NGEX RESOURCES INC

DECEMBER 31, 2015

NGEx RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

This management's discussion and analysis ("MD&A") of the results of operations and financial condition for NGEx Resources Inc. ("the Company", "NGEx", "we" or "us") has been prepared as of February 22, 2016 and should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2015 and the related notes therein (collectively the "Financial Statements"). The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A focuses on significant factors that have affected the Company and its subsidiaries and such factors that may affect its future performance. All dollars amounts are presented in Canadian dollars, unless otherwise indicated.

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

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

CORE BUSINESS

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

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

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

2015 HIGHLIGHTS AND SIGNIFICANT EVENTS

Project Constellation

- The results of a Preliminary Economic Assessment (the "Integrated PEA") of Project Constellation, which contemplates the combined development of the Los Helados and Josemaria deposits, were announced on January 7, 2016. Subsequent to that news release, the Argentine government announced the removal of a tax on copper concentrate exports. Accordingly, the financial information presented in this MD&A incorporates the updated financial analysis reflecting the removal of this tax. The financial results shown in the table below reflect this change and differ from those first reported in the January 7, 2016 news release. The removal of the export tax increases Project Constellation's $NPV_{(8\%)}$ to US $2.61 billion and the IRR to 16.6%.

- The Integrated PEA includes an optimized conceptual mine plan for the Los Helados deposit, which includes several improvements over the standalone Los Helados Preliminary Economic Assessment, which was disclosed in October of 2014.

- The Integrated PEA also includes an updated mineral resource estimate for the Josemaria deposit.

Filo del Sol Property, Argentina

- On November 23, 2015, the Company announced an updated mineral resource estimate for its 100% controlled Filo del Sol copper-gold-silver deposit. The updated mineral resource estimate replaces the initial resource estimate released on December 2, 2014, and incorporates data from 24 additional step-out and infill holes from the 2014/2015 drilling program. The results show a significant increase in the size of the resource. Above a 0.3% CuEq cutoff, contained copper has increased by 42%, contained gold has increased by 39% and contained silver has increased by 71%

Corporate Activities

- On November 5, 2015, the Company and Teck Resources Limited completed the sale of their respective interests in the GJ Project to Skeena Resources Limited.

- On February 19, 2016, the Company completed a private placement and sold an aggregate of 13,333,333 common shares for gross proceeds of $8 million.

PROJECTS

Project Constellation

The Integrated PEA of Project Constellation was announced on January 7, 2016 and contemplates an integrated project combining the Los Helados and Josemaria projects, whereby material from both the Los Helados and Josemaria deposits would be processed at a centralized processing plant located in Argentina.

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

The Project is based on the sequential production of 542 Mt at 0.36% Cu, 0.25 g/t Au and 1.07 g/t silver from the Josemaria open pit, followed by 1,557 Mt at 0.39% copper, 0.14 g/t gold and 1.48 g/t silver from the Los Helados block cave. Forecast head grades over the first fifteen years of production average 0.40% Cu, 0.24 g/t Au and 1.28 g/t Ag.

Material from Josemaria will be transported via a series of three surface conveyors, totalling 4.9 km in length, to a stockpile that will be located near the processing plant. Material from Los Helados will be transported via an 8.1 km long underground conveyor tunnel and a 2.8 km long surface conveyor which will tie into the existing Josemaria surface conveyor system. Concentrate will be transported 380 kms by truck to a port facility in Caldera, on the Chilean coast.

Groundwater will be supplied from a nearby well field in Argentina through a 19 km pipeline to the plant site, and power will be supplied via 250 km of power line construction, connecting to the Argentina national grid.

Processing will be by conventional sulphide flotation, following comminution by a high pressure grinding roll (HPGR) circuit at a rate of that varies between 150,000 t/d and 120,000 t/d depending on the hardness characteristics of the material being processed. This will produce a concentrate containing a life-of-mine average of 29.0% Cu, 10.4 g/t Au and 70.3 g/t Ag and deleterious elements which are expected to be well within acceptable levels. Metallurgical recoveries are forecast to average 88.3% for copper, 72.7% for gold and 61.4% for silver.

A summary of the findings of the Integrated PEA was announced in a news release dated January 7, 2016. Subsequent to that news release, the Argentine government announced the elimination of an export retention tax that was applicable to copper concentrate exports from Argentina. When the change to the export retention tax was announced, the Company asked the authors of the technical report to update the financial analysis in the PEA to remove this tax. The financial results shown in the table below reflect this change and differ from those first reported in the January 7, 2016 news release. The removal of the export tax increases Project Constellation's after-tax NPV $_{(8)}$ from the initial estimate of US $2.09 billion to US $2.61 billion and the after-tax IRR from the initial estimate of 14.5% to 16.6% (assuming metal prices of US$3.00/lb copper, US$1,275/oz gold and US$20/oz silver). The initial capital investment for the project is estimated to be US$3.08 billion. Average operating costs are estimated at US$9.34/t, with cash costs, net of by-product credits, of US$1.05 per pound of copper produced.

