RESOURCES INC

SEPTEMBER 30, 2015

NGEx RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

This Management's Discussion and Analysis ("MD&A") focuses on significant factors that have affected NGEx Resources Inc. and its subsidiaries (collectively, the "Company" or "NGEx") and such factors that may affect its future performance. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2015 and the December 31, 2014 year end audited consolidated financial statements and the related notes therein (the "Company's consolidated financial statements"). The financial information in this MD&A is derived from the Company's consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar amounts are expressed in Canadian dollars, unless otherwise indicated.

The effective date of this MD&A is November 13, 2015.

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein.

Additional information about the Company and its business activities is available on SEDAR at www.sedar.com and at the Company's website at www.ngexresources.com.

CORE BUSINESS AND STRATEGY

The Company is principally engaged in the acquisition, exploration, and development of precious and base metal properties located in Chile and Argentina. The Company's common shares are listed on the Toronto Stock Exchange (the "TSX") and NASDAQ OMX Stockholm ("Nasdaq Stockholm") under the symbol "NGQ".

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

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

HIGHLIGHTS AND SIGNIFICANT EVENTS

- During the third quarter of 2015, activities were focused on advancing a Preliminary Economic Assessment of an integrated Los Helados – Josemaria operation (the "Integrated Study"), which will consider a scenario in which production from the Los Helados and Josemaria deposits feeds a central processing facility with the goal of optimizing overall project economics.

- On November 3, 2015, the Company and Teck completed the sale of their respective interests in the GJ Project to Skeena Resources Limited.

- The completion of the sale of the GJ Project and the sale of the Assean Lake claims earlier this year reflects the Company's continuing effort to rationalize its portfolio and to realize value from its non-core projects. The Company continues to focus on its core copper-gold exploration projects including the Los Helados, the Josemaria and the Filo del Sol projects located in South America.

Los Helados Project, Chile

Los Helados is a large copper-gold porphyry deposit located approximately 125 kilometres southeast of the city of Copiapo in Region III of Chile. Los Helados is subject to a Joint Exploration Agreement with Pan Pacific Copper Co., Ltd. (the "PPC JEA"), whereby the Company holds approximately a 60% interest and Pan Pacific Copper Co., Ltd. ("PPC") holds approximately a 40% interest in the Los Helados Project. PPC is a Japanese mining and smelting company that is owned by JX Nippon Mining and Metals (66%) and Mitsui Mining and Smelting (34%). Each party in the PPC JEA is expected to fund its pro-rata share of expenditures or be diluted.

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

For more detailed information on the Los Helados PEA and the updated Mineral Resource Estimate refer to the National Instrument 43-101 Technical Report titled "*Los Helados Cu-Au Deposit, Atacama Region III, Chile, NI43-101 Technical Report on Preliminary Economic Assessment*" with an effective date of October 1, 2014 and a filing date of November 25, 2014, which can be found on SEDAR (www.sedar.com) and on the Company's website (www.ngexresources.com). The Los Helados PEA was prepared by AMEC International Ingeniería y Construcción Limitada ("AMEC") of Santiago, Chile, under the direction of Anthony George, Project Manager (NGEx Resources).

Mineral Resource Estimate

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

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

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

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

Subset of Mineral Resources within Los Helados PEA Mine Plan

The diluted subset of the Mineral Resource estimate that was used as the basis for the mine plan for the Los Helados PEA is:

- Indicated Mineral Resource subset is 753 Mt at 0.59% CuEq average grade (0.46% Cu, 0.18 ppm Au and 1.56 ppm Ag).
- Inferred Mineral Resource subset is 1.9 Mt at 0.43% CuEq average grade (0.32% Cu, 0.16 ppm Au and 1.31 ppm Ag).

The Mineral Resource Estimate for the Los Helados Project has an effective date of September 19, 2014 and was prepared by Gino Zandonai, B.Sc., M.Sc. Registered Member of the Comision Calificadora de Competencias en Recursos y Reservas Mineras (Chilean Mining Commission), Senior Associate of Behre Dolbear International Ltd. in accordance with NI 43-101. Mr. Zandonai is the Qualified Person for the estimate and is independent of the Company. For more information about the current resource estimate, refer to the technical report *"Los Helados Cu-Au Deposit Atacama Region III, Chile, NI 43-101 Technical Report on Preliminary Economic Assessment"*, with an effective date of October 1, 2014 and a filing date of November 25, 2014.

It should be noted that the Mineral Resource estimate presented here is not a Mineral Reserve, and does not have demonstrated economic viability. While the Company strongly believes that the Mineral Resource warrants additional study to determine the development potential, there can be no guarantee that any or all of the Mineral Resource will ultimately be determined to be economically viable.

Activities in the Current Quarter

During the third quarter of each year, representatives of the Company and PPC meet to review and approve a budget and work program. For the 2015/2016 work program, PPC has elected not to fund its pro-rata share of expenditures and as a result, has elected to dilute its interest pursuant to the PPC JEA. As at September 30, 2015, PPC's interest in the Los Helados Project has been diluted by approximately 0.1%.

