

The Corporation's exploration is targeting similar high-grade carbonate-hosted copper and zinc mineralization hosted in Late Proterozoic Kundelungu-equivalent sedimentary rocks. Historical prospects contained within the Corporation's licenses include Reneville and Pieme, which occupy similar geologic settings.

Rock samples from Reneville show that copper mineralization consists of high-grade (>5% copper) karst-fill, and a lower-grade (1-2% copper) fracture-controlled mineralization. Similar high- and low-grade mineralization occurs at other historic mines and prospects in the area including the nearby Mindouli mine.

The project area is located approximately 70 kilometres west of the capital city of Brazzaville. Most of the project area is accessible by dirt roads and the rail line connecting Brazzaville with the port city of Point Noire passes between 5 and 30 kilometres south of the major prospects identified to date. Recent mapping and sampling completed on the Corporation's licenses has identified examples of all four styles of mineralization that have historically produced in the District.

- Copper-dominant karst-fill mineralization (3-5% copper),
- High-grade (>10% copper) chalcocite mineralization replacing specific carbonate horizons,
- Fracture controlled moderate grade copper mineralization (1-2% copper), and
- Lead-zinc veins and carbonate replacement bodies (5-15% lead and zinc).

The Corporation acquired the exploration licenses in late 2009 and began field work consisting of soil sampling, mapping and prospecting shortly thereafter. This work has extended known occurrences and historic prospects and identified several new prospects and trends. Rock chip sampling and mapping continues to help define these prospects. Induced polarization (IP) surveys over the most prospective areas were completed in December 2010. The results are being review to decide whether follow-up drilling is warranted.

#### ITEM 5 – RISK FACTORS

The Corporation's projects are subject to various risks and uncertainties, including but not limited to, those listed below. Unless the context indicates or implies otherwise, references in this section to the "Corporation" include the Corporation and its subsidiaries:

**Exploration and Development Risk:** The Corporation's properties in North and South America and Africa 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. 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 Corporation'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 and proximity to infrastructure), commodity prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Most of the above factors are beyond the control of the Corporation. The Corporation 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.

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**Metal Price Risk:** The Corporation's portfolios of properties and investments have exposure to predominantly copper, gold, silver and zinc. The prices of these metals greatly affect the value of the Corporation 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 Corporation's assets at different metals prices.

**Financial Markets:** The Corporation is dependent on the equity markets as its main source of operating working capital and the Corporation's capital resources are largely determined by the strength of the resource markets and by the status of the Corporation's projects in relation to these markets, and its ability to compete for the investor support of its projects. Consequently, there can be no assurance that equity financing will be available to the Corporation in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Corporation.

**Foreign Operations Risk:** The Corporation conducts exploration activities in several countries, including Argentina, Chile, Eritrea, Congo-Brazzaville and Burkina Faso. Each of these countries expose the Corporation to risks that may not otherwise be experienced if all operations was located in Canada. The risks include, but are not limited to, civil unrest or war, 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 Corporation's existing assets and operations. Real and perceived political risk may also affect Corporation's ability to finance exploration programs and attract joint venture or option partners, and future mine development opportunities.

**Competition:** There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Corporation competes with other exploration and mining companies, many of which have greater financial resources than the Corporation, 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.

**Environmental and Socio-Political Risks:** The Corporation seeks to operate within environmental protection standards that meet or exceed existing requirements in the countries in which the Corporation conducts activities and the Corporation will conduct its activities in accordance with high corporate social responsibility principles. Present or future laws and regulations, however, may affect the Corporation's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines.

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 Corporation works, in particular in Mendoza where the Corporation had two drill ready projects, Paramillos and Papagallos. In certain other Argentine provinces such as Tierra del Fuego, Chubut, Rio Negro and La Rioja, there is a significant degree of anti-mining sentiment which affects the risk of successfully exploring and developing the Corporation's assets in those provinces.

The Argentine Congress recently passed legislation designed to protect the country's glaciers. This law would prevent 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 Corporation's ability to develop parts of the Vicuna and possibly the Josemaria property.

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**Title Risk:** The Corporation 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 Corporation's investigations should not be construed as a guarantee of title. 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. Title to the Corporation's projects in Africa is held under exploration license agreements with the national governments that are subject to renewal on a periodic or annual basis. Although the Corporation 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 Corporation 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 Corporation does not satisfactorily complete these option conditions in the time frame laid out in the option agreements, the Corporation's title to the related property will not vest and the Corporation will have to write down its previously capitalized costs related to that property.

