NGEX RESOURCES INC

YEAR END REPORT

DECEMBER 31, 2012

NGEx Resources Inc.

To Our Shareholders

The past year was a very rewarding one for NGEX as we dramatically increased our resource base following highly successful exploration programs on our core South American Projects. The highlights for the year include:

- the completion of a maiden resource for the Los Helados deposit, now one of Chile's most significant undeveloped copper-gold porphyry projects;
- a substantial increase to the resource for the Josemaria copper-gold porphyry project in Argentina. The Josemaria resource remains open in several directions and current drilling is focused on extending a zone of high grade mineralization intersected last season. Josemaria is located approximately 12 kilometres southeast of Los Helados.
- high grade copper-silver intercepts at Filo del Solwhich significantly advanced our geological understanding of this very promising earlier stage copper-gold project located 17 kilometres to the south of Los Helados. We believe that with further exploration Filo del Sol could become a very important asset for the company.

The 43-101 technical report on Los Helados and the updated 43-101 report on Josemaria are filed under the Company's profile on Sedar.

Other important corporate developments included the acquisition by Pan Pacific Copper Company Co., Ltd. ("Pan Pacific") of the 40% minority interest in Los Helados and Filo del Sol previously held by Japan Oil and Gas National Corporation ("JOGMEC"). This acquisition is a positive development for NGEx as Pan Pacific is one of the world's largest buyers of copper concentrates and has recently completed construction of the $3 billion Caserones copper project located only 20 kilometres from Los Helados. Pan Pacific is jointly owned by JX Nippon Mining & Metals and Mitsui Mining & Smelting, providing NGEx with a financially strong partner. JOGMEC continues to be our 40% partner in Josemaria.

During the year we divested the last of our non-core projects with the sale of the Hambok copper-zinc project located in Eritrea to a subsidiary of Nevsun Resources Ltd. for proceeds of US$5 million and an additional payment of US$7.5 million payable within 10 business days of the commencement of commercial production from the project. We also sold a royalty that we had retained to the Caballo Blanco Project for $1 million cash and 2.2 million shares of Goldgroup Mining Inc. The team at NGEx now fully focused on its rapidly developing South American copper-gold projects.

Over the next year the main goal of the company is to continue to add to its resource base, especially any shallow, higher grade zones such as those intersected at the northern edge of the Josemaria deposit. Exploration during the coming year will focus on upgrading and expanding the resources at Los Helados and Josemaria with a smaller drill program planned at the earlier stage Filo del Sol project as well as a follow updrill program at the Colmillos project located in Region 4, Chile.

It is important to note that both Los Helados and Josemaria have advanced to the resource stage fairly quickly and are still early stage exploration projects with considerable additional field-work required before development scenarios can be realistically assessed. We plan, however, to begin a high level study of possible development scenarios including assessing possible synergies between the deposits. As part of this study, NGEx will be conducting additional metallurgical test-work programs on Los Helados and Josemaria to optimize the value of the gold-rich copper concentrates.

We enter 2013 with an aggressive drill program expected to once again total more than 40,000 metres and we intend to build on the exploration success we had in 2012. With the completion of the $34 million non–brokered private placement on January 29, 2013, the Company's planned exploration program is fully financed.

NGEx RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

This management's discussion and analysis ("MD&A") of the results of operations and financial condition for NGEx Resources Inc. ("the Company" or "NGEx") has been prepared as of March 22, 2013 and should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2012 and the related notes therein. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A focuses on significant factors that have affected the Company and its subsidiaries and such factors that may affect its future performance. All dollars amounts are presented in Canadian dollars, unless otherwise indicated.

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

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

CORE BUSINESS

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

2012 HIGHLIGHTS AND ACTIVITIES

During the year ended December 31, 2012 exploration activity continued on the Company's projects in Chile and Argentina as well as in Canada. Highlights from the year include:

- Completion of more than 45,000 metres of drilling on the Company's South American projects including Los Helados, Josemaria and Filo del Sol;
- Completion of an initial mineral resource estimate and preliminary metallurgical testing for the Los Helados copper-gold porphyry deposit;
- The purchase of the minority interest (40%) in the Los Helados – Filo del Sol Joint Venture by Pan Pacific Copper Co., Ltd. ("PPC") from Japan Oil, Gas and Metals National Corporation ("Jogmec");
- The sale of the Company's interest in the Hambok project, Eritrea, for an initial cash payment of US$5 million plus an additional payment of US$7.5 million upon the commencement of commercial production from the deposit;
- Completion of an exploration program funded by Teck Resources Ltd on the GJ property in British Columbia.

Exploration programs for the 2012/2013 field season were initiated at all three South America projects prior to the end of the year.

Additional highlights from the first part of 2013 included:

- Completion of an updated mineral resource estimate for the Josemaria copper-gold porphyry deposit which resulted in a significant increase in the resource. Preliminary metallurgical test work was also completed. Step-out drilling to follow-up high grade mineralization intersected last season is currently underway
- Completion on January 29, 2013 of a non-brokered, private placement of 10 million shares of the Company at a price of $3.40 per share for gross proceeds of $34 million.
- An initial drill program expected to total approximately 1,500 meters, began on the Colmillos Property in March, 2013

SOUTH AMERICAN PROJECTS

Field exploration programs including more than 45,000 metres of drilling were carried out on the Company's South American projects during the North American spring (end of 2011/2012 field season) and early winter (beginning of 2012/2013 field season). Other technical work was ongoing throughout the year, including mineral resource estimation and metallurgical test work.

Vicuña Property (Los Helados and Filo del Sol Projects), Chile and Argentina

The Vicuña properties comprise a large land package of approximately 31,650 hectares that covers a number of porphyry copper and high sulphidation gold targets in Region III of Chile and immediately adjacent parts of San Juan Province, Argentina. Los Helados and Filo del Sol are individual exploration projects within the overall Vicuña Property. Nearby deposits held by other companies include Caserones–Regalito (PPC) and El Morro-La Fortuna (Goldcorp/New Gold). The Vicuña Properties are adjacent to the Company's Josemaria copper-gold porphyry deposit and are subject to a Joint Exploration Agreement (the "Vicuña JEA"). On September 7, 2012 the Company's 40% partner Jogmec transferred its interest to PPC. PPC is a major integrated copper mining and smelting company that is jointly owned by JX Nippon Mining & Metals Corporation and Mitsui Mining & Smelting Company Ltd, both of Tokyo, Japan. PPC owns 75% of the Caserones Copper and Molybdenum Project which is located approximately 20 kilometres north of Los Helados.

Los Helados Project, Chile

Los Helados is a large copper-gold porphyry system located in Region III of Chile. During the 2011/2012 field season, 22,143 metres of diamond drilling in 26 holes were completed at Los Helados. This drilling was successful in extending the deposit to depth and laterally, and provided data for the initial mineral resource estimate. Significant results from this program include the longest mineralized intersection ever obtained from the deposit in hole LHDH17 (drilled to a depth of 750 metres in 2011 and deepened to 1,205 metres in 2012). This hole returned a 1,090 metres section, from 42 metres to 1,132 metres, which graded 0.51% copper and 0.26 g/t gold. On October 15, 2012, the Company announced both an initial Mineral Resource estimate and results from the initial metallurgical test work program at Los Helados.

The Mineral Resource Estimate for the Los Helados Project, dated November 26, 2012, 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 and filed on SEDAR under the Company's profile. Mr. Zandonai is the Qualified Person for the estimate and is independent of the Company.

The Mineral Resource was estimated at a base case 0.30% copper equivalent* cutoff as follows:

- 1,114 million tonnes at a grade of 0.42% copper and 0.19 g/t gold for a copper equivalent grade of 0.55% (10.34 billion pounds of copper and 6.65 million ounces of gold) in the Indicated Resource category; and
- 1,015 million tonnes at a grade of 0.38% copper and 0.14 g/t gold for a copper equivalent grade of 0.47% (8.41 billion pounds of copper and 4.70 million ounces of gold) in the Inferred Resource category.

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

It should be noted that the Mineral Resource estimated 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.

Metallurgical test work was completed by SGS Lakefield Research in Santiago, Chile. The test work indicates that the Los Helados mineralization is amenable to standard flotation concentration and two locked-cycle tests achieved copper recoveries of 84.2 and 90.2% and gold recoveries of 56.9 and 60.3%, with test concentrate grades of 22.9% copper and 12.2 g/t gold, and 28.5% copper and 15.5 g/t gold. The concentrate samples produced by this work were clean, with all deleterious elements well below penalty levels and also had silver grades that would provide payment for part of the silver content under current general smelter contract terms.

Drilling at Los Helados resumed in mid-October, 2012 and 13,157 metres were drilled by December 31, 2012. Approximately 28,000 metres of drilling is planned and drilling is expected to continue until early April, 2013. Additional metallurgical test work is underway. On January 31, 2013, the Company released assays results from the first ten holes of the current drill program. Highlights include: LHDH50 with 1,175 metres of 0.65% CuEq (052% Cu and 0.19 gpt Au), including 308 metres at 0.82% CuEq (0.70% Cu and 0.17 gpt Au); and LHDH22 with 1,168 metres of 0.53% CuEq (0.40% Cu and 0.20 gpt Au) including 376 metres at 0.63% CuEq (0.51% Cu and 0.16 gpt Au).

