NGEx RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

This MD&A focuses on significant factors that have affected NGEx Resources Inc. ("the Company" or "NGEx") and its subsidiaries and such factors that may affect its future performance. The MD&A should be read in conjunction with the unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2013 and the December 31, 2012 year end audited consolidated financial statements and the related notes therein. The financial information in this MD&A is derived from the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars, unless otherwise indicated.

The effective date of this MD&A is November 8, 2013.

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

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

OVERVIEW

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

THIRD QUARTER HIGHLIGHTS

During the three months ended September 30, 2013 there was no active exploration on the Company's projects in Chile and Argentina due to the South American winter. However, updated Mineral Resource estimates that included drilling completed earlier this year were announced for the Josemaria and Los Helados Projects. Teck carried out an exploration program at the GJ project in British Columbia.

- At Los Helados, following an extensive drilling program totaling 32,207 metres (32 holes) completed earlier in the year, an updated Mineral Resource was estimated at a base case of 0.30% copper equivalent cutoff which increased the copper contained in Indicated Resources by 48% to 15.26 billion pounds and gold contained in Indicated Resources by 34% to 8.90 million ounces.

- At Josemaria, following a drilling program totaling 8,242 metres (18 holes) completed earlier in the year, an updated Mineral Resource was estimated at a base case of 0.30% copper equivalent cutoff which increased the copper contained in Indicated Resources by 17% to 6.1 billion pounds and gold contained in Indicated Resources by 18% to 6.6 million ounces.

SOUTH AMERICAN PROJECTS

Field exploration programs on the Company's South American projects were dormant during the third quarter of 2013 due to winter conditions at the sites. Work was focused on data compilation and interpretation, including Mineral Resource estimation and metallurgical test work. Exploration is expected to resume late in the fourth quarter of 2013.

Los Helados Project, Chile

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

In September 2013, following an extensive drilling program totaling 32,707 metres (32 holes) completed earlier in the year, the Company announced an updated Mineral Resource estimate at Los Helados at a base case 0.30% copper equivalent* ("CuEq") cutoff, as follows:

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

The Mineral Resource estimate as of the effective date of July 15, 2013 is shown in the tables below:

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

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

- CuEq - Copper Equivalent is calculated using US$3.00/lb copper, US$ 1,400/oz gold and US$23/oz Ag, with no provision for metallurgical recoveries. The formula used is CuEq% = Cu% + 0.6806*Au (g/t) + 0.011*Ag (g/t);
- Small discrepancies may exist due to rounding errors;
- Mineral Resources are reported within a Whittle pit shell based on: 42 degree pit slope; $2.20/tonne mine cost; $7.40/tonne process cost.

The Mineral Resource estimate for the Los Helados Project was prepared by Gino Zandonai, B.Sc., M.Sc. Mining, SME, MAusIMM, CRIRSCO, Senior Associate of Behre Dolbear International Ltd. in accordance with NI 43-101. Mr. Zandonai is the Qualified Person for the estimate and is independent of the Company. A Technical Report describing the details of the resource estimate is available under the Company's profile on SEDAR. It should be noted that the Mineral Resource estimate presented here is not a Mineral Reserve, and has not 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.

A total of 32,707 metres were drilled at Los Helados during the 2012/2013 field season with 25 new holes completed and seven existing holes deepened. Drilling finished at the end of March. This season's drill program included a combination of infill holes designed to convert Inferred resources to Indicated and step-out holes designed to test areas outside the current resource boundary. The drilling completed during 2013 has resulted in a significant increase to the resource base at Los Helados.

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

The drilling completed this year has defined the eastern, southern, and western limits of the known breccia body at Los Helados. However, the structure remains open to the north, and drill holes on the southern and eastern margins cut long intervals of strongly altered and weakly mineralized granite country rock indicating a robust system that extends for a considerable distance beyond the limits of the known breccia. While the known body at Los Helados comes to surface, many porphyry copper systems host multiple breccia bodies and there is potential for further additional surface or sub-cropping discoveries in the vicinity.

Filo del Sol Property, Argentina

The Filo del Sol project is located approximately 17 kilometres south of Los Helados in San Juan Province, Argentina. Filo del Sol is also subject to a Joint Exploration Agreement in which the Company holds a 60% interest and PPC holds a 40% interest. Each party funds its pro-rata share of exploration expenditures.

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

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

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

The results of this season's drilling expand the previously identified high grade copper zone at Filo del Sol and extend the broader zone of disseminated copper, gold, and silver mineralization that surrounds the high grade zone. Results from this year's drilling, combined with previously released drilling, are encouraging and support plans for a larger drill program next season. A drill program expected to total up to 8,000 metres is planned to begin late in the fourth quarter of 2013.