**Dependence on Key Personnel:** The Corporation'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 Corporation does not foresee any reason why such officers and key employees will not remain with the Corporation, if for any reason they do not, the Corporation could be adversely affected. The Corporation 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 Corporation 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 Corporation may be offered to another Corporation or companies with which the director is associated, and may not be presented or made available to the Corporation. The directors of the Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation, to disclose any interest which they may have in any project or opportunity of the Corporation, 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 Corporation's Code of Business Conduct and Ethics and the CBCA.

**Currency Risk:** The Corporation will transact business in a number of currencies. Fluctuations in exchange rates may have a significant effect on the cash flows of the Corporation. Future changes in exchange rates could materially affect the Corporation's results in either a positive or negative direction.

**ITEM 6 – CAPITAL STRUCTURE**

The holders of common shares of the Corporation are entitled to receive notice of, and to one vote per share at, every meeting of shareholders of the Corporation, to receive such dividends as the Board of Directors declares and to share equally in the assets of the Corporation remaining upon the liquidation, dissolution or winding up of the Corporation after the creditors of Corporation have been satisfied.

As of December 31, 2010, the Corporation had an aggregate of 147,087,899 common shares issued and outstanding. As at the date of this AIF, the Corporation had an aggregate of 147,680,211 common shares issued and outstanding.

**ITEM 7 - DIVIDENDS**

There are no restrictions that prevent the Corporation from paying dividends. The Corporation has not paid dividends to date on its common shares and has no plans to pay dividends in the near future. Any decision to pay dividends in the future will be based on the Corporation's earnings and financial requirements and other factors that its Board of Directors may consider appropriate in the circumstances.

**ITEM 8 - MARKET FOR SECURITIES**

The Common Shares of the Corporation are currently listed and posted for trading on the Toronto Stock Exchange in Canada under the trading symbol "NGQ". The following table sets out, for the calendar periods indicated, the high and low closing sale prices and trading volumes for the common shares as reported on the Toronto Stock Exchange.

Month	High	Low	Volume
2010			
January	0.84	0.68	1,705,541
February	0.75	0.63	1,808,389
March	0.76	0.61	1,173,260
April	0.69	0.60	1,412,952
May	0.63	0.50	1,667,453
June	0.58	0.50	1,589,428
July	0.60	0.50	596,592
August	0.70	0.61	440,271
September	0.81	0.57	2,208,990
October	1.02	0.75	2,994,547
November	1.18	0.80	6,825,866
December	1.49	1.05	10,734,549

**ITEM 9 – ESCROWED SECURITIES**

Not applicable.

**ITEM 10 - DIRECTORS AND OFFICERS****Name, Address, Occupation and Security Holding of Directors and Officers**

During the year ended December 31, 2010, the Board of Directors of the Corporation was comprised of five directors. Each director holds office until the next annual meeting of shareholders or until his successor is duly

elected unless his office is earlier vacated in accordance with the by-laws of the Corporation. The names, provinces and countries of residence of each of the directors and officers of the Corporation, their respective positions and offices held with the Corporation, their principal occupations within the preceding five years and the aggregate number of securities of the Corporation owned by them as at the date of this AIF is set forth below.