Filo del Sol Property, Argentina

The Vicuña Property covers several copper-gold targets in addition to Los Helados including Filo del Sol. Drilling during early 2012 was focused on testing this high-sulphidation epithermal style of mineralization near surface and also testing for porphyry style mineralization at depth. During the 2011/2012 field season 2,048 metres of diamond drilling in 6 holes were completed at Filo del Sol. This program used diamond core drilling in order to collect more detailed geological information to aid in the interpretation of the very large mineralized porphyry – epithermal system at Filo (most previous drilling was reverse circulation). The early 2012 drill program was successful in confirming the presence both of copper-gold porphyry mineralization (hole FSDH06 with 385 metres at 0.41% copper and 0.39 g/t gold) and high-grade epithermal mineralization (hole FSDH02 with 36 metres at 0.53% copper, 0.38 g/t gold and 394 g/t silver). During the year the Company announced drill results from the 2012 drilling campaign which lasted from early February to late April. Highlights from the copper-gold porphyry target included:

- FSDH06 with 384.9 metres of 0.68% CuEq (0.41% copper and 0.39 g/t gold), including 224 metres of 0.85% CuEq (0.50% copper and 0.52 g/t gold) and;
- FSDH07 with 42.5 metres 1.03% CuEq (0.98% Cu and 0.19 g/t Au);

Highlights from the epithermal target included:

- FSDH02 with 36 metres at 0.53% copper, 0.38 g/t gold and 394 g/t silver.

Two drills were mobilized to Filo del Sol in early December to begin the 2012/2013 drill program. Approximately 800 meters in 4 holes have been drilled. Results are expected to be received during the second quarter.

Josemaria Project, Argentina

Josemaria is a large copper/gold porphyry project located in San Juan Province, Argentina near the Vicuña group of properties. The Josemaria deposit is located 11 kilometres southeast of Los Helados. The project is being explored under a Joint Exploration Agreement with Jogmec and is owned 60% by the Company and 40% by Jogmec. Each party funds its pro-rata share of expenditures.

Work at Josemaria during the year consisted primarily of diamond drilling. During the 2011/2012 field season 19,220 metres of diamond drilling in 39 holes was completed at Josemaria. This program was a combination of infill drilling in order to provide sufficient data to increase the confidence in the Josemaria resource from inferred to indicated and step-out drilling to test for extensions of the deposit in directions where it was known to be open. The program achieved both objectives. Significant intersections from this program included JMDH30 with 520 metres at 0.54% copper and 0.42 g/t gold, JMDH25 with 552 metres at 0.45% copper and 0.43 g/t gold and JMDH45 with 452 metres at 0.51% copper and 0.46 g/t gold and JMDH49 with 172 metres of 1.33% copper and 0.36 grams/tonne gold. The deposit is open to the north of JMDH 49. Field work was followed by interpretation of drill results, a metallurgical testing program and geological modelling and data review leading to estimation of an updated Mineral Resource for the deposit. The updated estimate resulted in a substantial increase over the previous resource estimate. It was completed by Gino Zandonai, senior associate of Behre Dolbear International Ltd. in accordance with NI 43-101 and filed on SEDAR under the Company's profile. The Report is dated February 22, 2013 and replaces and increases the previous resource estimate completed in 2007. The updated resource estimate is summarized below:

Sulphide Copper-Gold Mineralization (0.30% copper equivalent* cutoff)

- 656 million tonnes at a grade of 0.36% copper and 0.26 g/t gold for a copper equivalent grade of 0.54% (5.2 billion pounds of copper and 5.6 million ounces of gold) in the Indicated Resource category; and
- 326 million tonnes at a grade of 0.33% copper and 0.19 g/t gold for a copper equivalent grade of 0.46% (2.4 billion pounds of copper and 2.0 million ounces of gold) in the Inferred Resource category.

Oxide Cap (0.30% copper equivalent* cutoff)

- 44 million tonnes at a grade of 0.22% copper and 0.33 g/t gold for a copper equivalent grade of 0.45% (0.22 billion pounds of copper and 0.47 million ounces of gold) in the Indicated Resource category; and
- 6 million tonnes at a grade of 0.10% copper and 0.35 g/t gold for a copper equivalent grade of 0.34% (10 million pounds of copper and 70 thousand ounces of gold) in the Inferred Resource category.

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

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 program of metallurgical test work carried out during the year indicated that the Josemaria mineralization is amenable to standard flotation concentration. One locked-cycle test was completed, achieving copper recoveries of 85.1% and gold recoveries of 69.4%, with test concentrate grades of 25.1% copper and 16.8 g/t gold. The concentrate samples produced by this work were clean, with all deleterious elements below penalty levels and also had silver grades that would provide payment for part of the silver content under current general smelter contract terms.

Drilling resumed at Josemaria in mid-December, 2012 and is expected to continue until early April, 2013. This season's drilling is focused on possible extensions to the north of the high grade mineralization intersected in JMDH49 as well as possible extensions of mineralization to the south of the current resource.

Tamberias Property, Chile

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. The Company has spent US$800,000 to December 31, 2012. 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 potential for both porphyry copper and high-sulfidation gold mineralization. No work was done at Tamberias during 2012 due to the focus on the adjacent Filo del Sol property.

Other Chilean Projects (Colmillos)

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. Activities at Colmillos during the 2012 were concentrated on permitting and community relations. Drilling was deferred due to the focus on Los Helados and Filo del Sol. An initial drill program of up to 1,500 metres is currently underway.

NORTH AMERICAN PROJECTS

GJ/Kinaskan Project, Canada

The GJ/Kinaskan Property is located in northwest British Columbia, Canada, about 10 kilometres west of Highway 37 and 20 kilometres west of the Red Chris deposit, owned by Imperial Metals, which occurs in a similar geological setting.

The Company has a 100% interest subject to an earn-in option with 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.

The GJ/Kinaskan claims cover an area of about 150 square kilometres and cover a number of significant mineral showings, including the Donnelly, GJ and North zones. The GJ project has a Measured and Indicated resource of 153.3 million tonnes grading 0.32% copper and 0.37 g/t gold, at a cut off 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 to NI 43-101 standards by qualified person Mr. Gary Giroux P.Eng. and is filed on SEDAR under the Company's profile.

During the year Teck advised the Company that it had completed its 2012 exploration program at the Company's GJ copper-gold project in BC. The 2012 exploration program on the GJ property was carried out between June 23rd and September 27th and work was primarily focused on the Wolf, Seestor, QC, and Donnelly Plateau target areas. Teck's exploration program included:

- 730 line kilometres of ZTEM airborne geophysical survey covering the north half of the property.
- Collection of 1,300 AH soil samples.
- Geologic mapping programs at QC, Wolf, Seestor and GJ and the collection of 247 rock samples.
- 10.4 line kilometres of IP and mag geophysical surveys northeast of Seestor.
- 4,000 metres of diamond drilling in eight holes testing geological, geochemical and geophysical targets at Wolf (5), Seestor (1) and on the plateau near camp (2).
- Historic core re-logging and re-interpretation from GJ, Donnelly and North Donnelly.

The program was 100% funded by Teck as part of it's earn-in under the option agreement.

AFRICAN PROJECTS

Mogoraib (Hambok) Eritrea

On October 10, 2012 the Company completed the Agreement to sell the Mogoraib Exploration License which covers the Hambok copper-zinc deposit to Bisha Mining Share Company for consideration of US$5 million. Additional consideration of US$7.5 million will be payable within 10 business days of the commencement of commercial production from the Mogoraib Exploration License.

SELECTED ANNUAL INFORMATION

	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2010
Statement of Operations Data ($000's)			
Total revenue	$ NIL	$ NIL	$ NIL
Exploration expenditures	$ 24,158	$ 9,149	$ 3,932
Net loss from continuing operations	$ (26,675)	$ (12,697)	$ (3,438)
Net loss from discontinued operations	$ (6,875)	$ (6,376)	$ (2,540)
Net loss	$ (33,550)	$ (19,073)	$ (5,978)
Data per Common Share ($)			
Basic and diluted net loss from continuing operations	$ (0.17)	$ (0.08)	$ (0.03)
Basic and diluted net loss from discontinued operations	$ (0.04)	$ (0.04)	$ (0.01)
Basic and diluted net loss	$ (0.21)	$ (0.12)	$ (0.04)
Balance Sheet Data ($000's)			
Total Assets	$ 30,606	$ 61,970	$ 46,234
Long Term Liabilities	$ NIL	$ NIL	$ NIL

SELECTED QUARTERLY INFORMATION

Financial Data for 8 Quarters								
Three Months Ended	**Dec-12**	**Sep-12**	**Jun-12**	**Mar-12**	**Dec-11**	**Sep-11**	**Jun-11**	**Mar-11**
(In thousands $ except for per share amounts)								
Exploration Expenses, net of recoveries	6,866	1,035	6,493	9,764	3,636	1,073	1,623	2,817
Net loss from continuing operations	(7,512)	(3,222)	(5,198)	(10,743)	(5,253)	(1,340)	(2,497)	(3,607)
Net loss from discontinued operations	(790)	(105)	(4,126)	(1,854)	(4,226)	(518)	(966)	(666)
Net loss	(8,302)	(3,327)	(9,324)	(12,597)	(9,479)	(1,858)	(3,463)	(4,273)
Basic and diluted loss per share from continuing operations (i)	(0.05)	(0.02)	(0.03)	(0.07)	(0.04)	(0.01)	(0.01)	(0.02)
Basic and diluted loss per share from discontinued operations (i)	(0.00)	(0.00)	(0.03)	(0.01)	(0.02)	(0.00)	(0.01)	(0.01)
Total basic and diluted loss per share (i)	(0.05)	(0.02)	(0.06)	(0.08)	(0.06)	(0.01)	(0.02)	(0.03)

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

As a result of encouraging drill results, exploration expenditures have been increasing in recent quarters due to increased exploration on the Company's projects in South America.