Engineering Studies

The Los Helados PEA, which was completed in October 2014, contemplated the standalone development of Los Helados and was the first step in the Company's longer-term plan to evaluate the potential to develop a district-scale integrated operation.

The Company's main focus during the third quarter of 2015 was the ongoing engineering, geotechnical, and baseline environmental studies at the Los Helados and Josemaria projects. The 2015 engineering work program includes:

- Development of an optimized mine plan, which combines the Los Helados and Josemaria deposits. The Josemaria deposit is located approximately 11 kilometers from the Los Helados Project. The objectives of this work are to evaluate opportunities to:
    - bring forward production from the higher grade portion of the deposits;
    - reduce the upfront development costs;
    - reduce the time needed to ramp up to full production; and
    - extend the mine life by using a declining cut-off grade strategy later in the mine plan.
- Additional metallurgical testwork on both deposits to continue to improve metal recoveries and concentrate grades and better understand how these will vary over the life of the proposed mine;
- Geotechnical studies at Los Helados to better define the block cave mining characteristics of the deposit;
- An evaluation of the optimum site for a centralized processing plant including an assessment of options to optimize the infrastructure, water, and power costs; and
- Ongoing environmental baseline studies.

The above information will be incorporated into the Integrated Study, which is expected to be completed in early 2016. AMEC Foster Wheeler in Santiago is the lead consultant completing the engineering work.

Josemaria Project, Argentina

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

Mineral Resource Estimate

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

Sulphide Resource (0.3% CuEq* cutoff):

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

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

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

*CuEq - Copper Equivalent is calculated using US$3.00/lb copper, US$1,400/oz gold and US$23/oz Ag, with no provision for metallurgical recoveries. The formula used is CuEq% = Cu% + 0.6806*Au (g/t) + 0.011*Ag (g/t).

The Mineral Resource estimate for the Josemaria Project has an effective date of September 27, 2013 and was prepared by Gino Zandonai, B.Sc., M.Sc. Registered Member of the Comision Calificadora de Competencias en Recursos y Reservas Mineras (Chilean Mining Commission), Senior Associate of Behre Dolbear International Ltd. in accordance with NI 43-101. Mr. Zandonai is the Qualified Person for the estimate and is independent of the Company. To put the Josemaria resource into its full context the reader is encouraged to read the Technical Report dated November 13, 2013 and amended March 24, 2014 and titled "*Second Updated Mineral Resource Estimate for the Josemaria Property San Juan Province Argentina*". This report, describing the details of the resource estimate, is available under the Company's profile on SEDAR www.sedar.com. While the Company strongly believes that the Mineral Resource warrants additional study to determine the development potential, there can be no guarantee that any or all of the Mineral Resource will ultimately be determined to be economically viable.

Activities in the Current Quarter

Engineering Studies

Work on Josemaria in the third quarter of 2015 was focused on bringing the Josemaria deposit into the Integrated Study. Mine planning, evaluation of infrastructure options, metallurgical test work, initial development of capital and operating costs and baseline environmental programs continued during the third quarter of 2015. Field work, in support of the environmental program, was also carried out.

Filo del Sol Property, Chile and Argentina

The Filo del Sol Project straddles the international border between San Juan Province, Argentina and Region III, Chile. The Project is comprised of adjacent mineral titles in Chile and Argentina which are 100% controlled by the Corporation through direct ownership or option agreements.

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

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

Mineral Resource Estimate

On December 2, 2014 the Company announced the initial resource estimate for the deposit. The current Mineral Resource for the Filo del Sol deposit, at a 0.30% CuEq** cutoff grade is as follows:

- 280.5 million tonnes at a grade of 0.38% copper, 0.32 g/t gold, 9.7 g/t silver and 54 ppm molybdenum for a copper equivalent grade of 0.66% (2.3 billion pounds of copper, 2.9 million ounces of gold, and 87.8 million ounces of silver) in the <u>Inferred Resource</u> category.

**Copper equivalent (CuEq) assumes metallurgical recoveries of 84% for copper, 70% for gold, 77% for silver and 60% for molybdenum based on similar deposits, as no metallurgical testwork has been done on Filo del Sol mineralization, and metal prices of US$3/lb copper, US$1300/oz gold, US$23/oz silver and US$12/lb molybdenum. The CuEq formula is: CuEq=Cu+Ag*0.0102+Au*0.5266+Mo*0.0003.

A drill program was completed during the 2014/2015 field season with the goal of expanding the mineral resource. Surface mapping and sampling at the same time refined and confirmed the geological model which has been used to guide exploration, and several high-quality exploration targets have resulted from this work.

The Mineral Resource estimate has an effective date of November 25, 2014 and was completed by James N. Gray, P.Geo. of Advantage Geoservices Ltd., an Independent Qualified Person as defined by National Instrument 43-101. Further details of the estimation methods and procedures are described in the Technical Report *"Initial Mineral Resource Estimate for the Filo del Sol Property, Region III of Atacama, Chile and San Juan Province, Argentina"* dated December 14, 2014 which is available under the Company's profile at www.sedar.com or on the Company's website.