Name, province or state and country of residence	Current position(s) held in the Corporation	Principal Occupation and Occupation during the Past Five Years, and, if applicable, Term as a Director
<b>Lukas H. Lundin</b> British Columbia, Canada	Chairman and Director	<ul style="list-style-type: none"> <li>- Chairman Lundin Mining Corporation; Director and Officer of a number of publicly traded resource-based companies</li> <li>- Director since June 23, 1995</li> </ul>
<b>Wojtek A. Wodzicki</b> British Columbia, Canada	President, Chief Executive Officer and Director	<ul style="list-style-type: none"> <li>- President and Chief Executive Officer of the Corporation since April 17, 2009; President and Chief Executive Officer, Sanu Resources Ltd. from April 12, 2007 to present; VP Strategic Partnerships, Lundin Mining Corporation from March 2007 to April 2009; General Manager of Exploration for Teck Cominco Ltd. from 2001 to 2007</li> <li>- Director since April 17, 2009</li> </ul>
<b>Paul K. Conibear</b> British Columbia, Canada	Director	<ul style="list-style-type: none"> <li>- since July 3, 2007, Sr. Vice President, Corporate Development, Lundin Mining Corporation; from June 11, 2007 to October 1, 2007, President and CEO of Suramina; previously, President and Chief Executive Officer of Tenke Mining Corp. from November 26, 2002 to July 13, 2007</li> <li>- Director since April 17, 2009</li> </ul>
<b>William A. Rand</b> British Columbia, Canada	Director	<ul style="list-style-type: none"> <li>- President and Director of Rand Edgar Investment Corp.; Director of a number of publicly traded companies</li> <li>- Director since June 23, 1995</li> </ul>
<b>David Mullen</b> <sup>(1)</sup> British Columbia, Canada	Director	<ul style="list-style-type: none"> <li>- Chief Executive Officer and Head of Private Equity of North America at HSBC Capital (Canada) Inc. and Head of Private Equity of North America at HSBC Capital (USA) Inc.</li> <li>- Director since November 16, 2010</li> </ul>
<b>I. Rodrigo A. Romo</b> British Columbia, Canada	Corporate Secretary	<ul style="list-style-type: none"> <li>- Quorum Management Services Inc. – providing services as Corporate Secretary and Paralegal to various publicly traded resource based companies</li> <li>- Corporate Secretary of the Corporation</li> <li>- Corporate Secretary of Atacama Minerals Corp.</li> <li>- Corporate Secretary of Lucara Diamond Corp.</li> <li>- Corporate Secretary of Fortress Minerals Corp.</li> </ul>
<b>Wanda Lee</b> British Columbia, Canada	Chief Financial Officer	Chief Financial Officer of the Corporation since February 11, 2005; Chief Financial Officer of Atacama Minerals Corp.

<sup>(1)</sup> David Mullen was appointed to the board of directors effective November 16, 2010, filling the vacancy created by the resignation of Mr. Michael Winn from the board of directors effective November 16, 2010.

## Control of Securities

As at the date of this AIF, the directors and senior officers of the Corporation, beneficially owned, or controlled or directed, directly or indirectly, an aggregate of 2,111,063 common shares of the Corporation, representing approximately 1.43% of the issued and outstanding common shares of the Corporation (excluding securities issuable on exercise of stock options).

There are currently three standing committees of the Board; namely, the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee. The following table identifies the members of each of these Committees as at the date of this AIF:

Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee
William A. Rand Paul K. Conibear David F. Mullen	Lukas H. Lundin William A. Rand Paul K. Conibear	David F. Mullen William A. Rand Paul K. Conibear

### Cease Trade Orders, Bankruptcies, Penalties or Sanctions

#### *Cease Trade Orders*

Except as otherwise disclosed, none of the directors or executive officer of the Corporation is, at the date of this AIF, or was, within the 10 years before the date of this AIF, a director, executive officer or chief financial officer of any company (including the Corporation) that:

- (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officers; or
- (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of the foregoing paragraph, "order" means: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

Mr. Rand is currently and was a director of New West Energy Services Inc. (formerly, "Lexacal Investment Corp.") (TSX-V) when, on September 5, 2006, a cease trade order was issued against that company by the British Columbia Securities Commission for failure to file its financial statements within the prescribed time. The default was rectified and the order was rescinded on November 9, 2006.

#### *Penalties or Sanctions*

None of the directors or executive officers of the Corporation have been subject to:

- (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or have entered into a settlement agreement with a securities regulatory authority; or
- (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

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### *Bankruptcies*

None of the directors or executive officers of the Corporation, or to its knowledge, any shareholder holding a sufficient number of securities of the Corporation to affect materially control of the Corporation:

- (i) is, as at the date of this AIF or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (ii) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder.

### *Conflicts of Interest*

The Corporation's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Corporation may participate, the directors of the Corporation may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Corporation's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or the terms of such participation. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties, thereby allowing for their participation in larger programs, the involvement in a greater number of programs or a reduction in financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of Canada, the directors of the Corporation are required to act honestly, in good faith and in the best interests of the Corporation. In determining whether or not the Corporation will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Corporation may be exposed and the financial position at that time.

The directors and officers of the Corporation are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosure by the directors of conflicts of interest and the Corporation will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with the Canada Business Corporations Act and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. The directors and officers of the Corporation are not aware of any conflicts of interest in any existing or contemplated contracts with or transactions involving the Corporation.