The net loss from continuing operations for the second quarter ended June 30, 2012 included a gain of $2.8 million from the termination of a 1.5% Net Smelter Return Royalty that the Company held with respect to 70% of production from the Caballo Blanco Project in Mexico.

The exploration activities in Africa were accounted for as discontinued operations in 2012 with the Company's decision to divest its non-core African properties and the eventual sale of Hambok mineral property in Eritrea to Bisha Mining Share Company during the year. The net loss from discontinued operations also includes the write down of the Hambok to net recoverable amount based on its fair value less costs to sell and a $0.4 million payment to Namibian Copper in connection with the Termination and Mutual Release Agreement on the sale of Hambok.

RESULTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 2012 COMPARED TO YEAR ENDED DECEMBER 31, 2011

The Company's net loss for the year ended December 31, 2012 was $33.6 million or $(0.21) per share as compared to a loss of $19.1 million or $(0.12) share for the year ended December 31, 2011. Net loss from continuing operations was $26.7 million or $(0.17) per share compared with a net loss from continuing operations of $12.7 million or $(0.08) per share for 2011. Net loss from discontinued operations for the year ended December 31 2012 was $6.9 million or $(0.04) per share.

The increase in net loss from continuing operations of $14.0 million for the year ended December 31, 2012 was primarily due to increased exploration expenditures of $15.0 million, offset by a gain of $2.8 million from the termination of a 1.5% Net Smelter Royalty that the Company held with respect to production from the Caballo Blanco Project in Mexico. Exploration expenditures have increased as a result of the Company's increased level of exploration activities on its projects in South America due to encouraging results. Also included in the net loss from continuing operations was an unrealized loss of $0.9 million in respect of investments at fair value based upon quoted market prices. Employee benefits have increased by $0.5 million to $0.9 million primarily reflecting bonus payments to key management personnel, director's fees and additional personnel.

The net loss from discontinued operations for the year ended December 2012 and 2011 resulted from the Company's decision to divest its non-core African properties and the eventual sale of the Hambok mineral property to Bisha Mining Company in 2012. The net loss also includes the write down of the Hambok to net recoverable amount based on its fair value less costs to sell and a $0.4 million payment to Namibian Copper in connection with the Termination and Mutual Release Agreement on the sale of Hambok.

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.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2012, the Company had cash and working capital of $17.3 million and $9.7 million, respectively, as compared to cash and working capital of $41.3 million and $33.0 million, respectively, at December 31, 2011. 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 $29.9 million for the year ended December 31, 2012 and consisted primarily of the loss from operations of $33.6 million, which included exploration expenditures of $24.2 million and was adjusted for the impact of non-cash items and changes in non-cash working capital items.

Net cash from investing activities was $4.6 million consisted primarily of proceeds totalling $5.9 million received from the disposition of the Hambok property and the termination of the Net Smelter Royalty from the Caballo Blanco offset by expenditures relating to mineral property option payments and equipment purchases totalling $1.3 million.

Cash flow from financing activities was $0.5 million, which comprised of proceeds from the exercise of stock options.

The Company anticipates that its current financial position, including the receipt of $34 million from the completion of the non-brokered private placement of 10 million shares at $3.40 per share on January 29, 2013, will provide sufficient working capital to fund its share of planned exploration expenditures 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 Los Helados project in Chile and Josemaria project in Argentina. The 2012-2013 South American exploration program began in October, 2012 and is expected to total more than 45,000 metres of drilling. The drill program is focused on Los Helados where approximately 32,000 metres of drilling is underway in order to test for possible extensions of the resource and to upgrade the existing inferred resources to indicated. An additional 8,000 metres of drilling is currently underway for Josemaria and is focused on extending the zone of high grade mineralization intersected last year to the north. The current drilling is expected to lead to updated resource estimates for Los Helados and Josemaria. A small drill program of approximately 800 metres was completed during the first quarter to test possible extensions of high grade copper and silver mineralization drilled at Filo del Sol last season. An initial drill program expected to total approximately 1,500 metres is underway at the Colmillos project. In addition the Company has begun a high level concept study that will evaluate possible development scenarios for the Company's Los Helados and Josemaria projects.

Drilling at all the South American projects is expected to finish by mid April with final drill results expected to be received during the second quarter of 2013. Upon receipt of the drill results the focus will shift to updating the resource estimates for Los Helados and Josemaria. Updated resource estimates are expected during the third quarter of 2013.

NEW ACCOUNTING PRONOUNCEMENTS

The International Accounting Standards Board (IASB) has issued Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities). The amendments clarify the transition guidance in IFRS 10 Consolidated Financial Statements. The effective date of the amendments is for annual periods beginning on or after January 1, 2013, which is aligned with the effective date of IFRS 10, 11 and 12.

IFRS 10, Consolidated Financial Statements, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 Consolidated Financial Statements replaces SIC-12 Consolidation-Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. The Company is currently assessing the impact that the standard will have on its consolidated financial statements and intends to adopt IFRS 10 for the accounting period beginning on or after 1 January 2013.

IFRS 11 Joint Arrangements provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities-Non-monetary Contributions by Venturers.

The Company is currently assessing the impact that the standard will have on its consolidated financial statements.

IFRS 12 Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The Company is currently assessing the impact that the standard will have on its consolidated financial statements and intends to adopt IFRS 12 for the accounting period beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurements aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. It clarifies how to measure fair value when a market becomes less active and improves transparency through additional disclosures. The effective date is for annual periods beginning on or after January 1, 2013. Based on current facts and circumstances, the Company does not expect to be materially affected by the application of this standard.

The amendments to IAS 1 Presentation of Financial Statements require companies to group together items within Other Comprehensive Income ("OCI") that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements.

The amendments to this standard do not change the nature of the items that are currently recognized in OCI. The effective date is for annual periods beginning on or after January 1, 2013. Based on current facts and circumstances, the Company does not expect to be materially affected by the application of this amended standard.

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement, and is currently being developed in stages by the IASB. The IASB has decided to delay implementation until periods beginning on or after January 1, 2015, with early application permitted.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities and expenditures on the financial statements. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual results could materially differ from those estimates.

Examples of significant estimates and assumptions include:

Valuation of Mineral Properties - The Company carries the acquisition costs of its mineral properties at cost less any provision for impairment. The Company undertakes a periodic review of the carrying values of mineral properties and whenever events or changes in circumstances indicate that their carrying values may exceed their fair value. In undertaking this review, management of the Company is required to make significant estimates.

These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties and related expenditures. Mineral exploration costs and maintenance payments are expensed prior to the determination that a property has economically recoverable ore reserves.

Stock-based Compensation - The fair value of stock options is determined using the Black-Scholes option pricing model and are expensed over their vesting periods. In estimating fair value, management of the Company is required to make certain assumptions and estimates regarding the life of the options, volatility and forfeitures rates. Changes in the assumptions used could result in materially different results.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2012, the Company incurred:

(a) management fees of $540,000 (2011 - $540,000) in respect of office facilities and administrative services from Namdo Management Services Ltd. ("Namdo"), a company controlled by a director. At December 31, 2012, $32,921 (December 31, 2011 - $13,754) was due to this company and included in amounts due to related parties.

(b) $173,542 (2011 - $91,800) of aircraft chartered service from Mile High Holdings Ltd., a company associated with the Chairman of the Company. At December 31, 2012, $nil (December 31, 2011 - $nil) was due to this company.

(c) $67,000 (2011 - $nil) of director fees.

(d) $7,516 (2011 - $nil) of legal services from Cassels Brock & Blackwell LLP, a company in which a director is the Senior Business Advisor. At December 31, 2012, $6,171 (2011 - $nil) was due to this company.

(e) $5,625 (2011-$nil) of consulting services from Sirocco Mining Inc., a company related by common directors. At December 31, 2012, $5,625 (2011 - $nil) was due to this company.

These transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

OUTSTANDING SHARE DATA

As at March 22, 2013, the Company had 168,630,726 common shares outstanding and 5,593,417 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.

COMMITMENTS AND CONTINGENCY

a) The Company's Argentine subsidiary, Desarrollo de Prospectos Mineros SA "DPM", has received a claim in January 2009 from the Banco Central de la Republia Argentina ("BCRA") in connection with two foreign exchange transactions made in 2003. It has been alleged that DPM exceeded the maximum allowable limit by approximately US$63,000 for foreign exchange conversions on those days.