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

Integrated PEA Summary

Pre-Tax NPV (8%) & IRR	$4.43 billion NPV 20.7% IRR
After-Tax NPV (8%) & IRR	$2.61 billion NPV 16.6% IRR
Payback Period (undiscounted, after-tax cash flow)	3.6 years

Metals Prices Assumed	\$3.00/lb Cu \$1,275/oz Au \$20.00/oz Ag	
Initial Capital Expenditures	\$3.08 billion	
LOM Sustaining Capital Expenditures	\$4.36 billion	
LOM C-1 Cash Costs (net of by-product credits)	\$1.05/lb Cu payable	
Nominal Mill Capacity	150,000 t/d	
Mine Life	48 years	
Average Annual Metal Production (rounded)	**Life of Mine**	**First 5 years**
	150,000 t Cu 180,000 oz Au 1,180,000 oz Ag	185,000 t Cu 345,000 oz Au 1,310,000 oz Ag
LOM Average Process Recovery	88.3% Cu 72.7% Au 61.4% Ag	

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

Note: The reader is advised that the Integrated PEA results in this MD&A are only intended to provide an initial, high-level summary of the project. The Integrated PEA is preliminary in nature and includes the use of inferred mineral resources, which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the Integrated PEA results will be realized. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Los Helados is subject to a Joint Exploration Agreement ("PPC JEA") with Pan Pacific Copper Ltd. ("PPC"), whereby the Company holds approximately a 60% interest and PPC holds approximately a 40% interest in the Los Helados Project. Effective September 1, 2015, PPC has elected not to fund its pro-rata share of expenditures and, as a result, has elected to dilute its interest pursuant to the PPC JEA. Accordingly, the Company has funded 100% of the Los Helados project starting September 1, 2015. As at December 31, 2015, PPC's interest in the Los Helados Project has been diluted by approximately 0.3%.

Josemaria is subject to a Joint Exploration Agreement with Japan Oil, Gas, and Metals National Corporation ("JOGMEC"), whereby the Company owns a 60% interest and JOGMEC holds a 40% interest in the Jose Maria project. JOGMEC is funding its pro-rata share of expenditures.

Mineral Resource Estimates

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

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

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

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

The Mineral Resource Estimate for the Los Helados deposit has an effective date of September 19, 2014 and was prepared by Gino Zandonai, B.Sc., M.Sc. Registered Member of the Comision Calificadora de Competencias en Recursos y Reservas Mineras (Chilean Mining Commission) in accordance with NI 43-101. Mr. Zandonai is the Qualified Person for the estimate and is independent of the Company. For more information about the current resource estimate, refer to the Project Constellation Report.

The Josemaria Mineral Resource has been updated from the previous September 27, 2013 estimate based on additional drill data collected. The Updated Mineral Resource (Sulphide) was estimated by Mr. Zandonai at a base case 0.20% copper equivalent (CuEq) cutoff, with an effective date of August 7, 2015, as follows:

- 1,066 million tonnes at a grade of 0.31% copper, 0.22 g/t gold, and 1.0 g/t silver for a copper equivalent grade of 0.44% (7.4 billion pounds of copper, 7.4 million ounces of gold, and 34.5 million ounces of silver) in the Indicated Resource category; and
- 404 million tonnes at a grade of 0.24% copper, 0.15 g/t gold, and 0.8 g/t silver for a copper equivalent grade of 0.33% (2.0 billion pounds of copper, 2.0 million ounces of gold, and 10.8 million ounces of silver) in the Inferred Resource category.

The Updated Mineral Resource (Oxide) was also estimated by Mr. Zandonai at a base case 0.20 g/t gold cutoff, with an effective date of August 7, 2015, as follows:

- 43 million tonnes at a grade of 0.32 g/t gold (450 thousand ounces of gold) in the Indicated Resource category; and
- 4 million tonnes at a grade of 0.34 g/t gold (48 thousand ounces of gold) in the Inferred Resource category.