### **ITEM 11 – AUDIT COMMITTEE**

The Audit Committee oversees the accounting and financial reporting processes of the Corporation and its subsidiaries and all audits and external reviews of the financial statements of the Corporation on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Corporation and its subsidiaries. All auditing services and non-audit services to be provided to the Corporation by the Corporation's auditors are pre-approved by the audit committee. The Committee reviews, on a continuous

basis, any reports prepared by the Corporation's external auditors relating to the Corporation's accounting policies and procedures, as well as internal control procedures and systems. The Committee is also responsible for examining all financial information, including annual and quarterly financial statements, prepared for securities commissions and similar regulatory bodies prior to filing or delivery of the same. The Audit Committee also oversees the annual audit process, quarterly review engagements, if any, the Corporation's internal accounting controls, Code of Ethics Business Conduct and Ethics, any complaints and concerns regarding accounting, internal controls or auditing matters and the resolution of issues identified by the Corporation's external auditors. The Audit Committee recommends to the Board the firm of independent auditors to be nominated for appointment by the shareholders and the compensation of the auditors. The Audit Committee meets a minimum of four times per year. The Audit Committee's Charter is attached as Schedule "A" to this AIF.

### **Composition of the Audit Committee**

The members of the Audit Committee are William Rand, Paul K. Conibear and David Mullen, all of whom are considered to be "independent" within the meaning of applicable Canadian securities regulations.

Each of Messrs. Rand, Conibear and Mullen are considered to be "financially literate" within the meaning of applicable Canadian securities regulations in that they each have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

### **Relevant Education and Experience of Audit Committee Members**

Each member of the Audit Committee has extensive experience in dealing with financial statements, accounting issues, internal control and other related matters relating to public resource-based companies. Mr. Rand is a retired corporate and securities lawyer and mining executive, with a university degree with honors in economics and a major in accounting, who has sat on a number of boards and audit committees of similar public resource-based companies for over 25 years. Mr. Paul Conibear is a professional engineer with more than 24 years of experience in the mining industry. Mr. Conibear has also served as an executive officer, director and audit committee member of several public resource-based companies. Mr. David Mullen is currently the Chief Executive Officer and Head of Private Equity of North America at HSBC Capital (Canada) Inc. He is also the Head of Private Equity of North America at HSBC Capital (USA) Inc. Mr. Mullen has also served as a director and audit committee member of several public resource based companies. Mr. Mullen holds an MBA from the Richard Ivey Scholl of Business at the University of Western Ontario and a Bachelor of Commerce degree from the University of British Columbia.

Through their education and experience, all members of the Audit Committee have experience overseeing and assessing the performance of companies and public accountants with respect to the preparation, auditing and evaluation of financial statements, and has: (1) an understanding of generally accepted accounting principles and financial statements; (2) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; (3) experience analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements; (4) an understanding of internal controls over financial reporting; and (5) an understanding of audit committee functions.

### **Reliance on Certain Exemptions**

Since the commencement of the Corporation's most recently completed financial year, the Corporation has not relied on the exemption in Section 2.4 (De Minimis Non-Audit Services), Section 3.2 (Initial Public Offerings), Section 3.4 (Events Outside Control of Member), Section 3.5 (Death, Disability or Resignation of Audit Committee

Member) of NI-52-110 or an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions) of NI 52-110.

### Reliance on Exemption in Subsection 3.3(2) or Section 3.6

Since the commencement of the Corporation's most recently completed financial year, the Corporation has not relied on the exemption in subsection 3.3(2) (Controlled Companies) or Section 3.6 (Temporary Exemption for Limited Exceptional Circumstances).

### Reliance on Section 3.8

Since the commencement of the Corporation's most recently completed financial year, the Corporation has not relied on the exemption in Section 3.8 (Acquisition of Financial Literacy).

### Audit Committee Oversight

Since the commencement of the Corporation's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an internal auditor which was not adopted by the Corporation's Board of Directors.

### Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit service as described in the Charter attached hereto as Schedule A.

### External Auditor Service Fees (by Category)

The following table discloses the fees billed to the Corporation by its external auditors, PricewaterhouseCoopers, for the financial years ended December 31, 2010, March 31, 2009 and for the nine month period ended December 31, 2009.