   DPM has filed a statement of defence to dismiss this claim. Provisions have not been made in the consolidated financial statements as the likelihood of the loss occurring cannot be determined and the amount of loss if it should occur cannot be reasonably estimated at this early stage. DPM will continue to defend its position.

b) Future minimum payments at December 31, 2012 under various land access and right commitments, which are entered in the normal course of business, are approximately as follows:

In US$	Payment due period < 1 year	1-3 years	3-5 years	Total
Land access rights payments	258,000	504,000	-	762,000
Land purchase	60,000	120,000	810,000	990,000
Water rights payments	135,000	147,000	-	282,000
Total	453,000	771,000	810,000	2,034,000

To the extent that the commitments relate to properties that form part of the Vicuña or Josemaria JEAs the amounts as disclosed above represent the Company's 60% share as the payment.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

Disclosure controls and procedures have been designed to provide reasonable assurance that material information related to the Company is identified and communicated as appropriate on a timely basis. Management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), is responsible for the design and operation of disclosure controls and procedures and has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that they were effective as December 31, 2012.

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.

Changes in internal control over financial reporting

There have been no changes in the Company's internal control over financial reporting during the year ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

RISKS AND UNCERTAINTIES

Below is a summary of the principal risks and related uncertainties facing the Company. Readers are encouraged to read and consider the risk factors more particularly described in the Company's AIF filed under SEDAR for the year ended December 31, 2012.

Exploration and Development Risk: The Company's properties in North and South America are in early exploration stages and are without a known body of commercial ore. Exploration for mineral resources involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. Discovery of mineral deposits is dependent upon a number of factors, not the least of which are the technical skills of the exploration personnel involved and the capital required for the programs.

The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. There is no assurance that the Company's mineral exploration activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that even if commercial quantities of ore are discovered that a new ore body would be developed and brought into commercial production.

The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which are the particular attributes of the deposit (such as size, grade and proximity to infrastructure), commodity prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection.

Most of the above factors are beyond the control of the Company. The Company attempts to mitigate its exploration risk by maintaining a diversified portfolio of projects that includes several metal commodity targets in a number of geologic and political environments. Management also balances the exploration risks through joint ventures and option agreements with other companies.

Mineral Reserve and Resource Estimates Risk: Mineral reserve and resource figures are estimates, and no assurances can be given that the estimated levels of metals will be produced or that the Company will receive the prices assumed in determining its mineral reserves and resources. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the mineral reserve and resource estimates included are well established and reflect management's best estimates, by their nature, mineral reserve and resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. Furthermore, market price fluctuations, as well as increased capital or production costs or reduced recovery rates, may render mineral reserves and resources containing lower grades of mineralization uneconomic and may ultimately result in a restatement of mineral reserves and resources. The evaluation of mineral reserves or resources is always influenced by economic and technological factors, which may change over time.

Metal Price Risk: The Company's portfolios of properties and investments have exposure to predominantly copper, gold and silver. The prices of these metals greatly affect the value of the Company and the potential value of its properties and investments. This, in turn, greatly affects its ability to form joint ventures, option agreements and the structure of any joint ventures formed. This is due, at least in part, to the underlying value of the Company's assets at different metals prices.

Financial Markets: The Company is dependent on the equity markets as its main source of operating working capital and funding for its exploration activities. The Company's capital resources are largely determined by the strength of the resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects. Consequently, there can be no assurance that equity 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.

Foreign Operations Risk: The Company conducts exploration activities in several countries, including Argentina and Chile. Each of these countries expose the Company to risks that may not otherwise be experienced if all operations was located in Canada. The risks include, but are not limited to, civil unrest or war, fluctuations in currency exchange rates, expropriation or nationalization without adequate compensation, changes to royalty and tax regimes, high rates of inflation, labour unrest and difficulty in understanding and complying with the regulatory and legal framework respecting ownership and maintenance of mineral properties.

Changes in mining or investment policies or shifts in political attitudes may also adversely affect Company's existing assets and operations. Real and perceived political risk may also affect Company's ability to finance exploration programs and attract joint venture or option partners, and future mine development opportunities.

Competition: There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other exploration and mining companies, many of which have greater financial resources than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

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

Programs may also be delayed or prohibited in some areas due to technical factors, new legislative constraints, social opposition or local government capacity or willingness to issue permits to explore in a timely manner.

In parts of Argentina, there is significant environmental opposition to both mineral exploration and mining. This has affected properties in some of the provinces where the Company works, in particular in Mendoza where the Company had two drill ready projects, Paramillos and Papagallos. In certain other Argentine provinces, there is a significant degree of anti-mining sentiment which affects the risk of successfully exploring and developing the Company's assets in those provinces.

The Argentine Congress has passed legislation designed to protect the country's glaciers. This law would prevent development on and around glaciers. The detailed regulations that will govern implementation of the law have not yet been written but this legislation could affect the Company's ability to develop parts of the Vicuña and possibly part of the Josemaria property.

Title Risk: The Company has investigated its right to explore and exploit its properties and, to the best of its knowledge, those rights are in good standing except for the imposed provincial park boundary expansion over the Papagallos Project, and anti-mining legislation affecting all mineral exploration in Mendoza and La Rioja provinces in Argentina. The results of the Company's investigations should not be construed as a guarantee of title. No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining authorizations nor that such exploration and mining authorizations will not be challenged or impugned by third parties.

Although the Company has not had any problem renewing its licenses in the past there is no guarantee that it will always be able to do so. Inability to renew a license could result in the loss of any project located within that license.

The Company is earning an interest in certain of its properties through option agreements and acquisition of title to the properties is completed only when the option conditions have been met. These conditions include making property payments, incurring exploration expenditures on the properties and satisfactory completion of certain pre-feasibility studies and third party agreements.

If the Company does not satisfactorily complete these option conditions in the time frame laid out in the option agreements, the Company's title to the related property will not vest and the Company will have to write down its previously capitalized costs related to that property

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.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements of NGEx Resources Inc. (the "Company") and other financial information contained in the management's discussion and analysis are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Accounting Standards as issued by the International Accounting Standards Board, using management's best estimates and judgment based on currently available information.

In order to discharge management's responsibility for the integrity of the financial statements, the Company maintains an appropriate system of internal controls to provide reasonable assurance that financial information is accurate and reliable and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors carries out its responsibilities for the consolidated financial statements principally through its Audit Committee, comprised of independent directors. The Audit Committee reviews the Company's annual consolidated financial statements and recommends their approval to the Board of Directors. The Company's auditors have full access to the Audit Committee, with and without management being present.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, Independent Chartered Accountants.

"Wojtek Wodzicki"
President and Chief Executive Officer

"Wanda Lee"
Chief Financial Officer

Vancouver, British Columbia
March 22, 2013

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of NGEx Resources Inc.

We have audited the accompanying consolidated financial statements of NGEx Resources Inc., which comprise the consolidated balance sheets as at December 31, 2012 and December 31, 2011 and the consolidated statements of loss and comprehensive loss, statements of cash flows, and statements of changes in equity for the years ended December 31, 2012 and December 31, 2011, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of NGEx Resources Inc. as at December 31, 2012 and December 31, 2011 and its financial performance and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with International Financial Reporting Standards.

Signed *PricewaterhouseCoopers LLP*

Chartered Accountants
March 22, 2013
Vancouver, BC

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

	Note	December 31, 2012	December 31, 2011
ASSETS			
Current:			
Cash and cash equivalents	4	$ 17,296,923	$ 41,337,097
Investments	6	836,000	-
Receivables and other	5	627,004	758,917
		18,759,927	42,096,014
Non-current:			
Equipment, net	7	271,679	423,724
Mineral properties	8	11,566,206	19,442,632
Other assets		8,000	8,000
		$ 30,605,812	$ 61,970,370
LIABILITIES AND EQUITY			
Current:			
Trade payables and accrued liabilities	10	$ 6,174,204	$ 4,841,244
Due to related parties	15	44,717	13,754
Due to joint venture partners		2,877,567	4,240,082
		9,096,488	9,095,080
Share Capital	12	181,485,132	180,786,894
Reserved for issuance		1,284	1,284
Contributed surplus	12	6,348,030	4,732,202
Cumulative deficit		(164,759,836)	(131,209,781)
Accumulated other comprehensive loss		(1,565,286)	(1,435,309)
		21,509,324	52,875,290
		$ 30,605,812	$ 61,970,370
Subsequent event	21		

ON BEHALF OF THE BOARD:

/s/William A. Rand
Director

/s/Wojtek A. Wodzicki
Director

The accompanying notes are an integral part of these financial statements

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

	Note	For the Year Ended December 31, 2012	2011
Expenses			
Exploration and project investigation	13	$ 24,157,882	$ 9,149,442
General and Administration:			
Salaries and benefits	15	941,173	425,260
Share-based compensation		1,421,548	1,220,111
Management fees		540,000	540,000
Professional fees		498,547	345,942
Travel		201,719	97,819
Promotion and public relations		375,642	286,879
Donation		119,000	376,000
Office and general		229,998	189,082
Operating loss		28,485,509	12,630,535
Other (income) expenses			
Interest income		(115,206)	(189,032)
Foreign exchange		46,349	177,301
Other expenses		94,598	117,638
Gain on sale of subsidiaries		-	(39,162)
Gain on disposition of royalty interest	14	(2,782,000)	-
Unrealized loss on investments		946,000	-
Net loss from continuing operations		26,675,250	12,697,280
Net loss from discontinued operations	9	6,874,805	6,375,520
Net Loss		33,550,055	19,072,800
Other Comprehensive loss			
Cumulative foreign currency translation adjustment		129,977	310,265
Comprehensive loss		$ 33,680,032	$ 19,383,065
Basic and diluted net loss per common share attributed to NGEx shareholders:			
Continuing operations		$ 0.17	$ 0.08
Discontinuing operations		$ 0.04	$ 0.04
		$ 0.21	$ 0.12
Total weighted average number of shares outstanding			
Basic and Diluted		158,380,647	149,905,814

The accompanying notes are an integral part of these financial statements

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

	For the Year Ended December 31, 2012	2011
Cash flows used in operating activities		
Net loss for the year	$ (33,550,055)	$ (19,072,800)
Items not affecting cash		
Depreciation	164,354	70,026
Share-based compensation	1,806,183	1,528,806
Gain on sale of subsidiaries	-	(39,162)
Gain on disposition of royalty interest	(2,782,000)	-
Unrealized loss on investment	946,000	-
Write-down of mineral property interest	2,861,916	3,371,306
Changes in non-cash working capital items:		
Receivables and other	235,830	(501,052)
Trade payables and accrued liabilities	1,546,020	2,955,928
Due to related parties	30,963	(21,079)
Advances to joint venture partners	(1,264,631)	2,360,416
	(30,005,420)	(9,347,611)
Cash flows from financing activities		
Exercise of stock options	507,883	1,770,537
Common shares issued, net	-	26,590,732
	507,883	28,361,269
Cash flows from (used in) investing activities		
Net cash on sale of Hambok mineral property	4,918,500	-
Net cash on sale of subsidiaries	-	39,162
Mineral properties and related expenditures	(1,297,033)	(639,830)
Cash received on disposition of royalty interest	1,000,000	-
Purchase of equipment	(30,916)	(306,380)
Other assets	-	35,500
	4,590,551	(871,548)
Effect of foreign exchange rate change on cash and cash equivalents	866,812	(70,187)
(Decrease) increase in cash and cash equivalents	(24,040,174)	18,071,923
Cash and cash equivalents, beginning of the year	41,337,097	23,265,174
Cash and cash equivalents, end of the year	$ 17,296,923	$ 41,337,097

The accompanying notes are an integral part of these financial statements

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

	Number of Shares issued and outstanding	Number of Shares reserved for issuance	Share capital	Reserved for issuance	Contributed surplus	Accumulated other comprehensive income (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 shares options	461,375	-	698,238	-	(190,355)	-	-	507,883
Stock-based compensation	-	-	-	-	1,806,183	-	-	1,806,183
Effects of foreign currency translation	-	-	-	-	-	(129,977)	-	(129,977)
Unrealized loss on investments							858,000	858,000
Recognition of unrealized loss on investments to income statement							(858,000)	(858,000)
Exchange of reserved shares	8	(8)						
Loss for the year	-	-	-	-	-	-	(33,550,055)	(33,550,055)
Balance December 31, 2012	158,582,393	20,240	$ 181,485,132	$ 1,284	$ 6,348,030	$ (1,565,286)	$ (164,759,836)	$ 21,509,324
Balance January 1, 2011	147,087,899	20,348	$ 151,762,620	$ 1,290	$ 3,866,395	$ (1,125,044)	$ (112,136,981)	$ 42,368,280
Exercise of shares options	2,033,011	-	2,433,536	-	(662,999)	-	-	1,770,537
Private Placement	9,000,000	-	26,590,732					26,590,732
Stock-based compensation	-	-	-	-	1,528,806	-	-	1,528,806
Exchange of reserved shares	100	(100)	6	(6)	-	-	-	-
Effects of foreign currency translation	-	-	-	-	-	(310,265)	-	(310,265)
Loss for the year	-	-	-	-	-	-	(19,072,800)	(19,072,800)
Balance December 31, 2011	158,121,010	20,248	$ 180,786,894	$ 1,284	$ 4,732,202	$ (1,435,309)	$ (131,209,781)	$ 52,875,290

The accompanying notes are an integral part of these 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

These consolidated financial statements for the year ended December 31, 2012 ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on a historical cost basis except for certain financial assets, which are measured at fair value.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

The financial statements were authorized for issuance by the Board of Directors on March 25, 2013.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in these consolidated financial statements are as follows:

a) Consolidation

These financial statements include the accounts of the Company and its subsidiaries. All intercompany balances, transactions, income and expenses, and profits or losses between group companies are eliminated in full on consolidation. Accounting policies of subsidiaries, joint ventures and associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

The significant subsidiaries of the Company are listed below:

Entity	Location	Entity Type at December 31, 2012	Interest at December 31, 2012	Method
Desarrollo de Propspectos Mineros S.A.	Argentina	Subsidiary	100%	Consolidation
Minera Frontera del Oro S.C.M.	Chile	Subsidiary	100%	Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

The Company also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise in circumstances where the size of the Company's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

(ii) Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control such that significant operating and financial decisions require the unanimous consent of the parties sharing control. In some situations, joint control exists even though the Company has an ownership interest of more than 50% because of the veto rights held by joint venture partners.

Jointly controlled assets ("JCAs"): A JCA is a joint venture in which the venturers have joint control over the assets contributed to or acquired for the purposes of the joint venture. JCAs do not involve the establishment of a corporation, partnership or other entity.

This includes situations where the participants derive benefits from the joint activity through a share of the production, rather than by receiving a share of the results of trading.

The Company's interests in JCAs are accounted for using proportionate consolidation whereby the Company's proportionate interest in each of the assets, liabilities, revenues, expenses and cash flows of JCAs are incorporated into Company's financial statements under the appropriate headings.

b) Critical accounting estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities and expenditures on the financial statements. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual results could materially differ from those estimates.

Examples of significant estimates and assumptions include:

Valuation of Mineral Properties - The Company carries the acquisition costs of its mineral properties at cost less any provision for impairment. The Company undertakes a periodic review of the carrying values of mineral properties and whenever events or changes in circumstances indicate that their carrying values may exceed their fair value. In undertaking this review, management of the Company is required to make significant estimates.

These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties and related expenditures. Mineral exploration costs and maintenance payments are expensed prior to the determination that a property has economically recoverable ore reserves.

Income Taxes - Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences"), and losses carried forward.

The determination of the ability of the Company to utilize tax loss carry-forwards to offset deferred tax payable requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is "probable" that the Company will benefit from these prior losses and other deferred tax assets. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

Examples of significant judgments, apart from those involving estimation, include the Company's choice to depreciate its equipment on a straight-line method as it believes that this method better reflects the consumption of resources related to the economic lifespan of those assets and is more representative of the economic substance of the underlying use of the equipment.

c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the person that makes strategic decisions.

The Company's primary activity is the exploration and development of mineral properties. The Company's operating and reportable segments are the Vicuña joint exploration project, the Josemaria joint exploration project and non-joint venture projects.

d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

(iii) Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
(b) Income and expenses for each income statement are translated at average exchange.
(c) All resulting exchange differences are recognized in other comprehensive income.

e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset consists of its purchase price, any directly attributable costs of bringing the asset to its present working condition and location for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation of each asset is calculated using the straight-line method to allocate its cost less its residual value over its estimated useful life. The estimated useful lives of fixed assets are as follows:

Furniture and office equipment	2 to 3 years
Field equipment	3 years
Vehicles	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the income statement.

f) Exploration and evaluation expenditure and mineral properties

The Company is in the process of exploring its mineral properties and has adopted the policy of capitalizing significant acquisition costs for property rights, including payments for exploration rights and leases and estimated fair value of exploration properties acquired as part of a business acquisition. Mineral exploration costs and maintenance payments are expensed prior to the determination that a property has economically recoverable ore reserves.

Development expenditures incurred subsequent to a determination of the feasibility of mining operations and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

g) Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Non-financial assets with indefinitive lives are tested for impairment in December of each year. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

h) Financial instruments

Classification

In respect of the recognition and measurement of financial instruments, the Company has adopted the following policies:

	Accounting Classification			
Financial instrument	Fair value through net income	Loans and receivables	Available for sale	Other financial liabilities
Measured at amortized cost:				
Receivables and others, cash and cash equivalents		X		
Due from joint venture partners		X		
Trade payables and accrued liabilities				X
Due to related parties				X
Due to joint venture partners				X
Measured at fair value:				
Investments			X	

With the exception of investments, the carrying value of its financial instruments approximates their fair value due to the immediate or short term maturity of these investments. The fair value of investments is determined directly by reference to quoted market prices in active markets.

Impairment of financial assets

(i) Assets carried at amortized cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The asset’s carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statement of loss.