Los Helados-Josemaria Trend, Argentina

An additional 1,437 metres in 4 holes was drilled on early stage porphyry copper-gold targets located between Los Helados and Josemaria. These targets are part of the NGEx-PPC joint venture that includes Los Helados and Filo del Sol. The drill holes intersected encouraging porphyry style alteration with low grade copper and gold values. Further work is required to follow-up these results.

Josemaria Project, Argentina

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

Following a drilling program totaling 8,242 metres (18 holes) completed earlier in the year, the Company announced an updated Mineral Resource estimate at Josemaria as follows:

Sulphide Copper-Gold Mineralization (0.30% 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.

Oxide Zone (0.2 g/t Au cutoff)

- 45 million tonnes at a grade of 0.14% copper and 0.32 g/t gold (0.46 million ounces of gold) in the Indicated Resource category.

The Mineral Resource estimate as of the effective date of September 27, 2013 is shown in the tables below:

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

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

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

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

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

The Mineral Resource estimate for the Josemaria Project was prepared by Gino Zandonai, B.Sc., M.Sc. Mining, SME, MAusIMM, CRIRSCO, Senior Associate of Behre Dolbear International Ltd. in accordance with NI 43-101. Mr. Zandonai is the Qualified Person for the estimate and is independent of the Company. A Technical Report describing the details of the resource estimate will be available under the Company's profile on SEDAR. It should be noted that the Mineral Resource estimate presented here is not a Mineral Reserve, and has not 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.

A total of 8,242 metres in 18 diamond drill holes was completed during the 2012/2013 season. The focus of the program was the expansion of the zone of high-grade supergene mineralization discovered at the end of the 2011/2012 field season in holes JMDH49 and JMDH50 as well as resource conversion from Inferred to Indicated classification. The high-grade zone was extended some 200 metres to the north and now has approximate dimensions of 350 metres north to south and at least 250 metres east to west. It remains open to the west of holes JMDH69 and JMDH72 towards a large area of leached capping that has not yet been drill tested. The drilling completed during 2013 has resulted in a significant increase to the resource base at Josemaria as compared to the January 2013 Mineral Resource update.

- Copper contained in Indicated Resources has increased by 17% to 6.1 billion pounds (January – 5.2 billion pounds).
- Gold contained in Indicated Resources has increased by 18% to 6.6 million ounces (January – 5.6 million ounces).
- Indicated Resources have increased by 20% to 789 million tonnes (January – 656 million tonnes).

Conceptual Studies

In addition to the drilling completed this season the Company has initiated conceptual level studies, including mining engineering, process design, metallurgical testwork and baseline infrastructure options. The scoping level metallurgical program for Los Helados is expected to conclude in the fourth quarter while the program at Josemaria is expected to conclude in the first quarter of 2014. Geotechnical work at Los Helados was completed in the second quarter and preliminary mine development options were identified for further evaluation later in 2013 and into 2014 once the resource models are refined. Options identified so far include stand-alone development of Josemaria and/or Los Helados as well as an integrated project exploiting resources from both deposits. This work is ongoing and expected to continue into 2014.

Other Chilean and Argentinean Projects

Tamberias Property, Chile

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

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

Colmillos Project, Chile

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

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

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

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

Paramillos and Papagallos, Argentina

The Company has been unable to work on the Paramillos and Papagallos properties located in the Mendoza province in Argentina due to continuing delays with permitting and has suspended option payments to the property owners of Paramillos. Accordingly, the Company recorded a write-down in the amount of $1.2 million of these mineral properties interests to their net recoverable amounts of $nil in the consolidated statements of comprehensive loss for the nine months ended September 30, 2013.

GJ Project, British Columbia, Canada

The GJ Project located in northern British Columbia covers an area of about 150 square kilometres and covers a number of significant mineral showings, including the Donnelly, GJ and North zones.

The project has a Measured and Indicated resource of 153.3 million tonnes grading 0.32% copper and 0.37 g/t gold, at a cutoff grade of 0.20% copper which contains 1.09 billion pounds of copper and 1.82 million ounces of gold. The resource estimate was prepared by Qualified Person Mr. Gary Giroux P.Eng. and is filed on SEDAR under the Company's profile.