Activities in the Current Quarter

On October 23, 2014, the Company announced the agreement to acquire the 40% interest in the Filo del Sol project held by PPC effective September 1, 2014 for total cash consideration of US$7.0 million. The Company paid US$3.5 million in November 2014, with the remaining US$3.5 million payable by the earlier of November 1, 2015 or upon completion of an administrative restructuring of certain exploration licenses. As of November 1, 2015, restructuring of the required exploration licenses had not been completed and the Company did not pay the remaining US$3.5 million. Therefore pursuant to the definitive agreement, PPC shall be deemed as of November 2, 2015 to have funded US$3.5 million of exploration expenditures in respect of the remaining La Rioja properties and such deemed amount shall be set-off against any then current or future funding obligations of PPC. The Company considered the estimated timeframe required to expend US$3.5 million on behalf of PPC at the La Rioja property and have presented the US$3.5 million due to PPC as a non-current liability, discounted to its present value at an annual effective rate of 8.24%. The acquisition consideration for the Filo del Sol mineral property interests was adjusted correspondingly to reflect the extended term expected to settle the remaining obligation due to PPC.

Interpretation and modelling of the field season's exploration data was ongoing throughout the third quarter of 2015, including updating the three dimensional geological model of the deposit as part of completing an updated mineral resource estimate. This updated resource estimate is expected to be completed prior to the end of 2015. Planning of additional exploration work during the upcoming field season was also a priority during the third quarter of 2015.

Other Chilean and Argentinean Projects

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

NORTH AMERICAN PROJECTS

GJ Project, British Columbia, Canada

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

On November 3, 2015 (the "Closing Date"), the Company and Teck completed the sale of their respective interests in the GJ Project to Skeena Resources Limited ("Skeena"). In accordance with the terms of the agreement dated October 5, 2015, Skeena acquired 100% of the GJ Project in return for the following consideration:

- A cash payment of $0.5 million and an aggregate of 12,947,538 common shares of Skeena, with a value of $1,000,000 based on a 10- day weighted average price of $0.0772 per share as of Closing Date.
- An additional common share consideration valued at $3 million is payable over five years, with $1.5 million payable on or before the 2nd anniversary of the Closing Date and the balance of $1.5 million payable on or before the 5th anniversary of the Closing Date; and
- A $4 million cash payment is payable within 45 days of commercial production from the GJ Project.

The Company and Teck will retain a 2% Net Smelter Return (NSR) Royalty on the GJ block, which contains the GJ Resource. Half of this NSR Royalty can be purchased for $2 million. Teck and the Company will retain a 1% NSR Royalty on the Northern Block of Claims, half of which can be purchased for $1 million. Teck and the Company's royalties will be held under separate royalty agreements in favour of Teck and the Company respectively. As such, the Company will hold a 0.98% NSR on the GJ Block and a 0.49% NSR on the Northern Block. The Company will receive 49% of all proceeds from the sale, including a 49% share of the retained royalties, while Teck will receive the remaining 51% share of sale proceeds and retained royalties.

As of the Closing Date, the Company has received $245,000 in cash and 6,344,294 common shares of Skeena, representing 49% of the initial payment.

Assean Lake, Manitoba, Canada

On April 10, 2015, the Company completed the sale of its 60% interest in the Assean Lake claims in Manitoba to VMS Ventures Inc. ("VMS"). In accordance with the terms of the agreement, the Company received a cash payment of $15,000 and 600,000 common shares of VMS. In addition, the Company will receive:

- Upon the earliest to occur of the completion of a preliminary economic assessment, a prefeasibility study or a feasibility study, a further 600,000 common shares of VMS; and
- Upon the commencement of commercial production from Assean Lake, a further 600,000 common shares of VMS.

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

SELECTED QUARTERLY INFORMATION

Financial Data for 8 Quarters	**2015**			**2014**				**2013**
Three Months Ended	**Sep-15**	**Jun-15**	**Mar-15**	**Dec-14**	**Sep-14**	**Jun-14**	**Mar-14**	**Dec-13**
(In thousands of Canadian dollars except for per share data)								
Exploration and project investigation, net of recoveries	1,965	2,765	12,367	6,900	1,837	2,300	8,221	2,339
Net loss from continuing operations	(2,674)	(4,434)	(12,568)	(7,770)	(1,834)	(4,354)	(9,358)	(3,186)
Net income (loss) from discontinued operations	-	-	-	(18)	(5)	(10)	(3)	96
Net loss	(2,674)	(4,434)	(12,568)	(7,788)	(1,839)	(4,364)	(9,361)	(3,090)
Basic and diluted loss per share from continuing operations (Note 1)	(0.01)	(0.02)	(0.07)	(0.04)	(0.01)	(0.03)	(0.05)	(0.02)
Basic and diluted loss per share from discontinued operations (Note 1)	-	-	-	(0.00)	(0.00)	(0.00)	(0.00)	0.00
Total basic and diluted loss per share (Note 1)	(0.01)	(0.02)	(0.07)	(0.04)	(0.01)	(0.03)	(0.05)	(0.02)

Note 1 - As a result of rounding, the sum of the quarterly amounts may differ from the year to date.