(ii) Assets classified as available for sale

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the separate consolidated statement of loss.

Impairment losses recognized in the separate consolidated income statement on equity instruments are not reversed through the separate consolidated statement of loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the separate consolidated statement of loss.

i) Current and deferred income tax

The Company follows the liability method of accounting for income taxes. Deferred income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years for tax purposes to the extent they are more likely than not to be realized. The amounts recognized in respect of deferred income tax assets and liabilities are based upon the expected timing of the reversal of temporary differences or usage of tax losses and application of the substantively enacted tax rates at the time of reversal or usage.

j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

k) Share capital

Common shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

l) Share-based compensation

The Company has a share-based compensation plan, under which the entity receives services from employees and non-employees as consideration for equity instruments (options) of the Company.

The fair value of the employee and non-employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

Non-market performance and service conditions are included in assumption about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

Stock options granted to employees are measured on the grant date.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of loss, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

m) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

n) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

o) New accounting pronouncements

The International Accounting Standards Board (IASB) has issued Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities). The amendments clarify the transition guidance in IFRS 10 Consolidated Financial Statements. The effective date of the amendments is for annual periods beginning on or after January 1, 2013, which is aligned with the effective date of IFRS 10, 11 and 12.

IFRS 10, Consolidated Financial Statements, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 Consolidated Financial Statements replaces SIC-12 Consolidation-Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. The Company is currently assessing the impact that the standard will have on its consolidated financial statements and intends to adopt IFRS 10 for the accounting period beginning on or after 1 January 2013.

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

IFRS 11 Joint Arrangements provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities-Non-monetary Contributions by Venturers. The Company is currently assessing the impact that the standard will have on its consolidated financial statements

IFRS 12 Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The Company is currently assessing the impact that the standard will have on its consolidated financial statements and intends to adopt IFRS 12 for the accounting period beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurements aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. It clarifies how to measure fair value when a market becomes less active and improves transparency through additional disclosures. The effective date is for annual periods beginning on or after January 1, 2013. The Company is currently assessing the impact that the standard will have on its consolidated financial statements and to adopt the new standards for the accounting period beginning on or after 1 January 2013 if applicable.

The amendments to IAS 1 Presentation of Financial Statements require companies to group together items within Other Comprehensive Income (“OCI”) that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The amendments to this standard do not change the nature of the items that are currently recognized in OCI. The effective date is for annual periods beginning on or after January 1, 2013. Based on current facts and circumstances the Company does not expect to be materially affected by the application of the amended standard.

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement, and is currently being developed in stages by the IASB. The IASB has decided to delay implementation until periods beginning on or after January 1, 2015, with early application permitted.

4. CASH

	December 31, 2012 $	2011 $
Cash on hand and balances with banks	17,296,923	16,337,097
Short-term deposits	-	25,000,000
Total cash	17,296,923	41,337,097

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

5. RECEIVABLES AND OTHER

	December 31, 2012 $	2011 $
Value added taxes and taxes recoverable	416,042	116,987
Prepaid expenses	153,513	460,796
Other	57,449	181,134
Total receivable and other	627,004	758,917

6. INVESTMENTS

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. (See Note 14)

During the year ended December 31, 2012, an unrealized loss of $946,000 arising from a decline in market conditions that was considered to be other than temporary, was recorded in the income statement and the investment measured at fair value of $836,000 based upon quoted market prices.

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

7. EQUIPMENT

	Furniture and office equipment	Field equipment	Vehicles	Leasehold Improvements	Total
Cost					
As at January 1, 2011	$ 322,800	$ 324,970	$ 44,557	$ -	$ 692,327
Additions		109,930	13,450	183,000	306,380
Disposals and other	(544)	-	(16,467)	-	(17,011)
Effect of changes in foreign exchange rates	(18,934)	(19,093)	(2,441)	-	(40,468)
As at December 31, 2011	$ 303,322	$ 415,807	$ 39,099	$ 183,000	$ 941,228
Additions	-	30,916	-	-	30,916
Effect of changes in foreign exchange rates	(44,392)	(40,478)	(5,722)	-	(90,592)
As at December 31, 2012	$ 258,930	$ 406,245	$ 33,377	$ 183,000	$ 881,552
Accumulated depreciation					
As at January 1, 2011	$ 290,949	$ 180,910	$ 23,021	$ -	$ 494,880
Depreciation for the period	19,144	38,043	6,739	6,100	70,026
Disposals and other	(544)	-	(16,467)	-	(17,011)
Effect of changes in foreign exchange rates	(18,188)	(11,422)	(781)	-	(30,391)
As at December 31, 2011	$ 291,361	$ 207,531	$ 12,512	$ 6,100	$ 517,504
Depreciation for the period	9,468	130,467	6,119	18,300	164,354
Effect of changes in foreign exchange rates	(43,922)	(26,232)	(1,831)	-	(71,985)
As at December 31, 2012	$ 256,907	$ 311,766	$ 16,800	$ 24,400	$ 609,873
Net book amount					
As at December 31, 2011	$ 11,961	$ 208,276	$ 26,587	$ 176,900	$ 423,724
As at December 31, 2012	$ 2,023	$ 94,479	$ 16,577	$ 158,600	$ 271,679

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

8. MINERAL PROPERTIES

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

	Canada (Note (a))	South America (Note (b))							Africa (Note 9)	
		Vicuna Joint Exploration Agreement (i)			Josemaria Joint Exploration Agreement (ii)	Other Projects (iii - v)				
	GJ/Kinaskan	Los Helados	La Chola	Lirio	Josemaria	Paramillos	Papagallos	Tamberias	Hambok	Total
Cost	$	$	$	$	$	$	$	$	$	
At January 1, 2011	136,997	2,842,464	-	54,731	8,221,533	206,038	-	-	11,012,532	22,474,295
Additions	-	-		-	-	244,650	-	395,180		639,830
Impairment charge									(3,371,306)	(3,371,306)
changes in foreign exchange	-	(258,406)		3,826	(431,426)	14,265	-	12,780	358,774	(300,187)
At December 31, 2011	136,997	2,584,058	-	58,557	7,790,107	464,953	-	407,960	8,000,000	19,442,632
Additions	-	59,046	126,837	-	-	593,606	121,482	396,062		1,297,033
Disposal									(4,918,500)	(4,918,500)
Impairment charge	-	-		-	-	-	-	-	(2,861,917)	(2,861,917)
changes in foreign exchange	-	101,323	(5,867)	(8,570)	(1,140,096)	(113,308)	(10,729)	3,788	(219,583)	(1,393,042)
At December 31, 2012	136,997	2,744,427	120,970	49,987	6,650,011	945,251	110,753	807,810	-	11,566,206

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.

(a) CANADIAN PROPERTIES

GJ and Kinaskan Lake Properties, B.C.

GJ Property – The Company owns a 100% interest, subject to an earn in option by Teck Resources Limited ("Teck") as described below, in the GJ Property, a porphyry copper-gold prospect located in the Liard Mining Division of northern British Columbia.

Kinaskan Lake Property – The Company owns a 100% interest, subject to an earn in option by Teck as described below in the Kinaskan Lake mineral claims located in the Liard Mining District, British Columbia. The claims are subject to a net smelter return royalty of 1%, one-half of which may be repurchased by the Company for $500,000 prior to January 21, 2030.

Teck's Earn-In Option - In August 2010, the Company entered into an earn-in option agreement with Teck whereby Teck can earn up to a 75% interest in the GJ and Kinaskan properties by paying the Company $100,000 (paid) on signing the Agreement and exercising the following options.

First Option: Teck will have the option to earn an initial 51% interest by making cumulative expenditures of $12 million on or before December 31, 2014 of which a minimum of $2.5 million in expenditures, including a firm commitment of 1,500 metres of drilling, must be spent on or before December 31, 2011. While Teck has fulfilled the minimum expenditures of $2.5 million and the drilling commitment by December 31, 2011, the cumulative expenditures of $12 million had not yet been reached as at December 31, 2012.

Second Option: Upon exercise of the First Option, Teck will have a one-time option to elect to earn an additional 9% interest for a total of 60% interest by sole funding another $12 million in expenditures prior to December 31, 2017 with minimum annual expenditure of $2 million per year.

Third Option: Upon exercising the Second Option Teck will have a one-time option to elect to earn an additional 15% interest for a total of 75% interest by sole funding another $20 million in expenditures prior to December 31, 2020.

After the formation of a joint venture at any of the earn-in periods, expenditures are to be funded by the Company and Teck in pro rata to the interest held. If any ownership interest falls below 10% it will convert to a 2% Net Smelter Return after payback of project expenditures.

(b) SOUTH AMERICAN PROPERTIES

(i) Vicuña Joint Exploration Agreement ("Vicuña JEA"), Argentina and Chile

The Vicuña JEA covers a large land package located in Argentina and Chile (the "Vicuña Properties") that is subject to a Joint Exploration Agreement with Japan Oil, Gas and Metals National Corporation ("Jogmec") under which the Company holds a 60% participating interest and Jogmec holds a 40% participating interest.