Financial Year/Period Ending	Audit Fees (1)	Audit Related Fees (2)	Tax Fees (3)	All Other Fees (4)
December 31, 2010	\$109,738	\$39,000	Nil	\$11,071
December 31, 2009	\$70,500	\$26,000	Nil	\$79,500
March 31, 2009	\$53,550	\$44,984	Nil	\$336

- (1) The aggregate fees billed for audit services.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the audit fees column.
- (3) The aggregate fees billed for tax compliance, tax advice, and tax planning services.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns.

PricewaterhouseCoopers LLP, Chartered Accountants, have prepared the Independent Auditors' Report in respect of the Corporation's consolidated audited financial statements as at and for the years ended December 31, 2010, March 31, 2009 and the nine month period ended December 31, 2009. PricewaterhouseCoopers LLP have advised the Corporation that they are independent in accordance with the rules of professional conduct of the Institute of Chartered Accountants of British Columbia.

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**ITEM 12 – LEGAL PROCEEDINGS and REGULATORY ACTIONS****Legal Proceedings**

Other than as disclosed below, the Corporation is not involved in any legal proceedings that it believes might have a materially adverse affect on its business or results of operations.

The Corporation's Argentine subsidiary, Desarrollo de Prospectos Mineros SA ("DPM"), has received a claim from the Banco Central de la Republica Argentina ("BCRA") in connection with two foreign Exchange transactions made in 2003. It has been alleged by BCRA that DPM exceeded the maximum allowable limit by approximately US\$63,000 for foreign exchange conversion on those two particular days. DPM filed a statement of defense to have the claim dismissed. Provisions have not been made in the consolidated financial statements of the Corporation as the likelihood of loss occurring cannot be determined and the amount of loss if it should occur, cannot be reasonably estimated at this early stage. DPM will continue to defend its position.

**Regulatory Actions**

No penalties or sanctions were imposed by a court relating to securities legislation or by a securities regulatory authority during the Corporation's recently completed financial year, nor were there any other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision, nor were any settlement agreements entered into before a court relating to securities legislation or with a securities regulatory authority during the Corporation's recently completed financial year.

**ITEM 13 – INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

To the best of the Corporation's knowledge, none of the directors, officers or principal shareholders of the Corporation, and no associate or affiliate of any of them, has or has had any material interest in any transaction within the three most recently completed financial years that has materially affected or will materially affect the Corporation other than in connection with the Suramina Arrangement Agreement entered into between the Corporation and Suramina which was concluded on April 17, 2009 and the Sanu Arrangement Agreement entered into between the Corporation and Sanu which was concluded on August 20, 2009. In this connection, Messrs. Lukas H. Lundin and William A. Rand and John H. Craig, each of whom was a director of the Corporation, were also directors of Suramina, and each of Messrs. Wojtek A. Wodzicki and Paul K. Conibear, each of whom was a director of the Corporation, were also directors of Sanu.

**ITEM 14 – REGISTRAR AND TRANSFER AGENT**

Canadian Stock Transfer Company Inc. ("CSTC") acts as the registrar and transfer agent for the common shares of the Corporation at its offices in Vancouver and Toronto. CSTC acts as the Administrative Agent for CIBC Mellon Trust Company with offices located at 1066 West Hastings Street, Suite 1600, Vancouver, B.C. V6E 3X1 and 199 Bay Street, Commerce Court West, Securities Level, Toronto, Ontario M5L 1G9.

**ITEM 15 – MATERIAL CONTRACTS**

There were no other contracts, other than those entered into in the ordinary course of business, that were material to the Corporation and that were entered into between January 1, 2010 and up to the date of this AIF or that were entered into prior to January 1, 2002 and remain in effect during 2011.

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**ITEM 16 – NAMES AND INTERESTS OF EXPERTS**

The qualified persons as defined by NI 43-101 who have authored portions of the technical reports disclosed in this AIF are as follows:

- Messrs. David T. Mehner, M.Sc., P.Geo., Giles R. Peatfield, Ph.D., P.Eng., and Gary H. Giroux, M.A.Sc., P.Eng., in respect of the technical report dated April 30, 2007 entitled “Technical Report on the GJ Copper-Gold Porphyry Project, Liard Mining Division.”
- Messrs. John Nilsson, P.Eng. of Nilsson Mine Services Ltd. and Mario E. Rossi, M.Sc., of Geosystems International, in respect of the technical report dated November 20, 2007 entitled “Preliminary Resource Estimate Update for the Josemaria Project, San Juan, Province, Argentina.”
- G. H. Giroux, P.Eng., M.A.Sc. and C. Tucker Barrie, P. Geo, Ph.D., are the authors responsible for the preparation of the technical report dated effective January 23, 2009 entitled “Hambok Deposit, Mogoraib Exploration License, Gash-Barka District, Western Eritrea, 43-101 Technical Report and Preliminary Resource Assessment.”