Mineral Resources are reported using a copper equivalent (CuEq) cutoff grade. CuEq was calculated using US$3.00/lb copper, US$ 1,300/oz gold and US$23/oz Ag and was based on copper, gold and silver recoveries obtained in metallurgical testwork on four composite samples representing the rhyolite, tonalite, porphyry and supergene zones. Copper recoveries for the rhyolite, tonalite and porphyry zones were calculated as a function of copper grade, ranging from a low of 81% to a high of 97%. Copper recovery in the supergene zone was fixed at 85%. Gold recoveries were fixed between 62% and 73% and silver recoveries were fixed between 53% and 75% depending on the zone.

The oxide resource estimate at Josemaria was not included in the Integrated PEA.

The Mineral Resource Estimate for the Josemaria deposit has an effective date of August 7, 2015 and was prepared by Gino Zandonai, B.Sc., M.Sc. Registered Member of the Comision Calificadora de Competencias en Recursos y Reservas Mineras (Chilean Mining Commission) in accordance with NI 43-101. Mr. Zandonai is the Qualified Person for the estimate and is independent of the Company. For more information about the current resource estimate, refer to the Project Constellation Report.

Filo del Sol Property, Argentina

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

An updated Mineral Resource estimate for the Filo del Sol deposit was announced on November 23, 2015. The new resource estimate updates and replaces the initial resource estimate released on December 2, 2014. The updated Mineral Resource estimate incorporates data in 24 additional step-out and in-fill holes from the 2014/2015 drill program, which has resulted in a significant increase in the size of the resource. Above a 0.3% CuEq cutoff, contained copper has increased by 42%, contained gold has increased by 39% and contained silver has increased by 71%.

The Mineral Resource estimate presented in Table 1 below represents the total Inferred Resource, divided between oxide and sulphide mineralization, and is based on a copper equivalent cutoff grade. Mixed zone material, which is transitional between the oxide and sulphide zones, has been included in the Sulphide material total. Two higher-grade subsets of this resource are also broken out, one representing a discrete high-grade silver zone (the "Silver Zone") shown in Table 2, and one representing a higher-grade copper zone (the "Copper Zone") shown in Table 3. The Silver Zone and the Copper Zone are separate zones that are included within the total Inferred Resource figure.

The total Inferred Resource for the Filo del Sol deposit, at a 0.30% CuEq[1] cutoff grade, is:

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

The Mineral Resource estimate as shown in the tables below has an effective date of August 26, 2015 and was completed by James N. Gray, P.Geo. of Advantage Geoservices Ltd., an Independent Qualified Person as defined by National Instrument 43-101. Further details of the estimation methods and procedures are described in the Technical Report *"Updated Mineral Resource Estimate for the Filo del Sol Property, Region III of Atacama, Chile and San Juan Province, Argentina"* dated December 11, 2015 which is available under the Company's profile at www.sedar.com or on the Company's website.

TABLE 1: Filo del Sol Updated Mineral Resource at 0.3% CuEq Cutoff

	Inferred Mineral Resource					Contained Metal		
	Tonnes (millions)	**Cu** (%)	**Au** (g/t)	**Ag** (g/t)	**CuEq[1]** (%)	**Cu** (billion lbs)	**Au** (million oz)	**Ag** (million oz)
Oxide	49.9	0.42	0.39	6.6	0.70	0.5	0.6	10.5
Sulphide	331.2	0.39	0.32	13.1	0.69	2.8	3.4	139.3
Total	381.0	0.39	0.33	12.2	0.69	3.3	4.0	149.8

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

2 – The Qualified Person for the resource estimate is James N. Gray, P.Geo. of Advantage Geoservices Ltd.;

3 – All figures are rounded to reflect the relative accuracy of the estimate;

4 – Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability;

5 – The resource was constrained by a Whittle® pit shell using the following parameters: Cu $3/lb, Ag $23/oz, Au $1300/oz, slope of 42°, mining cost of $2.2/t and process cost of $7.4/t. Metal prices and recoveries as listed above for CuEq calculation.

The total resource shown above in Table 1 includes a subset of high-grade silver mineralization. The Silver Zone is tabulated below at three different silver cutoff grades.

TABLE 2:

Ag Cutoff (g/t)	Inferred Mineral Resource - Silver Zone Tonnes (millions)	Cu (%)	Au (g/t)	Ag (g/t)	CuEq[1] (%)	Contained Metal Cu (billion lbs)	Au (million oz)	Ag (million oz)
80	14.2	0.52	0.38	160.5	2.37	0.2	0.2	73.2
50	23.1	0.46	0.38	123.2	1.93	0.2	0.3	91.4
20	34.4	0.42	0.38	93.6	1.58	0.3	0.4	103.6

The total resource shown above in Table 1, also includes a subset of higher-grade copper mineralization which is in addition to the high-grade silver zone. The Copper Zone is tabulated below at two different copper cutoff grades.