QUARTERLY ANALYSIS

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

Exploration and project investigation expenses incurred during the third quarter ended September 30, 2015 increased by $0.1 million, compared to the third quarter ended September 30, 2014. During the current quarter, the Company focused primarily on advancing the Integrated Study which resulted in higher expenditures for the conceptual study and environmental programs in 2015.

Net loss from continuing operations during the third quarter ended September 30, 2015 increased by $0.8 million compared to the third quarter ended September 30, 2014. This is primarily due to holding funds in U.S. dollars which resulted in a $1.4 million foreign exchange gain in the third quarter ended September 30, 2014. With a lower U.S. dollar cash balance during the third quarter of 2015 and the movement in foreign exchange rate, the Company recorded a foreign exchange loss during the third quarter ended September 30, 2015.

RESULTS OF OPERATIONS

The Company's net loss for the nine months ended September 30, 2015 was $19.7 million or $0.10 per share, as compared to a loss of $15.5 million or $0.09 per share for 2014. The increase in the net loss of $4.2 million is mainly due to an increase in exploration and project investigation expenditures of $4.7 million. This is due to increased drilling activities, additional conceptual studies and environmental work undertaken at the Los Helados Project during the year, as well as funding 100% of expenditures at both the Los Helados and the Filo del Sol Project. PPC has elected not to fund its pro-rata share of the 2015/2016 work program at the Los Helados project, resulting in additional expenditures being incurred by the Company for the Los Helados project. Effective September 1, 2014, the Company acquired the remaining 40% interest in the Filo del Sol Project held by PPC and now owns 100% of the project. Therefore, during the nine months ended September 30, 2015, the Company funded 100% of expenditures at the Filo del Sol Project.

The Company realized a $0.2 million gain on the disposition of the Assean Lake mineral property interests in April 2015 and a $0.4 million foreign exchange gain arising from holding the majority of its cash and cash equivalents in US funds during the nine months ended September 30, 2015.

The quarterly variances are discussed in greater detail in the previous section.

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

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2015, the Company had cash and working capital of $3.9 million and $3.4 million, respectively, as compared to cash and working capital of $28.5 million and $17.7 million, respectively, at December 31, 2014. The decrease in cash and working capital is primarily a result of exploration expenditures incurred and general and administrative expenses. Net cash used in operating activities was $25.6 million for the nine months ended September 30, 2015 and consisted primarily of the loss from operations of $19.7 million, which included exploration and project investigation expenditures of $17.1 million, and was adjusted for the impact of non-cash items and changes in non-cash working capital items.

While the condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that it will be able to meet commitments, continue operations, realize assets and discharge liabilities in the normal course of business for the foreseeable future, further funding is required in order for the Company to meet its existing obligations, commitments and fund ongoing exploration. Factors that could affect the availability of financing include the progress and results of our exploration activities, the state of international debt and equity markets, investor perceptions and expectations, and the global financial and copper markets. Historically, operating, capital and exploration requirements have been funded primarily from equity financing, joint ventures, disposition of mineral properties and investments. There can be no assurance that such financing will be available to the Company in the amount required at any time or for any period or, if available, that it can be obtained on satisfactory terms. Based on the amount of funding raised, the Company's exploration program and other activities may be tailored accordingly.

OUTLOOK

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

- Exploring regional synergies for capital and operating cost reductions, primarily through the Integrated Study which will evaluate the possibility of processing material from Los Helados and Josemaria through a central processing facility;
- Extending the life of mine through the application of variable cut-off grades which has the potential to add tonnage to the proposed mine plan;
- Increasing metallurgical recoveries with further test work and optimization;
- Reviewing the suitability of High Pressure Grinding Roll technology (HPGR) which has the potential to reduce overall power costs; and
- Delineating more or higher-grade feed material for the processing plant through continued exploration.

Work on these opportunities will continue for the rest of the year and the results are expected to be incorporated into the Integrated Study in early 2016.

The results of the drilling completed at Filo del Sol will be incorporated into an updated mineral resource estimate which is expected to be completed by the end of the year. The results of the surface mapping and geochemical sampling and the drilling will be interpreted over the coming quarter and used to generate additional drill targets to be tested in the future.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires the Company's management to make certain critical accounting estimates, judgments and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. It also requires management to exercise judgment in applying the Company's accounting policies. These judgments, estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ from amounts included in the financial statements.

For a complete discussion of critical accounting estimates, refer to the Company's annual 2014 Management Discussion and Analysis.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had 187,712,994 common shares outstanding and 5,547,500 share options outstanding under its stock-based incentive plans.