No person or company named or referred to under this item beneficially owns, directly or indirectly, 1% or more of any class of the Corporation’s outstanding securities.

**ITEM 17 - ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation’s securities and options to purchase securities is contained in the Corporation's management information circular dated May 12, 2010, which involves the election of directors, and was prepared in connection with the Corporation’s annual meeting of shareholders held on June 15, 2010. Further information may also be found in the joint management information circular concerning the Suramina Arrangement Agreement dated March 12, 2009 and the management information circular of Sanu dated July 20, 2009 concerning the Sanu Arrangement Agreement. Additional financial information is provided in the audited consolidated financial statements of the Corporation as at December 31, 2010, together with the auditors’ report thereon and notes thereto, and MD&A for the year ended December 31, 2010.

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**SCHEDULE A****NGEx RESOURCES INC.****(the "Corporation")****CHARTER OF THE AUDIT COMMITTEE****(Adopted by the Board on –May 10, 2005, as amended)****1. Purpose of the Audit Committee**

The Audit Committee oversees the accounting and financial reporting processes of the Corporation and its subsidiaries and all audits and external reviews of the financial statements of the Corporation on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Corporation and its subsidiaries.

**2. Members of the Audit Committee**

2.1. The Audit Committee shall be appointed annually by the Board and shall be composed of three members, each of whom must be a director of the Corporation.

2.2. Each member of the Audit Committee shall hold office as such until the next annual meeting of shareholders after his or her appointment, provided that any member of the Audit Committee may be removed or replaced at any time by the Board and shall at any time cease to be a member of the Audit Committee on ceasing to be a director.

2.3. From this date forward, every Audit Committee member must be independent, within the meaning of National Instrument 52-110 ("NI 52-110").

2.4. Every Audit Committee member must be financially literate, within the meaning of NI 52-110.

**3. Meeting Requirements**

3.1. The times of and the places where meetings of the Audit Committee will be held and the calling of and the procedure at those meetings shall be determined from time to time by the Audit Committee, but in any event, the Audit Committee will meet on a regular basis at least once every quarter; provided that notice of every such meeting shall be given to the Auditor (as defined in paragraph 4.1.1 below) of the Corporation and that meetings shall be convened whenever requested by the Auditor or any member of the Audit Committee in accordance with the *Canada Business Corporations Act*.

3.2. Two members of the Audit Committee shall constitute a quorum.

**4. Duties and Responsibilities**

4.1. *Appointment, Oversight and Compensation of Auditor*

4.1.1. The Audit Committee shall recommend to the Board:

- 
- a) the auditor (the "Auditor") to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and
  - b) the compensation of the Auditor.

In making such recommendations, the Audit Committee shall evaluate the Auditor's performance and review the Auditor's fees for the preceding year.

4.1.2. The Auditor shall report directly to the Audit Committee.

4.1.3. The Audit Committee shall be directly responsible for overseeing the work of the Auditor, including the resolution of disagreements between management and the Auditor regarding financial reporting.

4.1.4. The Audit Committee shall review information, including written statements from the Auditor, concerning any relationships between the Auditor and the Corporation or any other relationships that may adversely affect the independence of the Auditor and assess the independence of the Auditor.

#### 4.2. *Non-Audit Services*

4.2.1. All auditing services and non-audit services provided to the Corporation or the Corporation's subsidiaries by the Auditor shall, to the extent and in the manner required by applicable law or regulation, be pre-approved by the Audit Committee. In no circumstances shall the Auditor provide any non-audit services to the Corporation that are prohibited by applicable law or regulation.

#### 4.3. *Review of Financial Statements etc.*

4.3.1. The Audit Committee shall review the Corporation's:

- a) interim and annual financial statements and Management's Discussion and Analysis ("MD&A"), intended for circulation among shareholders; and
- b) Annual Information Form, including all financial statements and information contained therein or incorporated by reference;

and shall report on them to the Board.