Effective September 7, 2012, Jogmec has exercised its right under the Vicuña JEA to transfer its 40% interest in the Vicuña JEA to a nominated Japanese company Pan Pacific Copper Co., Ltd. ("PPC"). PPC will assume Jogmec's rights and responsibilities under the Vicuña JEA. NGEx remains the operator of the project with a 60% interest.

A portion of the Vicuña Properties is subject to underlying agreements:

a) The Lirio Property: The 100% owned Lirio Property is divided between the Vicuña JEA and Josemaria JEA. The Lirio Property-Vicuña Portion is that part of the Lirio Property which forms part of the Vicuña JEA. The Lirio Property-Josemaria Portion is that part of the Lirio Property which is held 60% by the Company and 40% by Jogmec under the Josemaria Joint Exploration Agreement as described below.

The Lirio Property is subject to a 0.5% Net Smelter Return royalty and a further US$2 million payment due within 6 months following the second complete year of mine operations both payable to the original owner.

b) Vicuña (Concina) Property: The Company holds a 45% participating interest and PPC holds a 30% participating interest and the underlying land owner holds a 25% participating interest subject to a dilution clause in the case of non-contribution. There is a payment of US$1.1 million due to the underlying owner within 30 months after a mine goes into production on the Vicuña Property.

c) La Chola Property: The La Chola Property is subject to an agreement whereby the Company and PPC can earn a 100% combined interest through payments in stages totaling US$375,000 over 8 years subject to a 1 % NSR. As at December 31, 2012, the Company and its joint venture partner have made the necessary payments to acquire a 100% interest.

The remainder of the property, including the Los Helados project in Chile, subject to the Vicuña JEA was acquired by staking. The amount due to PPC at December 31, 2012 in respect of advance cash calls to fund ongoing exploration on the Vicuña JEA was $1,586,794 (2011 - $2,691,401).

(ii) Josemaria Joint Exploration Agreement ("Josemaria JEA"), Argentina

The Josemaria JEA is an agreement dated March 16, 2009 with Jogmec under which the Company holds a 60% interest and Jogmec a 40% interest in two properties (Lirio Property-Josemaria Portion and Batidero) that jointly comprise Josemaria. The Lirio Property is subject to an underlying agreement as described above.

The amount due to Jogmec at December 31, 2012 in respect of cash calls to fund ongoing exploration on the Josemaria JEA was $1,290,773 (2011 - $1,548,681).

(iii) Paramillos Project: copper and gold explorations property, Argentina (Mendoza Province)

On August 23, 2010, the Company signed an amended earn in agreement with Minera del Oeste, S.R.L. ("MIDO") whereby the Company can earn an 80% interest in the Paramillos copper/gold properties ("Paramillos") in Mendoza province, Argentina by the payment in stages of a total of US$2.7 million to December 28, 2013. As at December 31, 2012, the Company has cumulatively paid US$1,050,000 of option payments to this project.

The Company has the right to purchase the remaining 20% interest in the property for US$14.3 million by March 2015 to own 100% of Paramillos.

(iv) Papagallos, Argentina

In July 2011, the Company signed an amended earn in agreement with Minera Aguatu S.A. whereby the Company can earn an 80% interest in the Papagallos properties in Argentina by the payment in stages of a total of US$2 million to 2016. As at December 31, 2012, the Company has cumulatively paid US$125,000 of option payments to this project.

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

(v) Tamberias property, Chile

On March 25, 2011 the Company entered into 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 June 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. The Tamberias property is located in Region 3, Chile and is adjacent to the Vicuña joint exploration project, which is located in Argentina. The Company has cumulatively paid US$800,000 as at December 31, 2012.

9. DISCONTINUED OPERATIONS

On October 10, 2012, the Company sold its Mogoraib Exploration License which covers the Hambok copper-zinc deposit for proceeds of US$5 million. An additional US$7 million will be receivable within 10 business days of the commencement of commercial production from the Hambok property. No amount has been recognized in these financial statements with respect to this contingent consideration given the uncertainties surrounding the progress of this project towards production.

There have been no significant financing activities related to the discontinued operations during fiscal 2012. The net cash outflows from discontinued operations related primarily to exploration activities, offset by cash inflows from the sale of the Hambok mineral property.

The following table presents selected financial information related to discontinued operations:

	Year Ended December 31	
	2012	**2011**
	$	**$**
Exploration and project investigation	3,961,428	2,905,054
Write-down of mineral property interests	2,861,916	3,371,306
Share based compensation	51,461	99,160
Loss from discontinued operations	6,874,805	6,375,520

10. TRADE PAYABLES AND ACCRUED LIABILITIES

	December 31,	
	2012	**2011**
	$	**$**
Trade Payables	3,298,587	4,184,812
Accrued Liabilities	2,849,309	396,767
Others	26,308	259,665
Total trade payables and accrued liabilities	6,174,204	4,841,244

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

11. SHARE CAPITAL

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

12. 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 year ended December 31, 2012, the Company granted a total of 1,815,000 (2011 – 2,215,000) share options to officers, employees, directors and other eligible persons at exercise prices of $1.65 to $2.50 per share.

The weighted average fair value of the options granted during the year was estimated at $0.73 (2011 - $1.21) per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	Year ended December 31,	
	2012	**2011**
Dividend yield	0%	0%
Risk-free interest rate	0.99%	1.28%
Expected option life	3 years	3 years
Expected volatility (i)	65.06%	77.95%

(i) A share-based compensation cost of $1,331,928 for the options granted for the year ended December 31, 2012 (2011 - $2,690,391) will be amortized over the vesting period of which $738,822 was recognized in the year ended December 31, 2012 (2011 - $1,528,806).

The total share-based compensation for the year ended December 31, 2012 was $1,806,183 (2011 - $1,528,806) of which $1,455,832 (2011 - $1,220,111) has been allocated to Administration expenses and $350,351 (2011 - $308,695) to Exploration and project investigation and exploration expenses.

b) Share Options Outstanding

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

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

	December 31, 2012		**December 31, 2011**	
	Number of Share Options	Weighted Average Exercise Price $	Number of Share Options	Weighted Average Exercise Price $
Outstanding at beginning of year	4,577,673	1.68	4,488,184	0.91
Granted	1,815,000	1.69	2,215,000	2.42
Exercised	(461,375)	1.10	(2,033,011)	0.87
Forfeited/expired	(289,548)	2.78	(92,500)	0.70
Outstanding at end of year	5,641,750	1.66	4,577,673	1.67
Options exercisable at end of year	3,761,318	1.50	2,988,081	1.26
Weighted average fair value per option granted during the year		0.73		1.21

The following summarized information about the share options outstanding and exercisable at December 31, 2012:

	Options Outstanding			**Options exercisable**		
Range of Exercise Prices	Number of Share Options Outstanding	Weighted Average Remaining Contractual Life (yrs)	Weighted Average Exercise Price $	Number of Share Options Outstanding	Weighted Average Remaining Contractual Life (yrs)	Weighted Average Exercise Price $
$0.50 - $1.30	1,710,750	1.96	0.71	1,710,750	1.96	0.71
$1.31 - $3.42	3,931,000	2.05	2.08	2,050,568	1.87	2.16
	5,641,750	2.02	1.66	3,761,318	1.91	1.50

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

13. EXPLORATION AND PROJECT INVESTIGATION

	South America					Canada	Total
	Vicuna Joint Venture	**Josemaria Joint Venture**	**Colmillos**	**Andrea**	**Other**		
For the year ended December 31, 2012							
Gov't fees, licenses, permits, taxes, rights and land access	$ 473,167	$ 20,214	$ 110,742	$ 16,163	$ 47,200	$ 980	$ 668,467
Field salaries, contract labour, field supplies & equipment rental	1,493,125	445,711	12,495	2,277	108,687	-	2,062,294
Camp costs	1,673,362	382,834	1,664	-	14,906	-	2,072,766
Consultants	114,660	21,526	-	-	404		136,590
Drilling and Fuel	9,221,263	2,174,724	-	-	-	-	11,395,987
Geochemistry and geophysics	727,763	290,908	124	-	83	5,130	1,024,008
Road work & trenching	1,392,731	163,154	-	-	-	-	1,555,885
Transport and travel	951,591	179,980	3,241	-	164,244	-	1,299,057
Environmental & community relations	303,557	72,482	86,107	-	47,651	-	509,797
Value added tax	1,687,611	816,626	10,122	-	9,029	-	2,523,388
Office & general expense	69,810	28,451	-	-	478,208	-	576,469
Share based compensation	259,876	63,303	3,332	-	6,663	-	333,174
Total for the year	$ 18,368,516	$ 4,659,913	$ 227,827	$ 18,440	$ 877,075	$ 6,110	$ 24,157,882
For the year ended December 31, 2011							
Gov't fees, licenses, permits, taxes, rights and land access	$ 518,489	$ 6,803	$ 109,793	$ 16,945	$ 320,057	$ 980	$ 973,067
Field salaries, contract labour, field supplies & equipment rental	892,626	394,722	183,614	47,082	190,096	-	1,708,140
Camp costs	297,227	253,805	40,817	287	17,904	-	610,040
Consultants	34,242	31,641	6,180	1,534	32,348		105,945
Drilling and Fuel	1,212,822	690,169	-	-	-	-	1,902,991
Geochemistry and geophysics	278,861	60,342	131,243	110,593	2,259	5,130	588,428
Road work & trenching	645,934	141,064	355,144	-	33,932	-	1,176,074
Transport and travel	228,750	97,187	92,877	1,484	26,574	-	446,872
Environmental & community relations	135,841	9,125	8,275	-	28,205	-	181,446
Value added tax	563,565	241,622	58,272	10,670	297,333	-	1,171,462
Office & general expense	27,045	8,866	1,570	644	37,318		75,443
Share based compensation	111,043	44,587	23,157	4,436	26,311	-	209,534
Total for the year	$ 4,946,445	$ 1,979,933	$ 1,010,942	$ 193,675	$ 1,012,337	$ 6,110	$ 9,149,442

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

14. DISPOSITION OF ROYALTY INTEREST

In April 2012 the Company entered into an agreement whereby the Company and Candymin S.A. De C.V., a wholly owned subsidiary of Goldgroup Mining Inc. ("Goldgroup"), agreed to terminate and extinguish the 1.5% Net Smelter Return Royalty that the Company held with respect to 70% of production from the Caballo Blanco Project in Mexico for total consideration of $2.78 million, comprising of $1 million cash and 2.2 million common shares of Goldgroup, which were valued at $1.782 million.