The Company has optioned the GJ Project to Teck Resources Limited ("Teck") whereby Teck can earn an initial 51% interest in the project by spending $12 million by December 31, 2014 and up to a 75% interest by making exploration expenditures totaling $44 million by December 31, 2020. Teck has cumulatively spent $9.1 million to December 31, 2012. Teck has advised the Company that it carried out an exploration program from July to August 2013 which comprised:

- Drilling of 3 diamond drill holes (GJK-13-237, -238 and -239) comprising a total of 2,027 metres of diamond drilling, the details of which are as follows:
    - GJK-13-237 – Targeting the southern portion of the Donnelly Zone mineralization - EOH 703 metres
    - GJK-13-238 – Targeting the potential for expansion along strike and at depth - EOH 758 metres and,
    - GJK-13-239 – Targeting a shallow expression of the central Donnelly Zone - EOH 566 metres.
- Re-logging of existing drill core stored on site,
- Geological mapping of lithology, hydrothermal alteration and mineralization, in combination with lithogeochemical rock sampling of outcropping rock at the Sun Plateau, QC, Cliff and Al zones.
- Collection of 343 soil samples from areas of interest, including the Sun Plateau and infill lines on the Donnelly Plateau.

All samples submitted for assay are currently awaiting results. A summary of results will be provided once received by the Company from Teck.

SELECTED QUARTERLY INFORMATION

Financial Data for 8 Quarters								
Three Months Ended	**Sep-13**	**Jun-13**	**Mar-13**	**Dec-12**	**Sep-12**	**Jun-12**	**Mar-12**	**Dec-11**
(In thousands $ except for per share amounts)								
Exploration and project investigation, net of recoveries	1,505	3,385	15,469	6,866	1,035	6,493	9,764	3,636
Net loss from continuing operations	(2,066)	(5,994)	(17,042)	(7,512)	(3,222)	(5,198)	(10,743)	(5,253)
Net loss from discontinued operations	(106)	(25)	(49)	(790)	(105)	(4,126)	(1,854)	(4,226)
Net loss	(2,172)	(6,019)	(17,091)	(8,302)	(3,327)	(9,324)	(12,597)	(9,479)
Basic and diluted loss per share from continuing operations (i)	(0.01)	(0.04)	(0.10)	(0.05)	(0.02)	(0.03)	(0.07)	(0.04)
Basic and diluted loss per share from discontinued operations (i)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.03)	(0.01)	(0.02)
Total basic and diluted loss per share (i)	(0.01)	(0.04)	(0.10)	(0.05)	(0.02)	(0.06)	(0.08)	(0.06)

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

QUARTERLY ANALYSIS

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

Exploration and project investigation expenditures have been increasing in recent quarters due to increased level of exploration activity and the commencement of conceptual studies on the Los Helados and Josemaria projects. In the third quarter of 2013, exploration and project investigation expenditures were higher than the same quarter in 2012 due to costs relating to the conceptual studies which began in 2013.

The net loss from continuing operations was lower for the third quarter ended September 30, 2013 compared to the same period in 2012. In the third quarter of 2012, the Company had incurred an unrealized loss of $0.8 million from the change in value of the Company's shares of Goldgroup Mining Inc. Subsequently, the change in value of these shares continued to be included in other comprehensive loss.

The net loss from discontinued operations is due to exploration activities in Africa which were accounted for as discontinued operations in 2012 with the Company's decision to divest its non-core African properties and the eventual sale of Hambok mineral property in Eritrea to Bisha Mining Share Company. The remaining expenditures relate to costs to wind-up the Company's operations in Eritrea.

RESULTS OF OPERATIONS

The Company's net loss for the quarter ended September 30, 2013 was $2.2 million or $0.01 per share as compared to a loss of $3.3 million or $0.02 share for 2012. Net loss from continuing operations for the third quarter of 2013 was $2.1 million or $0.01 per share compared with a net loss from continuing operations of $3.2 million or $0.02 per share for 2012. Net loss from discontinued operations, comprising mainly of expenditures to wind-up the Company's operations in Eritrea, was $0.1 million for both the quarter ended September 30, 2013 and September 30, 2012. The quarterly variances are discussed in greater detail in the previous section.

The net loss for the nine months ended September 30, 2013 was $25.3 million or $0.15 per share as compared to a loss of $25.2 million or $0.16 per share for the nine months ended September 30, 2012. The slight increase in loss of $0.1 million was primarily due to increased exploration and project investigation expenditures of $3.1 million on the Company's projects in South America, offset by lower write-down of mineral properties interests.

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

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2013, the Company had cash and working capital of $18.4 million and $18.2 million, respectively, as compared to cash and working capital of $17.3 million and $9.7 million, respectively, at December 31, 2012. The increase in cash and working capital is primarily a result of net proceeds of $33.3 million received from the completion of a private placement of 10 million shares at $3.40 per share in the first quarter of 2013, offset mainly by exploration and general and administration expenses.