TABLE 3:

Cu Cutoff (%)	Inferred Mineral Resource - Copper Zone Tonnes (millions)	Cu (%)	Au (g/t)	Ag (g/t)	CuEq[1] (%)	Contained Metal Cu (billion lbs)	Au (million oz)	Ag (million oz)
0.70	27.3	1.31	0.32	11.2	1.59	0.8	0.3	9.8
0.50	53.0	0.95	0.34	9.7	1.23	1.1	0.6	16.5

On October 23, 2014, the Company acquired the 40% interest in the Filo del Sol project held by PPC for total cash consideration of US$7.0 million. The Company paid US$3.5 million in November 2014, with the remaining US$3.5 million payable by the earlier of November 1, 2015 or upon completion of an administrative restructuring of certain exploration licenses. As of November 1, 2015, restructuring of the required exploration licenses had not been completed and the Company did not pay the remaining US$3.5 million. Therefore, as of November 2, 2015 PPC was deemed to have funded US$3.5 million of exploration expenditures in respect of the remaining La Rioja properties and such deemed amount shall be set-off against any then current or future funding obligations of PPC. NGEx owns a 100% interest in the Filo del Sol project.

Other Chilean and Argentinean Projects

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

CORPORATE ACTIVITIES

During the year, the Company disposed of its mineral property interests in the GJ Project and the Assean Lake claims, both located in Canada, in an effort to rationalize its portfolio and to realize value from its non-core projects.

Assean Lake, Manitoba, Canada

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

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

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

GJ Project, British Columbia, Canada

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

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

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

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

SELECTED ANNUAL INFORMATION

The following financial data, presented below in Canadian dollars, has been prepared in accordance with International Financial Reporting Standards ("IFRS") and is derived from the Company's audited consolidated financial statements for the years ended December 31, 2015, 2014, and 2013:

	Years ended December 31, 2015	2014	2013
Statement of Operations Data ($000's)			
Total revenue	$ NIL	$ NIL	$ NIL
Exploration expenditures	$ 19,837	$ 19,258	$ 22,698
Net loss	$ (21,377)	$ (23,352)	$ (28,372)
Data per Common Share ($)			
Basic and diluted net loss	$ (0.11)	$ (0.13)	$ (0.17)
Balance Sheet Data ($000's)			
Total Assets *(Note a)*	$ 17,008	$ 48,671	$ 33,398
Long Term Liability *(Note b)*	$ 875	$ -	$ 319

Note a –The primary assets of the Company are cash and cash equivalents and mineral properties. Fluctuations in the total assets at each fiscal year-end are directly affected by the availability and usage of cash as well as the acquisition of mineral properties during the year.

Note b –The long term liability of the Company as at December 31, 2015 relate to the fair value of the remaining obligation due to its joint exploration partner PPC on the acquisition of the Filo del Sol project. As further described in the audited consolidated financial statements ended December 31, 2015, the liability has no predefined maturity date and will be drawn down and settled in the future as funding towards the exploration expenditures at the La Rioja Properties are met.

SELECTED QUARTERLY INFORMATION

Financial Data for 8 Quarters								
Three Months Ended	**Dec-15** ***(4th qtr)***	**Sep-15** ***(3rd qtr)***	**Jun-15** ***(2nd qtr)***	**Mar-15** ***(1st qtr)***	**Dec-14** ***(4th qtr)***	**Sep-14** ***(3rd qtr)***	**Jun-14** ***(2nd qtr)***	**Mar-14** ***(1st qtr)***
(In thousands $ except for per share amounts)								
Exploration Expenses, net of recoveries	2,740	1,965	2,765	12,367	6,900	1,837	2,300	8,221
Net loss	(1,701)	(2,674)	(4,434)	(12,568)	(7,788)	(1,839)	(4,364)	(9,361)
Total basic and diluted loss per share (i)	(0.01)	(0.01)	(0.02)	(0.07)	(0.04)	(0.01)	(0.03)	(0.05)

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

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

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

QUARTERLY ANALYSIS

Both exploration expenses and net loss from continuing operations, for the fourth quarter ended December 31, 2015, decreased when compared to the fourth quarter ended December 31, 2014. The Company engaged in minimal exploration activities in the last three months of 2015 in anticipation of the financing that was subsequently completed in February 2016. During the last three months of 2014, the Company incurred significant exploration expenditures including drilling and conceptual studies on Project Constellation, as well as the preparation of the initial mineral resource estimate at the Filo del Sol Project.

RESULTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 2015 COMPARED TO YEAR ENDED DECEMBER 31, 2014

Overall exploration and project investigation costs for the year ended December 31, 2015 totaled $19.8 million compared to the $19.3 million in costs that had incurred in 2014. The $0.5 million increase in exploration and project investigation costs reflects the additional costs borne by the Company on the Filo del Sol Project, in which it has a 100% interest, effective as of September 2014. Total costs incurred for Project Constellation during fiscal 2015 were consistent with the prior year, with the Company putting more focus and effort towards the environmental program this year in preparation of the Integrated PEA.

Operating loss totaled $22.8 million for the year ended December 31, 2015, compared to $23.9 million for the year ended December 31, 2014. The $1.1 million decrease in operating loss, for the year ended December 31, 2015, was primarily due to a $0.4 million reduction in stock based compensation charges and $0.5 million in overhead savings by paying lower management fees and aligning certain compensation costs with existing market conditions during the year. The decrease in overhead savings was also attributable to management conducting fewer promotional and travel activities in 2015 and certain one-time listing fees associated with the listing on NASDAQ OMX Stockholm in 2014 that were no longer applicable in 2015.

The Company's net loss for the year ended December 31, 2015 was $21.4 million or $(0.11) per share as compared to a net loss of $23.3 million or $(0.13) per share for the year ended December 31, 2014. The decrease in net loss of $1.9 million was primarily due to the gain recognized on the disposition of the Assean Lake and the GJ mineral properties and a reduction in corporate overhead costs, as discussed earlier.

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

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2015, the Company had cash and working capital of $2.1 million and $0.9 million, respectively, as compared to cash and working capital of $28.5 million and $17.7 million, respectively, at December 31, 2014. The decrease in cash and working capital is primarily a result of funds spent on exploration expenditures and general and administrative expenses.

The operating losses are a reflection of the Company's status as a non-revenue producing mineral exploration company. As the Company has no source of income, losses are expected to continue. The Company finances its exploration activities by raising capital through equity financing, joint ventures or disposition of mineral properties and investments, and additional financings may be required to fund further exploration and corporate expenses. There can be no assurance that such financings will be available to the Company in the amount required at any time, or for any period or, if available, that such financings can be obtained on terms satisfactory to the Company.

On February 19, 2016 the Company closed a CDN $8 million private placement financing to fund ongoing exploration activities and corporate working capital purposes. In addition, the Company secured a credit facility of US$525,000 as an additional source of liquidity to manage its cash flow. The financing proceeds will be used towards ongoing work programs in Chile and Argentina and for general corporate purposes. Management will continue to actively find opportunities for cost saving measures in the coming year, in response to the global weakening of the economy.

OUTLOOK

The completion of the Integrated PEA for Project Constellation was a major milestone for the Company.

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

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

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

At the Filo del Sol Project, the results gathered from the drilling programs conducted to date have improved the Company's understanding of the deposit and highlighted a number of prospective exploration targets on the land package. The work at Filo del Sol will focus on developing these new concepts into drill ready targets. Some preliminary metallurgical testwork is also planned to test the potential for low cost heap leaching of the near surface oxide mineralization.

NEW ACCOUNTING PRONOUNCEMENTS

A number of new standards and/or amendments to standards and interpretations that are effective for periods after December 31, 2015 have not been applied in preparing these consolidated financial statements. These new accounting standards and/or amendments are listed below:

Pronouncement	Effective Date
Annual Improvements to IFRSs 2012-2014 Cycle	Required to be applied for years beginning on or after January 1, 2016
IAS 1 *Presentation of financial statements* has been amended to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.	Required to be applied for years beginning on or after January 1, 2016
IAS 11 *Accounting for acquisitions of interests in joint operations* has been amended to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business.	Required to be applied for years beginning on or after January 1, 2016
IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard includes: (i) a third measurement category for financial assets – fair value through other comprehensive income and (ii) a single, forward-looking 'expected loss' impairment model.	Required to be applied for years beginning on or after January 1, 2018.

IFRS 7 *Financial instruments – disclosure* has been amended to require additional disclosures on transition from IAS 39 to IFRS 9.	Required to be applied for years beginning on or after January 1, 2018.
IFRS 16 *Leases* specifies how leases should be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	Required to be applied for years beginning on or after January 1, 2019.

Based on its preliminary assessment, the Company does not expect these new standards and interpretations to have a material impact on its future financial position and results.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenditures on the financial statements. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual results could differ from those estimates and such differences could be material. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. Information about estimates and assumptions that could have the most significant effect on the recognition and measurement of assets is provided below.