FINANCIAL INSTRUMENTS

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

MANAGEMENT'S RESPONSIBILTY FOR THE FINANCIAL STATEMENTS

The Audit Committee is responsible for reviewing the contents of this document along with the interim quarterly financial statements to ensure the reliability and timeliness of the Company's disclosure while providing another level of review for accuracy and oversight. There have been no changes in the Company's disclosure controls and procedures during the nine months ended September 30, 2015.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

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

Management, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. As of December 31, 2014, the Chief Executive Officer and Chief Financial Officer each concluded that the Company's disclosure controls and procedures, as defined in NI 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, were effective to achieve the purpose for which they have been designed.

Internal Control over financial reporting

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Management is also responsible for the design of the Company's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's internal controls over financial reporting include policies and procedures that: pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS; that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Management, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting. As of December 31, 2014, the Chief Executive Officer and Chief Financial Officer each concluded that the Company's internal controls over financial reporting, as defined in NI 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, were effective to achieve the purpose for which they have been designed.

Because of their inherent limitations, internal controls over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required under Multilateral Instrument 52-109, management advises that there have been no changes in the Company’s internal control over financial reporting that occurred during the most recent interim period, beginning July 1, 2015 and ending September 30, 2015, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

RISKS AND UNCERTAINTIES

There have been no material changes in the risks and uncertainties affecting the Company that were discussed in the Company’s 2014 Annual MD&A filed on February 18, 2015.

FINANCIAL INFORMATION

The report for the year ended December 31, 2015 is expected to be published on February 19, 2016.

OFF-BALANCE SHEET AGREEMENTS

The Company has no off-balance sheet arrangements.

QUALIFIED PERSONS

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

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION AND STATEMENTS

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

All statements other than statements of historical fact may be forward-looking statements. Forward-looking information is necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks and uncertainties relating to, among other things, the inherent uncertainties regarding cost estimates, changes in commodity prices, currency fluctuation, financing, unanticipated resource grades, infrastructure, results of exploration activities, cost overruns, availability of materials and equipment, timeliness of government approvals, taxation, political risk and related economic risk and unanticipated environmental impact on operations as well as other risks. uncertainties and other factors, including, without limitation, those referred to in the "Risks and Uncertainties" section of the MD&A, the Company's Annual Information Form for the year ended December 31, 2014, under the heading "Risks Factors", and elsewhere, which may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information.

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

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

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

CAUTIONARY NOTE TO U.S. READERS

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

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

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

This MD&A also uses the term "inferred" resources. U.S readers are cautioned that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. U.S. readers are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.

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

	September 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,956,323	$ 28,480,133
Investments	218,000	353,000
Receivables and other assets	757,354	1,537,022
	4,931,677	30,370,155
Equipment and other assets	166,384	171,658
Mineral properties (Note 3)	15,348,439	18,129,239
TOTAL ASSETS	$ 20,446,500	$ 48,671,052
LIABILITIES		
Current liabilities:		
Trade payables and accrued liabilities	$ 1,500,882	$ 5,769,438
Due to joint exploration partners	-	6,852,012
	1,500,882	12,621,450
Due to joint exploration partners (Note 3)	853,215	-
TOTAL LIABILITIES	2,354,097	12,621,450
EQUITY		
Share capital	250,064,690	250,064,690
Contributed surplus (Note 4)	9,261,934	8,006,453
Cumulative deficit	(236,160,287)	(216,484,370)
Accumulated other comprehensive loss	(5,073,934)	(5,537,171)
TOTAL EQUITY	18,092,403	36,049,602
TOTAL LIABILITIES AND EQUITY	$ 20,446,500	$ 48,671,052

Going concern (Note 1)
Subsequent event (Note 9)

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

ON BEHALF OF THE BOARD:

/s/William A. Rand
Director

/s/Wojtek A. Wodzicki
Director

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

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Expenses				
Exploration and project investigation (Note 5)	1,965,669	1,837,359	17,098,203	12,358,978
General and Administration:				
Salaries and benefits (Note 6)	197,350	727,470	588,609	1,194,731
Share-based compensation (Note 4)	198,102	194,408	934,500	887,328
Management fees	78,000	135,000	329,000	405,000
Professional fees	28,952	77,818	211,773	229,943
Travel	27,270	87,602	153,521	204,103
Promotion and public relations	35,779	37,974	224,195	292,138
Office and general	47,914	52,031	334,356	337,424
Operating loss	2,579,036	3,149,662	19,874,157	15,909,645
Other (income) expenses				
Interest income	(5,201)	(15,974)	(28,264)	(34,350)
Foreign exchange loss / (gain)	72,426	(1,443,033)	(452,118)	(308,166)
Other expenses	27,475	33,653	422,142	198,948
Gain on disposition of mineral property interest (Note 8)	-	-	(165,000)	-
Unrealized loss / (gain) on investments	-	110,000	25,000	(220,000)
Net loss from continuing operations	2,673,736	1,834,308	19,675,917	15,546,077
Net loss from discontinued operations	-	5,244	-	17,950
Net loss	$ 2,673,736	$ 1,839,552	$ 19,675,917	$ 15,564,027
Other comprehensive loss				
Change in fair value of available-for-sale securities	144,000	90,000	260,000	105,000
Foreign currency translation adjustment	(432,215)	568,808	(723,237)	1,989,434
Comprehensive loss	$ 2,385,521	$ 2,498,360	$ 19,212,680	$ 17,658,461
Basic and diluted loss per common share	$ 0.01	$ 0.01	$ 0.10	$ 0.09
Weighted average common shares outstanding	187,712,994	186,475,494	187,712,994	175,670,449