Net cash used in operating activities was $30.3 million for the nine months ended September 30, 2013 and consisted primarily of exploration and project investigation expenditures and conceptual studies work of $20.4 million and a net decrease of $7.8 million in non-cash working capital due to decreased exploration activity in the third quarter of 2013 due to the South American winter.

Cash flow from financing activities was $33.3 million, which comprised of net proceeds of $33.3 million from the completion of a private placement of 10 million shares at $3.40 per share and the exercise of stock options.

Net cash used in investing activities was $1.2 million, which consisted primarily of expenditures relating to mineral property option payments and equipment purchases.

The Company anticipates that its current financial position will provide sufficient working capital to fund its share of planned exploration and project investigation expenditures, which are discretionary, and corporate expenses for the next twelve months. As the Company is an exploration company and has no sources of revenue, additional funding from equity financing, joint ventures or disposition of mineral properties and investments may be required to fund further exploration and corporate expenses.

There can be no assurance that such financing will be available to the Company in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company.

OUTLOOK

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

Updated resource estimates for the Los Helados and Josemaria projects were completed during the third quarter. Metallurgical and geotechnical testing and a preliminary assessment of development options for the Los Helados and Josemaria deposits including a preliminary evaluation of possible synergies between the deposits will continue through the coming quarters. This work is ongoing and expected to continue into 2014. Planning for next year's exploration program is underway and is expected to include drilling to follow-up shallow high grade mineralization intersected at Josemaria and a drill program that may if successful, lead to an initial resource estimate at the Filo del Sol project. Exploration work on the South American projects is expected to resume during the fourth quarter of 2013. In addition, baseline environmental work in both Chile and Argentina has begun. These programs are tailored to the environmental approvals and permitting process. Subsequent to the financing completed earlier this year, the Company has sufficient funds to complete its planned exploration programs.

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 effect 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 deemed most critical by the Company, refer to the Company's annual 2012 Management Discussion and Analysis.

RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2013, the Company incurred:

(a) management fees of $405,000 (2012 - $405,000) in respect of office facilities and administrative services from Namdo Management Services Ltd. ("Namdo"), a company controlled by a director. At September 30, 2013, nil (December 31, 2012 - $32,921) was due to this company.

(b) $135,504 (2012 - $65,896) of aircraft chartered service from Mile High Holdings Ltd, a company associated with the Chairman of the Company.

(c) $188,554 (2012 - $nil) of technical consulting services from Sirocco Mining Inc., Lucara Diamond Corp. and Lundin Mining Corporation, companies related by common directors. The Company engaged technical personnel on a part-time basis from these companies to support technical studies at the Company's projects. At September 30, 2013, a total of $57,879 (December 31, 2012 - $5,625) was due to these companies.

(d) $12,470 (2012 - $1,942) of legal services from Cassels Brock & Blackwell LLP, a company in which a director is the Senior Business Advisor. At September 30, 2013, nil (December 31, 2012 - $6,171) was due to this company.

OUTSTANDING SHARE DATA

As at November 8, 2013, the Company had 168,714,559 common shares outstanding and 6,256,250 share options outstanding under its stock-based incentive plans.

FINANCIAL INSTRUMENTS

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

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

Disclosure controls and procedures have been designed to provide reasonable assurance that material information related to the Company is identified and communicated as appropriate on a timely basis. Management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), is responsible for the design and operation of disclosure controls and internal control over financial reporting.

There have been no changes in the Company's disclosure controls and procedures during the nine months ended September 30, 2013.

Internal Control over financial reporting

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance IFRS. Any system no matter how well conceived or operated has inherent limitations.

Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation and will not prevent all or detect errors and frauds.

Management has used the Committee of Sponsoring Organizations of the Treadway Commission framework to evaluate the effectiveness of our internal control over financial reporting. There have been no changes in the Company's internal control over financial reporting during the nine months ended September 30, 2013 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls 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 2012 annual MD&A filed March 22, 2013.

OFF-BALANCE SHEET AGREEMENTS

The Company has no off-balance sheet arrangements.

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION AND STATEMENTS

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

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

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

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

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

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

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

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

Readers are encouraged to see our Annual Information Form for the year ended December 31, 2012 filed on SEDAR for additional information on risks, uncertainties and other factors relating to forward-looking information and statements. There can be no assurance that such forward-looking statements or information will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking information or statements, which speak only as of the date the statements were made. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. The Company does not undertake or assume any obligations to update or revise any forward-looking statements and information after the date of this MD&A, except as required by applicable laws.