Provisions – The Company's most significant provision relates to the remaining obligation due to its joint exploration partner on its acquisition of the Filo del Sol project. As the Company is contractually permitted to settle the remaining obligation on the acquisition by funding an alternative exploration project without a predetermined maturity date, in lieu of direct cash outflow, and the Company intends to settle the obligation in this manner, the Company measures the provision (liabilities of uncertain timing or amount) at the best estimate of the expenditure required to settle the liability, taking into account the nature and timing of the exploration activities that will be conducted on the project in its measurement. The Company discounts the provision to its present value using a pre-tax, risk-free discount rate.

Share consideration receivable – Share consideration receivable in the future is discounted using a discount rate that approximates the risk profile for the entity issuing the shares based on financial information that is publicly available. The value of the share consideration receivable could be impacted if the actual risk assessment turns out to be different from the estimate applied by the Company in its valuation of the share consideration receivable.

OUTSTANDING SHARE DATA

As at February 22, 2016, the Company had 201,056,327 common shares outstanding and 5,722,500 share options outstanding under its stock-based incentive plans.

FINANCIAL INSTRUMENTS

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

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 Interim Chief Financial Officer ("CFO"), is responsible for the design and operation of disclosure controls and procedures. Management has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that they were effective as December 31, 2015.

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 all, errors and frauds.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2015, in accordance with the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and has determined that the Company's internal control over financial reporting is effective as of December 31, 2015. In connection with this assessment, no material weaknesses in the Company's internal control over financial reporting were identified by management as of December 31, 2015. Management has evaluated the effectiveness of the Company's internal control over financial reporting and has concluded that they were effective as December 31, 2015.

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, 2015 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 on SEDAR for the year ended December 31, 2014.

The operations of the Company are speculative due to the high risk nature of its business. Material risk factors and uncertainties, which should be taken into account in assessing the Company's activities, include, but are not necessarily limited to, those set out below. Any one or more of these risks and others could have a material adverse effect on the Company.

RISKS RELATING TO THE BUSINESS

Uncertainty of Funding

The exploration and development of mineral properties requires a substantial amount of capital and may depend on the Company's ability to obtain financing through joint ventures, debt financing, equity financing or other means. General market conditions, volatile metals prices, a claim against the Company, a significant disruption to the Company's business, or other factors may make it difficult to secure the necessary financing. There is no assurance that the Company will be successful in obtaining required financing as and when needed on acceptable terms. Failure to obtain any necessary additional financing may result in delaying or indefinite postponement of exploration or development or even a loss of property interest. If the Company needs to raise additional funds, such financing may substantially dilute the interests of shareholders of NGEx and reduce the value of their investment.

Foreign Operations Risk

The Company conducts exploration activities in foreign countries, including Argentina and Chile. Each of these countries exposes the Company to risks that may not otherwise be experienced if all operations were located in Canada. The risks vary from country to country and can include, but are not limited to, civil unrest or war, terrorism, illegal mining, changing political conditions, 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 the Company's existing assets and operations. Real and perceived political risk may also affect the Company's ability to finance exploration programs and attract joint venture or option partners, and future mine development opportunities.

Numerous countries have introduced changes to mining regimes that reflect increased government control or participation in the mining sector, including, but not limited to, changes of law affecting foreign ownership, mandatory government participation, taxation and royalties, exploration licensing, export duties, and repatriation of income or return of capital. There can be no assurance that industries which are deemed of national or strategic importance in countries in which the Company has assets, including mineral exploration, will not be nationalized. The risk exists that further government limitations, restrictions or requirements, not presently foreseen, will be implemented. Changes in policy that alter laws regulating the mining industry could have a material adverse effect on the Company. There can be no assurance that the Company's assets in these countries will not be subject to nationalization, requisition or confiscation, whether legitimate or not, by an authority or body.

In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for the Company to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on the Company.