4.3.2. The Audit Committee shall satisfy itself that the audited financial statements and interim financial statements present fairly the financial position and results of operations in accordance with generally accepted accounting principles and that the auditors have no reservations about such statements.

4.3.3. The Audit Committee shall review changes in the accounting policies of the Corporation and accounting and financial reporting proposals that are provided by the Auditor that may have a significant impact on the Corporation's financial reports, and report on them to the Board.

#### 4.4. *Review of Public Disclosure of Financial Information*

4.4.1. The Audit Committee shall review the Corporation's annual and interim press releases relating to financial results before the Corporation publicly discloses this information.

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4.4.2. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection 4.4.1, and must periodically assess the adequacy of those procedures.

4.5. *Review of Annual Audit*

4.5.1. The Audit Committee shall review the nature and scope of the annual audit, and the results of the annual audit examination by the Auditor, including any reports of the Auditor prepared in connection with the annual audit.

4.5.2. The Audit Committee shall satisfy itself that there are no unresolved issues between management and the Auditor that could affect the audited financial statements.

4.5.3. The Audit Committee shall satisfy itself that, where there are unsettled issues that do not affect the audited financial statements (e.g. disagreements regarding correction of internal control weaknesses, or the application of accounting principles to proposed transactions), there is an agreed course of action leading to the resolution of these matters.

4.5.4. The Audit Committee shall satisfy itself that there is generally a good working relationship between management and the Auditor.

4.6. *Review of Quarterly Review Engagements*

4.6.1. The Audit Committee shall review the nature and scope of any review engagements for interim financial statements, and the results of such review engagements by the Auditor, including any reports of the Auditor prepared in connection with such review engagements.

4.6.2. The Audit Committee shall satisfy itself that there are no unresolved issues between management and the Auditor that could affect any interim financial statements.

4.6.3. The Audit Committee shall satisfy itself that, where there are unsettled issues that do not affect any interim financial statements (e.g. disagreements regarding correction of internal control weaknesses, or the application of accounting principles to proposed transactions), there is an agreed course of action leading to the resolution of these matters.

4.7. *Internal Controls*

4.7.1. The Audit Committee shall have responsibility for oversight of management reporting and internal control for the Corporation and its subsidiaries.

4.7.2. The Audit Committee shall satisfy itself that there are adequate procedures for review of interim statements and other financial information prior to distribution to shareholders.

4.8. *Complaints and Concerns*

4.8.1. The Audit Committee shall establish procedures for:

- a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

- b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

#### 4.9. *Hiring Practices*

4.9.1. The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former Auditors of the Corporation.

#### 4.10. *Other Matters*

4.10.1. The Audit Committee shall be responsible for oversight of the effectiveness of management's interaction with and responsiveness to the Board;

4.10.2. The Audit Committee shall review and monitor all related party transactions which may be entered into by the Corporation.

4.10.3. The Audit Committee shall approve, or disapprove, material contracts where the Board determines it has a conflict.

4.10.4. The Audit Committee shall satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulations relating to insider trading, continuous disclosure and financial reporting.

4.10.5. The Audit Committee shall periodically review the adequacy of this Charter and recommend any changes to the Board.

4.10.6. The Board may refer to the Audit Committee such matters and questions relating to the financial position of the Corporation and its affiliates as the Board from time to time may see fit.

### **5. Rights and Authority of the Audit Committee and the Members Thereof**

5.1. The Audit Committee has the authority:

- a) To engage independent counsel and other advisors as it determines necessary to carry out its duties;
- b) To set and require the Corporation to pay the compensation for any advisors employed by the Audit Committee; and
- c) To communicate directly with the Auditor and, if applicable, the Corporation's internal auditor.

5.2. The members of the Audit Committee shall have the right, for the purpose of performing their duties, to inspect all the books and records of the Corporation and its affiliates and to discuss those accounts and records and any matters relating to the financial position of the Corporation with the officers and Auditor of the Corporation and its affiliates, and any member of the Audit Committee may require the Auditor to attend any or every meeting of the Audit Committee.

### **6. Miscellaneous**

Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Corporation or members of the Audit Committee. The purposes,

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responsibilities, duties and authorities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.