See our Annual Information Form for the year ended December 31, 2012 filed on Sedar for additional information on risks, uncertainties and other factors relating to forward-looking information and statements. There can be no assurance that such forward-looking statements or information will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking information or statements, which speak only as of the date the statements were made. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. The Company does not undertake or assume any obligations to update or revise any forward-looking statements and information after the date of this MD&A, except as required by applicable laws.

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

		September 30, 2013		December 31, 2012
ASSETS				
Current assets:				
Cash and cash equivalents	$	18,362,800	$	17,296,923
Investments (Note 3)		387,000		836,000
Receivables and other		490,871		627,004
		19,240,671		18,759,927
Equipment		311,380		271,679
Mineral properties (Note 4)		10,360,887		11,566,206
Other non-current assets		8,000		8,000
TOTAL ASSETS	$	29,920,938	$	30,605,812
LIABILITIES				
Current liabilities:				
Trade payables and accrued liabilities	$	957,989	$	6,174,204
Due to related parties (Note 8)		57,879		44,717
Due to joint venture partners		28,105		2,877,567
TOTAL LIABILITIES		1,043,973		9,096,488
EQUITY				
Share capital (Note 5)		214,862,700		181,485,132
Reserved for issuance		1,284		1,284
Contributed surplus (Note 6)		7,340,946		6,348,030
Cumulative deficit		(190,042,067)		(164,759,836)
Accumulated other comprehensive loss		(3,285,898)		(1,565,286)
TOTAL EQUITY		28,876,965		21,509,324
TOTAL LIABILITIES AND EQUITY	$	29,920,938	$	30,605,812

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, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Expenses				
Exploration and project investigation (Note 7)	$ 1,505,102	$ 1,034,793	$ 20,359,377	$ 17,291,545
General and Administration:				
Salaries and benefits (Note 8)	168,189	185,163	878,585	785,233
Share-based compensation (Note 6)	287,905	654,594	896,122	1,157,593
Management fees (Note 8)	135,000	135,000	405,000	405,000
Professional fees	93,104	85,122	233,064	771,692
Travel	42,803	40,169	141,768	152,403
Promotion and public relations	49,816	20,479	267,846	133,730
Donation	-	-	340,000	119,000
Office and general	26,049	25,916	242,613	214,777
Operating loss	2,307,968	2,181,236	23,764,375	21,030,973
Other (income) expenses				
Interest income	(59,043)	(13,065)	(192,463)	(107,581)
Foreign exchange loss (gain)	(3,838)	261,999	(191,204)	134,813
Other expenses	813	(442)	111,638	94,880
Gain on disposition of investments (Note 10)	(180,000)	-	(180,000)	-
Gain on disposition of royalty interest	-	-	-	(2,782,000)
Unrealized loss on investments	-	792,000	594,000	792,000
Write-down of mineral property interests (Note 4)	-	-	1,196,128	2,861,916
Net loss from continuing operations	2,065,900	3,221,728	25,102,474	22,025,001
Net loss from discontinued operations	106,314	105,379	179,757	3,223,822
Net loss for the period	$ 2,172,214	$ 3,327,107	$ 25,282,231	$ 25,248,823
Other Comprehensive loss:				
Recognition of unrealized loss on investments to income statement	-	(858,000)	-	-
Change in fair value of available-for-sale securities (Note 3)	35,000	-	35,000	-
Foreign currency translation adjustment	1,437,284	914,952	1,685,612	1,167,595
Comprehensive loss for the period	**$** 3,644,498	$3,384,059	$ 27,002,843	$ 26,416,418
Basic and diluted loss per common share				
Continuing operations	$ 0.01	$ 0.02	$ 0.15	$ 0.14
Discontinued operations	$ 0.00	$ 0.00	$ 0.00	$ 0.02
	$ 0.01	$ 0.02	$ 0.15	$ 0.16
Weighted average common shares outstanding	168,661,009	158,467,747	167,541,247	158,336,723