Economic and Political Instability in Argentina

The Josemaria and Filo del Sol Projects are located in San Juan Province, Argentina. There are risks relating to an uncertain or unpredictable political and economic environment in Argentina, especially as social opposition to mining operations in certain parts of the country and increasingly protectionist economic measures are implemented by the National Government. During an economic crisis in 2001 to 2003, Argentina defaulted on foreign debt repayments and on the repayment on a number of official loans to multinational organizations. In addition, the government has renegotiated or defaulted on contractual arrangements. The previous Argentinean government placed currency controls on the ability of companies and its citizens to obtain United States dollars, in each case requiring Central Bank approval (resulting in, at times, a limitation on the ability of multi-national companies to distribute dividends abroad in United States dollars) and revoked exemptions previously granted to companies in the oil and gas and mining sectors from the obligation to repatriate 100% of their export revenues to Argentina for conversion in the local foreign exchange markets, prior to transferring funds locally or overseas. Similarly, the government adopted a requirement that importers provide notice to the government and obtain approval for importation before placing orders for certain goods. These actions indicate that the Argentinean government may alter or impose additional requirements or policies that may adversely affect the Company's activities in Argentina or in its ability to attract joint venture partners or obtain financing for its projects in the future. A new government took office in December 2015 and has taken steps to reverse some of the policies described above and has stated its intent to improve the environment for foreign investors in order to attract capital investment.

Corruption and Bribery

The Company is required to comply with anti-corruption and anti-bribery laws, including the *Extractive Sector Transparency Measures Act*, Canadian *Corruption of Foreign Public Officials Act* and the U.S. *Foreign Corrupt Practices Act*, as well as similar laws in the countries in which the Company conducts its business. If the Company finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Company resulting in a material adverse effect on the Company.

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 its activities. The Company also aims to 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. The Company is subject to environmental regulation in the various jurisdictions in which it operates. Failure to comply with these laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may also be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Furthermore, environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

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 has a drill ready project that it is unable to work on. In certain other Argentine provinces, including La Rioja, 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 restrict 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 Company's properties in Argentina including the Filo del Sol and Josemaría Projects. The Chilean Congress is also considering legislation designed to protect the country's glaciers. This legislation has not yet been approved but depending on its final language could affect the Corporation's ability to develop the Los Helados and Tamberias Projects.

Indigenous Peoples

The Company operates in some areas including parts of the Los Helados and Tamberias areas presently or previously inhabited or used by indigenous peoples. Various international and national laws, codes, resolutions, conventions, guidelines, and other material relate to the rights of indigenous peoples. Many of these materials impose obligations on government to respect the rights of indigenous people. Some mandate that government consult with indigenous people regarding government actions which may affect indigenous people, including actions to approve or grant mining rights or permits. ILO Convention 169, which has been ratified by Argentina and Chile, is an example of such an international convention. The obligations of government and private parties under the various international and national materials pertaining to indigenous people continue to evolve and be defined. Examples of recent developments in this area include the United Nations Declaration of the Rights of Indigenous People and the International Finance Corporation's revised Performance Standard 7 which requires governments to obtain the free, prior, and informed consent of indigenous peoples who may be affected by government action, such as the granting of mining concessions or approval of mine permits. The Company's current and future operations are subject to a risk that one or more groups of indigenous people may oppose continued operation, further development, or new development of the Company's projects or operations. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations such as protests, roadblocks or other forms of public expression against the Company's activities. Opposition by indigenous people to the Company's operations may require modification of or preclude operation or development of the Company's projects or may require the Company to enter into agreements with indigenous people with respect to the Company's projects.

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 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. Other parties may dispute the title to a property or the property may be subject to prior unregistered agreements or liens and transfers or land claims by aboriginal, native, or indigenous peoples. The title may be affected by undetected encumbrances or defects or governmental actions. The Company has not conducted surveys of all of its properties, and the precise area and location of claims or the properties may be challenged and no assurances can be given that there are no title defects affecting such properties. Any defects in the title to the Company's properties could have a material and adverse effect on the Company.

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.

Dependence on Key Personnel
The Company's success will largely depend on the efforts and abilities of certain senior officers and key employees. Certain of these individuals have significant experience in the mining industry and, in particular the mining industry in South America. While the Company does not foresee any reason why such officers and key employees will not remain with the Company, if for any reason they do not, the Company could be adversely affected. The Company has not purchased key man life insurance for any of these individuals.

Internal Controls
Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Conflicts of Interest
Some of the directors of the Company are also directors of other companies that are similarly engaged in the business of acquiring, exploring and developing natural resource properties. Such associations may give rise to conflicts of interest from time to time. In particular, one of the consequences will be that corporate opportunities presented to a director of the Company may be offered to another corporation or companies with which the director is associated, and may not be presented or made available to the Company. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company, to disclose any interest which they may have in any project or opportunity of the Company, and to abstain from voting on such matter. Conflicts of interest that arise will be subject to and governed by the procedures prescribed by the Company's Code of Business Conduct and Ethics and the CBCA.