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

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

	For the Nine Months Ended September 30, 2015	2014
Cash flows used in operating activities		
Net loss for the period	$ (19,675,917)	$ (15,564,027)
Items not involving cash and cash equivalents:		
Depreciation	30,612	72,211
Share-based compensation	1,255,481	1,130,529
Unrealized foreign exchange gain	(352,506)	(985,200)
Gain on disposition of mineral property interest (Note 8)	(165,000)	-
Unrealized (gain) / loss on investments	25,000	(220,000)
Net changes in working capital items:		
Receivables and other	743,970	209,452
Trade payables and accrued liabilities	(4,387,614)	(2,844,193)
Advances to joint exploration partners	(3,043,455)	(2,692,066)
	(25,569,429)	(20,893,294)
Cash flows from financing activities		
Common shares issued, net	-	33,012,025
Proceeds from exercise of stock options	-	417,099
	-	33,429,124
Cash flows used in investing activities		
Mineral properties and related expenditures	(457,969)	(424,444)
Proceeds from disposition of mineral property interest (Note 8)	15,000	-
Acquisition of equipment and other assets	(24,195)	(3,295)
	(467,164)	(427,739)
Effect of exchange rate change on cash and cash equivalents	1,512,783	657,492
Increase / (decrease) in cash and cash equivalents during the period	(24,523,810)	12,765,583
Cash and cash equivalents, beginning of period	28,480,133	21,259,598
Cash and cash equivalents, end of period	$ 3,956,323	$ 34,025,181

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

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

	Number of shares issued, reserved for issuance and outstanding	Share capital	Reserved for issuance	Contributed surplus	Accumulated other comprehensive loss	Accumulated Deficit	Total
Balance, January 1, 2015	187,733,234	$ 250,063,406	$ 1,284	$ 8,006,453	$ (5,537,171)	$ (216,484,370)	$ 36,049,602
Share-based compensation	-	-	-	1,255,481	-	-	1,255,481
Change in fair value of available-for-sale securities	-	-	-	-	(260,000)	-	(260,000)
Foreign currency translation	-	-	-	-	723,237	-	723,237
Net loss for the period	-	-	-	-	-	(19,675,917)	(19,675,917)
Balance, September 30, 2015	187,733,234	$ 250,063,406	$ 1,284	$ 9,261,934	$ (5,073,934)	$ (236,160,287)	$ 18,092,403
Balance, January 1, 2014	168,734,799	$ 214,924,582	$ 1,284	$ 7,482,860	$ (4,654,694)	$ (193,132,284)	$ 24,621,748
Exercise of stock options	348,000	651,054	-	(233,955)	-	-	417,099
Share-based compensation	-	-	-	1,130,529	-	-	1,130,529
Private Placement	17,412,935	33,012,025	-	-	-	-	33,012,025
Change in fair value of available-for-sale securities	-	-	-	-	(105,000)	-	(105,000)
Foreign currency translation	-	-	-	-	(1,989,434)	-	(1,989,434)
Net loss for the period	-	-	-	-	-	(15,564,027)	(15,564,027)
Balance, September 30, 2014	186,495,734	$ 248,587,661	$ 1,284	$ 8,379,434	$ (6,749,128)	$ (208,696,311)	$ 41,522,940

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

While the condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that it will be able to meet commitments, continue operations, realize assets and discharge liabilities in the normal course of business for the foreseeable future, further funding is required in order for the Company to meet its existing obligations, commitments and fund ongoing exploration. Factors that could affect the availability of financing include the progress and results of exploration activities, the state of international debt and equity markets, investor perceptions and expectations and the global financial and copper markets. Historically, operating, capital and exploration requirements have been funded primarily from equity financing, joint ventures, disposition of mineral properties and investments. There can be no assurance that such financing will be available to the Company in the amount required at any time or for any period or, if available, that it can be obtained on satisfactory terms. Based on the amount of funding raised, the Company's exploration program may be tailored accordingly.

The material uncertainties described above may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of the assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumptions deemed to be inappropriate. These adjustments could be material.

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

2. BASIS OF PRESENTATION

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended December 31, 2014.

The interim financial statements should be read in conjunction with the most recently issued Annual Report of NGEx Resources Inc. which includes information necessary or useful to understanding the Company's businesses and financial statement presentation. In particular, the Company's significant accounting policies were presented as Note 3 to the Consolidated Financial Statements for the fiscal year ended December 31, 2014, and have been consistently applied in the preparation of these interim financial statements.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 13, 2015.