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

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

	Nine months ended September 30, 2013	2012
Cash flows used in operating activities		
Net loss for the period	$ (25,282,231)	$ (25,248,823)
Items not involving cash and cash equivalents:		
Depreciation	143,989	141,080
Share-based compensation	1,031,608	1,479,414
Gain on disposition of investments	(180,000)	-
Gain on disposition of royalty interests	-	(2,782,000)
Unrealized loss on investments	629,000	792,000
Write-down of mineral property interests	1,196,128	2,861,916
	(22,461,506)	(22,756,413)
Net changes in working capital items:		
Receivables and other	258,339	450,656
Trade payables and accrued liabilities	(5,171,484)	(3,624,891)
Due to related parties	13,162	4,938
Advances to joint venture partners	(2,932,527)	(4,335,970)
	(30,294,016)	(30,261,680)
Cash flows from financing activities		
Common shares issued, net	33,276,316	-
Proceeds from exercise of stock options	62,560	388,452
	33,338,876	388,452
Cash flows used in investing activities		
Mineral properties and related expenditures	(973,420)	(1,079,554)
Gain on disposition of royalty interest	-	1,000,000
Acquisition of equipment	(207,411)	(30,886)
	(1,180,831)	(110,440)
Effect of exchange rate change on cash and cash equivalents	(798,152)	(331,466)
Increase / (decrease) in cash and cash equivalents during the period	1,065,877	(30,315,134)
Cash and cash equivalents, beginning of period	17,296,923	41,337,097
Cash and cash equivalents, end of period	$ 18,362,800	$ 11,021,963

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

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

	Number of shares issued and outstanding	Number of shares reserved for issuance	Share capital	Reserved for issuance	Contributed surplus	Accumulated other comprehensive loss	Accumulated Deficit	Total
Balance, January 1, 2012	158,121,010	20,248	$ 180,786,894	$ 1,284	$ 4,732,202	$ (1,435,309)	$ (131,209,781)	$ 52,875,290
Exercise of stock options	355,125	-	508,964	-	(120,512)	-	-	388,452
Share-based compensation	-	-	-	-	1,479,414	-	-	1,479,414
Effect of foreign currency translation	-	-	-	-	-	(1,167,595)	-	(1,167,595)
Exchange of reserved shares	8	(8)	-	-	-	-	-	-
Net loss for the period	-	-	-	-	-	-	(25,248,823)	(25,248,823)
Balance, September 30, 2012	158,476,143	20,240	$ 181,295,858	$ 1,284	$ 6,091,104	$ (2,602,904)	$ (156,458,604)	$ 28,326,738
Balance, January 1, 2013	158,582,393	20,240	$ 181,485,132	$ 1,284	$ 6,348,030	$ (1,565,286)	$ (164,759,836)	$ 21,509,324
Exercise of stock options	81,333	-	101,252	-	(38,692)	-	-	62,560
Share-based compensation	-	-	-	-	1,031,608	-	-	1,031,608
Change in fair value of available-for-sale securities	-	-	-	-	-	(35,000)	-	(35,000)
Effect of foreign currency translation	-	-	-	-	-	(1,685,612)	-	(1,685,612)
Private placement	10,000,000	-	33,276,316	-	-	-	-	33,276,316
Net loss for the period	-	-	-	-	-	-	(25,282,231)	(25,282,231)
Balance, September 30, 2013	168,663,726	20,240	$ 214,862,700	$ 1,284	$ 7,340,946	$ (3,285,898)	$ (190,042,067)	$ 28,876,965

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

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

1. NATURE OF OPERATIONS

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

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

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, 2012.

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, 2012 included in that report, and have been consistently applied in the preparation of these interim financial statements, except as described below.

Effective January 1, 2013, the Company has adopted the amendments to IAS 1, Presentation of Financial Statements and the new accounting standard IFRS 13, Fair Value Measurement. The amendments to IAS 1 required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. These changes did not result in any adjustments to other comprehensive income or comprehensive income. IFRS 13 provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Company adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

The condensed interim consolidated financial statements are unaudited. Financial information in this report reflects any adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary to a fair statement of results for the interim periods in accordance with IAS 34 as issued by the International Accounting Standards Board.

These financial statements were authorized for issuance by the Board of Directors of the Company on November 8, 2013.

3. INVESTMENTS

	September 30, 2013	December 31, 2012
Goldgroup Mining Inc.	$ 242,000	$ 836,000
Legend Gold Corp.	145,000	-
	$ 387,000	$ 836,000

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

3. INVESTMENTS (continued)

Investments comprised of the 2.2 million shares of Goldgroup Mining Inc. ("Goldgroup") received in April 2012 as consideration for the termination of the Net Smelter Return Royalty Agreement and the 500,000 shares of Legend Gold Corp. ("Legend") received in September 2013 as explained in Note 10.

Investments in Legend Gold Corp. are classified as available for sale financial assets and are measured at fair value. Subsequent changes in carrying amount are recognized in Other Comprehensive Income. During the period ended September 30, 2013, an unrealized loss of $35,000 was recorded in Other Comprehensive Income based upon quoted market prices.