15. RELATED PARTY TRANSACTIONS

(a) Related parties expenses

The Company incurred the following expenses with Namdo Management Services Limited ("Namdo"), Lundin Mining Corporation ("Lundin Mining") and Sirocco Mining Inc. ("Sirocco"), companies related by way of certain common directors and shareholders. 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. During fiscal year 2011 the Company made a donation to Lundin Foundation ("LF"), a charitable organization directed by certain directors of the Company.

		Year ended December 31,	
	Related party	2012 $	2011 $
Management fee	Namdo	540,000	540,000
Leasehold improvements	Namdo	-	183,000
Aircraft charter and travel	Mile	173,542	91,800
Consulting services	Sirocco	5,625	-
Legal services	Cassels Brock	7,516	-
Director fees	Directors	67,000	-
Technical services	Lundin Mining	-	3,376
Donation	LF	-	270,000
Total related parties expenses		793,683	1,088,176

(b) Related parties liabilities

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

	December 31, 2012 $	2011 $
Namdo	32,921	13,754
Sirocco	5,625	-
Cassels Brock	6,171	-
Total related parties liabilities	44,717	13,754

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

(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:

	Year ended December 31 2012 $	2011 $
Salaries	849,792	375,833
Employee benefits	30,535	19,736
Director fees	67,000	-
Share based compensation	1,289,585	1,049,472
Total compensation of key management	2,236,912	1,445,041

16. INCOME TAXES

	December 31, 2012	2011
Combined basic federal and provincial income tax rates	25.00%	26.50%
Income/(loss) before taxes	$ (33,550,055)	$ (19,072,800)
Expected income provision (recovery)	$ (8,387,514)	$ (5,054,292)
Non-deductible share based compensation	451,546	405,134
Other non-deductible expenses and permanent differences	1,719,591	(599,100)
Difference in foreign tax rates	707,027	(856,684)
Income tax benefits not recognized and other items	5,610,135	6,160,322
Income tax benefits not previously recognized	(100,785)	(55,380)
Future income tax expense/(recovery)	$ -	$ -

Unrecognized deferred tax assets	December 31, 2012 $	2011 $
Loss carryforwards	9,531,384	6,671,026
Capital losses	183,515	223,564
Mining properties and related expenditures	12,694,668	12,199,753
Other	486,104	260,035
	22,895,671	19,354,378

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

As at December 31, 2012, the Company has the following tax losses in Canada, Chile and Argentina which may be used to reduce future taxable income. The income tax benefit, if any, of these losses have not been recorded in these consolidated financial statements due to the uncertainty of their recovery. The future expiration of the losses is as follows:

	Year of Expiry	Canada $	Chile $	Argentina $	2012 Total $
Operating tax losses for tax purposes					
	2013	-	-	3,258,589	3,258,589
	2014	341,490	-	624,567	966,057
	2015	277,675	-	4,115,291	4,392,966
	2016	-	-	1,054,659	1,054,659
		-	-	5,368,858	5,368,858
	2024	300,252	-	-	300,252
	2025	953,151	-	-	953,151
	2026	1,311,022	-	-	1,311,022
	2027	2,177,792	-	-	2,177,792
	2028	1,811,344	-	-	1,811,344
	2029	1,579,121	-	-	1,579,121
	2030	43,255	-	-	43,255
	2031	1,980,785	-	-	1,980,785
	2032	4,692,681	-	-	4,692,681
No Expiry			3,560,500		3,560,500
Total operating tax losses		15,468,568	3,560,500	14,421,963	33,451,031

17. SEGMENTED INFORMATION

The geographic distribution of non-current assets and expenditures by segment are as follows:

Non-Current Assets:

	December 31, 2012			December 31, 2011		
	Equipment	Mineral Properties	Other Assets	Equipment	Mineral Properties	Other Assets
Canada	158,600	136,997	8,000	176,900	136,997	8,000
South America	113,079	11,429,209	-	246,824	11,305,635	-
Africa	-	-	-	-	8,000,000	-
	271,679	11,566,206	8,000	423,724	19,442,632	8,000

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

Exploration Expenditures:

	December 31, 2012			December 31, 2011		
	Vicuna JEA	**Josemaria JEA**	**Others**	**Vicuna JEA**	**Josemaria JEA**	**Others**
Canada	-	-	6,110	-	-	6,110
South America	18,368,516	4,659,913	1,123,343	4,946,445	1,979,933	2,216,954
	18,368,516	4,659,913	1,129,453	4,946,445	1,979,933	2,223,064

18. COMMITMENTS AND CONTINGENCY

a) The Company's Argentine subsidiary, Desarrollo de Prospectos Mineros SA ("DPM") received a claim in January 2009 from the Banco Central de la Republia Argentina ("BCRA") in connection with two foreign exchange transactions made in 2003. It has been alleged that DPM exceeded the maximum allowable limit by approximately US$63,000 for foreign exchange conversions on those days. DPM have filed a statement of defence to dismiss this claim.

Provisions have not been made in the consolidated financial statements as the likelihood of the loss occurring cannot be determined and the amount of loss if it should occur cannot be reasonably estimated. DPM will continue to defend its position.

b) Future minimum payments at December 31, 2012 under various land access and right commitments, which are entered in the normal course of business, are approximately as follows:

	Payment due period			
In US$	< 1 year	1-3 years	3-5 years	Total
Land access rights payments	258,000	504,000	-	762,000
Land purchase	60,000	120,000	810,000	990,000
Water rights payments	135,000	147,000	-	282,000
Total	453,000	771,000	810,000	2,034,000

To the extent that the commitments relate to properties that form part of the Vicuña or Josemaria JEAs the amounts as disclosed above represent the Company's 60% share as the payment.

19. MANAGEMENT OF CAPITAL RISK

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company considers the items included in shareholders' equity to be capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's assets. In order to maintain or adjust the capital structure, the Company may attempt to issue new shares or debt instruments, acquire or dispose of assets, or to bring in joint venture partners.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditures budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

20. MANAGEMENT OF FINANCIAL RISK

The Company's financial instruments are exposed to certain financial risks, including currency, credit, liquidity and price risk.

a) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its obligations as they become due. As the Company is in the exploration stage, no mineral producing revenue has been generated to date. The ability of the Company to meet its obligations and continue the exploration and development of its mineral properties is dependent upon its ability to continue to raise adequate financing.

Subsequent to December 31, 2012, the Company raised $34 million via private placement. The funds raised will be used towards the Company's ongoing exploration program in Chile and Argentina, as well as for general working capital purposes. See Note 21 for further discussion.

The Company manages its liquidity risk through the management of its capital structure and financial leverage. Accounts payable and accrued liabilities are due within the current operating period.

b) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in South America and as such, a portion of its expenses are incurred in the local currencies and US dollars. A significant change in the currency exchange rates could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. With most of the Company's exploration expenditures denominated and settled in Argentina and Chilean pesos, a 10% variation in the exchange rate between the Argentina and Chilean pesos and the Canadian dollars would result in a $2 million change in costs.

As at December 31, 2012, the Company, whose functional currency is Canadian dollar, is exposed to currency risk relating to funds held in non-Canadian currencies. A 10% change in the Canadian dollar against other foreign currencies would give rise to an increase/decrease of approximately $1.2 million in income/loss.

c) Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The majority of the Company's cash is held through a large Canadian financial institution with a high investment grade rating.

d) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash and cash equivalents. There is minimal risk that the Company would recognize any significant loss as a result of a decrease in the fair value of any short-term investments included in cash due to the short term nature.

21. SUBSEQUENT EVENT

On January 29, 2013 the Company completed a non-brokered private placement of 10,000,000 common shares of the Company at a price of $3.40 per share for gross proceeds of $34 million. Finder's fees totalling $657,458 were paid on a portion of the private placement. The net proceeds received by the Company upon completion of the private placement totaled $33 million.