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

3. MINERAL PROPERTIES

The carrying value of the Company's mineral properties, capitalized at acquisition costs, is as follows:

	South America			Canada	Total
	Los Helados Joint Exploration Agreement	Josemaria Joint Exploration Agreement	Filo del Sol & Tamberias	GJ / Kinaskan	
January 1, 2014	**$ 2,855,387**	**$ 5,500,596**	**$ 1,945,860**	**$ 136,997**	**$ 10,438,840**
Additions	145,186	-	557,962	-	703,148
Acquisition of Filo del Sol interest from PPC (Note a)	-	-	7,845,600	-	7,845,600
Currency translation effect	(126,954)	(889,219)	157,824	-	(858,349)
December 31, 2014	**$ 2,873,619**	**$ 4,611,377**	**$ 10,507,246**	**$ 136,997**	**$ 18,129,239**
Additions	153,388	-	304,581	-	457,969
Adjustment to acquisition consideration for Filo del Sol from PPC (Note a)	-	-	(3,834,685)	-	(3,834,685)
Currency translation effect	61,802	167,234	366,880	-	595,916
September 30, 2015	**$ 3,088,809**	**$ 4,778,611**	**$ 7,344,022**	**$ 136,997**	**$ 15,348,439**

Note a – On October 23, 2014, the Company announced the agreement to acquire the 40% interest in the Filo del Sol project held by our joint exploration partner Pan Pacific Copper Co. Ltd. ("PPC") effective September 1, 2014 for total cash consideration of US$7.0 million. The Company paid US$3.5 million in November 2014, with the remaining US$3.5 million payable by the earlier of November 1, 2015 or upon completion of an administrative restructuring of certain exploration licenses.

The Company did not pay the remaining US$3.5 million on November 1, 2015 and therefore, pursuant to the definitive agreement, PPC was deemed as of November 2, 2015 to have funded US$3.5 million of exploration expenditures in respect of the remaining La Rioja properties and such deemed amount shall be set-off against any then current or future funding obligations of PPC. The Company considered the estimated timeframe required to expend US$3.5 million on behalf of PPC at the La Rioja properties and have presented the US$3.5 million due to PPC as a non-current liability, discounted to its present value at an annual effective rate of 8.24%. The acquisition consideration for the Filo del Sol mineral property interests was adjusted correspondingly to reflect the extended term expected to settle the remaining obligation due to PPC.

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

4. SHARE OPTIONS

a) Share Option Plan

The Company has a rolling share option plan approved and ratified by shareholders on May 5, 2014, reserving an aggregate of 10% of the issued and outstanding shares of the Company for issuance upon the exercise of options granted. Vesting and terms of the option agreement are at the discretion of the Board of Directors.

During the nine months ended September 30, 2015, the Company granted a total of 2,625,000 share options to officers, employees, directors and other eligible persons at exercise price of $0.95 per share. The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with weighted average assumptions and resulting values for grants as follows:

		2015		**2014**
Assumptions:				
Risk-free interest rate *(%)*		1.25		1.05
Expected life *(years)*		2.50		2.50
Expected volatility *(%)*		68.03		54.83
Expected dividend		Nil		Nil
Weighted average fair value of options granted *(per option)*	$	0.6585	$	0.7053

The total share-based compensation for the nine months ended September 30, 2015 was $1,255,481 (2014 - $1,130,529) of which $934,500 (2014 - $887,328) has been allocated to Administration expenses, and $320,981 (2014 - $243,201) to Exploration and project investigation expenses.

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

b) Share Options Outstanding

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

	September 30, 2015		**September 30, 2014**	
	Number of shares issuable pursuant to share options	**Weighted average exercise price per share**	**Number of shares issuable pursuant to share options**	**Weighted average exercise price per share**
Balance at beginning of period	4,812,500	$ 1.95	6,256,250	$ 1.76
Granted	2,625,000	0.95	2,167,500	2.05
Exercised	-	-	(348,000)	1.20
Forfeited / expired	(1,838,334)	1.68	(693,000)	1.93
Balance at end of period	5,599,166	$ 1.57	7,382,750	$ 1.86

Share options outstanding and exercisable at September 30, 2015 are as follows:

	Outstanding Options			**Exercisable Options**		
Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price
\$0.50 - \$1.65	2,666,666	2.54	$ 0.95	949,987	2.42	$ 0.94
\$1.66 - \$2.05	2,587,500	1.48	$ 2.02	1,881,664	1.44	$ 2.01
\$2.06 - \$3.42	345,000	0.49	$ 2.95	345,000	0.49	$ 2.95
	5,599,166	1.93	$ 1.57	3,176,651	1.63	$ 1.80

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

5. EXPLORATION AND PROJECT INVESTIGATION

The Company expensed the following mineral properties costs, all incurred in South America, for the nine months ended September 30, 2015:

	Los Helados Joint Exploration Agreement	Josemaria Joint Exploration Agreement	Filo del Sol & Tamberias	Others	Total
Gov't fees, licenses, permits, taxes, rights and land access	$ 140,831	$ 60,520	$ 516,725	$ 548,015	$ 1,266,091
Field related expenses	642,959	88,439	1,121,586	301,032	2,154,016
Camp cost	835,851	97,816	1,134,927	50,664	2,119,258
Consultants	17,842	48,373	131,849	13,574	211,638
Drilling and fuel	803,362	-	2,300,243	-	3,103,605
Geochemistry, conceptual study and geophysics	1,127,117	232,520	335,556	9,628	1,704,821
Road work and trenching	181,220	71,843	669,109	-	922,172
Transport and travel	248,176	13,542	480,580	117,285	859,583
Environmental & community relations	1,164,270	769,077	146,190	-	2,079,537
Value added tax	498,244	193,345	847,194	158,665	1,697,448
Office and general expense	-	2,386	214,743	441,924	659,053
Share-based compensation	102,047	30,188	137,945	50,801	320,981
Total for the period	**$ 5,761,919**	**$ 1,608,049**	**$ 8,036,647**	**$1,691,588**	**$ 17,098,203**

The Company expensed the following mineral properties costs, all incurred in South America, for the nine months ended September 30, 2014:

	Los Helados Joint Exploration Agreement	Josemaria Joint Exploration Agreement	Filo del Sol & Tamberias	Others	Total
Gov't fees, licenses, permits, taxes, rights and land access	$ 551,148	$ 311,771	$ 90,248	$ 615,982	$ 1,569,149
Field related expenses	197,314	311,495	569,714	223,122	1,301,645
Camp cost	180,917	194,230	265,842	70,934	711,923
Consultants	912	53,495	89,449	-	143,856
Drilling and fuel	17,227	673,786	1,344,054	-	2,035,067
Geochemistry, conceptual study and geophysics	603,872	646,902	287,017	112,952	1,650,743
Road work and trenching	14,129	185,470	396,740	-	596,339
Transport and travel	60,794	82,856	244,815	158,448	546,913
Environmental & community relations	857,374	386,595	270,885	-	1,514,854
Value added tax	72,200	545,646	993,171	249,567	1,860,584
Office and general expense	19,561	20,013	145,129	-	184,703
Share-based compensation	51,697	68,495	94,285	28,725	243,202
Total for the period	**$ 2,627,145**	**$ 3,480,754**	**$ 4,791,349**	**$1,459,730**	**$ 12,358,978**

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

6. RELATED PARTY TRANSACTIONS

Key management compensation

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

	Nine months ended September 30, 2015	2014
Salaries	$ 502,938	$ 982,483
Employee benefits	32,869	38,115
Director fees	50,250	50,250
Share-based compensation	768,441	651,176
	$ 1,354,498	$ 1,722,024

7. SEGMENTED INFORMATION

The Company is principally engaged in the acquisition, exploration and development of mineral properties in North and South America. The segments presented below together with the mineral property and exploration and project evaluation information presented in Note 3 and Note 5 reflects the way in which management reviews the Company's business performance. Operating segments are reported in a manner consistent with the internal reporting provided to executive management who act as the chief operating decision-maker and are responsible for allocating resources and assessing performance of the operating segments.

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

	At September 30, 2015		At December 31, 2014	
	Equipment and other assets	Mineral properties	Equipment and other assets	Mineral properties
Canada	$ 117,924	$ 136,997	$ 130,000	$ 136,997
South America	48,460	15,211,442	41,658	17,992,242
	$ 166,384	$ 15,348,439	$ 171,658	$ 18,129,239

8. GAIN ON DISPOSITION OF MINERAL PROPERTY INTEREST

On April 10, 2015, the Company completed the sale of its 60% interest in the Assean Lake claims in Manitoba to VMS Ventures Inc. ("VMS") for a cash payment of $15,000 and an initial tranche 600,000 common shares of VMS. The Company received the cash and share consideration on April 10, 2015. An additional 1,200,000 shares are receivable upon achievement of project milestones. The Company's interest in the Assean Lake claims was written off to nil in the financial statements in previous years.

9. SUBSEQUENT EVENT

On November 3, 2015 (the "Closing Date"), the Company and Teck Resources Limited completed the sale of their respective interests in the GJ Project to Skeena Resources Limited ("Skeena"). In accordance with the terms of the agreement dated October 5, 2015, Skeena acquired 100% of the GJ Project in return for the following consideration:

- A cash payment of $0.5 million and an aggregate of 12,947,538 common shares of Skeena, with a value of $1,000,000 based on a 10-day weighted average price of $0.0772 per share as of Closing Date.
- An additional common share consideration valued at $3 million is payable over five years, with $1.5 million payable on or before the 2nd anniversary of the Closing Date and the balance of $1.5 million payable on or before the 5th anniversary of the Closing Date; and
- A $4.0 million cash payment is payable within 45 days of commercial production from the GJ property.

As of the Closing Date, the Company has received $245,000 in cash and 6,344,294 common shares of Skeena, representing 49% of the initial payment.