4. MINERAL PROPERTIES

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

	Canada	**South America**					**Africa**	**Total**
	GJ / Kinaskan	**Los Helados & Filo del Sol Joint Exploration Agreement**	**Josemaria Joint Exploration Agreement**	**Tamberias**	**Paramillos**	**Papagallos**	**Hambok**	
At January 1, 2012	**$136,997**	**$ 2,642,615**	**$7,790,107**	**$407,960**	**$464,953**	**-**	**$8,000,000**	**$19,442,632**
Additions	-	185,883	-	396,062	593,606	121,482	-	1,297,033
Disposals	-	-	-	-	-	-	(4,918,500)	(4,918,500)
Impairment	-	-	-	-	-	-	(2,861,917)	(2,861,917)
Translation effect	-	86,886	(1,140,096)	3,788	(113,308)	(10,729)	(219,583)	(1,393,042)
December 31, 2012	**136,997**	**2,915,384**	**6,650,011**	**807,810**	**945,251**	**110,753**	**-**	**11,566,206**
Additions	-	436,876	174,279	203,784	-	158,481	-	973,420
Impairment	-	-	-	-	(931,439)	(264,689)	-	(1,196,128)
Translation effect	-	(76,402)	(861,437)	(26,415)	(13,812)	(4,545)	-	(982,611)
September 30, 2013	**$ 136,997**	**$3,275,858**	**$5,962,853**	**$985,179**	**-**	**-**	**-**	**$ 10,360,887**

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

4. MINERAL PROPERTIES (continued)

As the Company continues to experience difficulty in obtaining the necessary drill permits from the Argentina government for its two drill ready projects, Paramillos and Papagallos, and with no significant financial resources expected to be allocated to these projects for the upcoming 2013-2014 exploration season, management has recorded $1.2 million as impairment charge and wrote down the value of the Paramillos and Papagallos mineral properties to nil as at September 30, 2013.

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

5. SHARE CAPITAL

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

6. SHARE OPTIONS

a) Share Option Plan

The Company has a rolling share option plan approved by shareholders on September 15, 2008 and recently ratified, 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, 2013, the Company granted a total of 790,000 (2012 – 1,815,000) share options to officers, employees, directors and other eligible persons at an average exercise price of $2.36 per share.

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

	September 30, 2013	**December 31, 2012**
Assumptions:		
Risk-free interest rate *(%)*	1.11	0.99
Expected life *(years)*	2.5	3.00
Expected volatility *(%)*	61.76	65.06
Expected dividend	Nil	Nil
Results:		
Weighted average fair value of options granted *(per option)*	$ 0.92	$ 0.73

A share-based compensation cost of $723,501 for the options granted for the nine months ended September 30, 2013 (2012 - $1,331,928) will be amortized over the vesting period of 2.5 years. $385,760 was recognized in the nine months ended September 30, 2013 (2012 - $572,304).

The total share-based compensation for the nine months ended September 30, 2013 was $1,031,608 (2012 - $1,479,414) of which $896,122 (2012 - $1,157,593) has been allocated to Administration expenses, and $135,486 (2012 - $321,821) to Exploration and project investigation expenses.

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

6. SHARE OPTIONS (continued)

b) Share Options Outstanding

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

	Number of shares issuable pursuant to share options	Weighted average exercise price per share (CDN$)
Balance at December 31, 2011	**4,577,673**	**$ 1.68**
Granted	1,815,000	1.69
Exercised	(461,375)	1.10
Forfeited / expired	(289,548)	2.78
Balance at December 31, 2012	**5,641,750**	**1.66**
Granted	790,000	2.36
Exercised	(81,333)	0.77
Forfeited / expired	(35,000)	2.83
Balance at September 30, 2013	**6,315,417**	**$ 1.75**

The following summarized information about the share options outstanding and exercisable at September 30, 2013:

	Outstanding Options			**Exercisable Options**		
Range of exercise prices CDN$	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price CDN$	Number of options exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price CDN$
$0.50 - $1.30	1,635,750	1.21	$ 0.71	1,635,750	1.21	$ 0.71
$1.31 - $3.42	4,679,667	1.54	2.12	3,152,980	1.34	2.07
	6,315,417	1.46	$ 1.75	4,788,730	1.30	$ 1.61

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

7. EXPLORATION AND PROJECT INVESTIGATION

For the nine months ended September 30, 2013:

	South America				**Canada**	**Total**
	Los Helados & Filo del Sol Joint Venture	**Josemaria Joint Venture**	**Colmillos**	**Other**		
Gov't fees, licenses, permits, taxes, rights and land access	$ 457,465	$ 51,929	$ 123,202	$ 386,622	$ 980	$ 1,020,198
Field related expenses	1,146,911	306,156	217,976	63,579	-	1,734,622
Camp cost	1,302,046	285,825	340,418	54,525	-	1,982,814
Consultants	135,769	53,992	1,355	12,604	-	203,720
Drilling and fuel	6,374,083	1,244,514	298,273	118,164	-	8,035,034
Geochemistry & geophysics	1,057,374	743,214	37,912	91,243	5,130	1,934,873
Road work and trenching	602,224	191,568	69,337	30,060	-	893,189
Transport and travel	714,003	111,145	125,547	63,503	-	1,014,198
Environmental & community relations	342,110	73,036	51,729	40,619	-	507,494
Value added tax	1,615,392	488,271	163,664	225,108	-	2,492,435
Office and general expense	59,972	-	-	345,342	-	405,314
Share-based compensation (Note 6)	92,500	23,780	9,576	9,630	-	135,486
Total for the period	**$13,899,849**	**$3,573,430**	**$1,438,989**	**$1,440,999**	**$6,110**	**$ 20,359,377**

For the nine months ended September 30, 2012:

	South America				**Canada**	**Total**
	Los Helados & Filo del Sol Joint Venture	**Josemaria Joint Venture**	**Colmillos**	**Other**		
Gov't fees, licenses, permits, taxes, rights and land access	$ 360,814	$ 86,749	$ 64,117	$ 168,532	$ 980	$ 681,192
Field related expenses	923,233	391,877	3,623	81,396	-	1,400,129
Camp cost	1,062,514	298,007	1,667	9,674	-	1,371,862
Consultants	84,935	23,907	-	413	-	109,255
Drilling and fuel	6,583,024	2,081,435	-	-	-	8,664,459
Geochemistry & geophysics	481,432	294,616	126	-	5,130	781,304
Road work and trenching	941,284	120,320	-	-	-	1,061,604
Transport and travel	541,431	145,628	3,281	11,524	-	701,864
Environmental & community relations	210,717	65,765	81,223	2,237	-	359,942
Value added tax	1,285,262	390,055	10,093	20	-	1,685,430
Office and general expense	128,308	59,861	-	8,004	-	196,173
Share-based compensation (Note 6)	195,843	67,597	1,172	13,719	-	278,331
Total for the period	**$12,798,797**	**$4,025,817**	**$165,302**	**$295,519**	**$6,110**	**$ 17,291,545**

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

8. RELATED PARTY TRANSACTIONS

(a) Related parties expenses

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

		Nine months ended September 30,	
Description of services	**Related party**	**2013**	**2012**
Management fees	Namdo	$ 405,000	$ 405,000
Technical consulting services	Sirocco, Lucara, Lundin Mining	188,554	-
Aircraft charter and travel	Mile	135,504	65,896
Legal services	Cassels Brock	12,470	1,942
		$ 741,528	$ 472,838

(b) Related parties liabilities

The liabilities of the Company include the following amounts due to related parties:

	September 30, 2013	December 31, 2012
Namdo	$ -	$ 32,921
Sirocco	17,588	5,625
Lundin Mining	27,000	-
Lucara	13,291	-
Cassels Brock	-	6,171
	$ 57,879	$ 44,717

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

8. RELATED PARTY TRANSACTIONS (continued)

(c) Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Company has identified its key management personnel to include the Company's executive officers, vice-presidents and members of its Board of Directors.

The remuneration of key management personnel were as follows:

	Nine months ended September 30, 2013	2012
Salaries	$ 778,333	$ 775,042
Employee benefits	27,169	29,932
Director fees	50,250	50,250
Share-based compensation	554,614	1,057,986
	$ 1,410,366	$ 1,913,210

9. SEGMENTED INFORMATION

As the Company's primary business activity focuses on the exploration for and development of mineral properties in North and South America, there is only one reportable operating segment.

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

	At September 30, 2013			At December 31, 2012		
	Equipment, net	Mineral properties	Others	Equipment, net	Mineral properties	Others
Canada	$ 144,875	$ 136,997	$ 8,000	$ 158,600	$ 136,997	$ 8,000
South America	166,505	10,223,890	-	113,079	11,429,209	-
	$ 311,380	$ 10,360,887	$ 8,000	$ 271,679	$ 11,566,206	$ 8,000

Note 7 contains the geographic distribution of exploration expenditures.

10. GAIN ON DISPOSITION OF INVESTMENTS

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

On September 5, 2013, Corado was acquired by Legend Gold Corp. ("Legend"), a public company listed on the Canadian stock exchange. As a result of this transaction, the Company received 500,000 shares of Legend Gold, which was valued at $180,000. The Company recorded the value of the Legend shares as realized gain in the Statement of Comprehensive Loss.