Currency Risk
The Company will transact business in a number of currencies including but not limited to the US Dollar, the Argentine Peso and the Chilean Peso. The Argentine Peso in particular has had significant fluctuations in value relative to the US and Canadian dollars. Ongoing economic uncertainty in Argentina as well as unpredictable changes to foreign exchange rules may result in fluctuations in the value of the Argentine Peso that are greater than those experienced in the recent past. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction. The Company does not currently engage in foreign currency hedging activities.

Derivative Instruments
The Company may, from time to time, manage exposure to foreign exchange rates by entering into derivative instruments approved by the Company's board of directors. The Company does not hold or issue derivative instruments for speculation or trading purposes. These derivative instruments are

marked-to-market at the end of each period and may not necessarily be indicative of the amounts the Company might pay or receive as the contracts are settled.

Tax

The Company runs its business in different countries and strives to run its business in as tax efficient a manner as possible. The tax systems in certain of these countries are complicated and subject to changes. For this reason, future negative effects on the result of the Company due to changes in tax regulations cannot be excluded. Repatriation of earnings to Canada from other countries may be subject to withholding taxes. The Company has no control over withholding tax rates.

Joint Exploration Properties

Certain of the Company's properties including Los Helados and Josemaria are subject to joint exploration agreements. The Company is the operator of the these joint projects but they are nonetheless subject to the risks normally associated with the conduct of joint exploration partners, such as (i) disagreement with joint exploration partners regarding how to explore, develop, and operate the projects efficiently; (ii) inability to exert influence over certain strategic decisions made; (iii) inability of joint exploration partners to meet their obligations; and (iv) litigation between joint exploration partners regarding joint exploration matters. The existence of any of these circumstances may have a material adverse impact on the Company.

Surface Access

The Corporation does not own any surface rights at the Los Helados Project. Surface rights in the area of the Los Helados Project are held by a local community "Comunidad Civil Ex Estancia Pulido". The Company signed a four year access agreement with the community dated September 26, 2011, which allowed for the construction and operation of camps and roads and the development of exploration activities on the Los Helados Project, including drilling. This agreement expired as of September 26, 2015 and management is currently negotiating a life of project lease agreement for 20,000 hectares covering the Los Helados Project area to secure the surface rights needed for all future exploration, development and mining. Although there are no indications that an agreement will not be reached there can be no assurance that the Company will be able reach agreement on terms that are satisfactory to the Corporation.

The Company has surface access rights but does not own any surface rights at the Josemaria Project. The owners of the surface rights are in agreement with Deprominsa conducting exploration activities on their ground.

From time to time, a land possessor may dispute the Company's surface access rights, and as a result the Company may be barred from its legal temporary occupation rights. Surface access issues have the potential to result in the delay of planned exploration programs, and these delays may be significant. Such delays may have a material adverse effect on the Company.

The Company may require additional surface rights and property interests to further develop or exploit the resources on its properties, which will require negotiations with private landowners for the additional ownership and/or surface rights in order for the Company to fully operate. Surface rights may also be regulated and restricted by applicable law. There is no assurance that the Company will be able to obtain the required surface rights or negotiate successfully with private landowners to allow it to develop its properties and establish commercial mining operations on a timely basis. To the extent additional surface rights are available, they may only be acquired at significantly increased prices, potentially adversely impacting financial performance of the Company.

Current Global Financial Condition

Market events and conditions have caused significant volatility to commodity prices. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. Increased levels of volatility can adversely affect the Company's operations and the value and price of the Shares. The Company is dependent on the equity markets as its main source of operating working capital and 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. Access to public financing has been negatively impacted by concerns over global growth rates and conditions. Consequently, equity financing may not be available to the Company in the amount required at any time or for any period or, if available, it may not be obtained on terms satisfactory to the Company.

RISKS RELATING TO THE MINING INDUSTRY

Infrastructure

Development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power and water supplies are important determinants which affect costs. The Company's ability to obtain a secure supply of power and water at a reasonable cost depends on many factors, including: global and regional supply and demand; political and economic conditions; problems that can affect local supplies; delivery; and relevant regulatory regimes. Power and water are currently in short supply throughout Northern Chile and this may adversely affect the ability of the Company to explore and develop its Chilean projects. Unusual or infrequent weather phenomena, sabotage or government, and other interference in the maintenance or provision of such infrastructure could adversely affect the activities and profitability of the Company.

Establishing such infrastructure will require significant resources, identification of adequate sources of raw materials and supplies and necessary cooperation from national and regional governments, none of which can be assured. There is no guarantee that the Company will secure these power, water and access rights going forward or on reasonable terms.

Mineral Resource Estimates

The Company's reported Mineral Resources are only estimates. No assurance can be given that the estimated Mineral Resources will be recovered. By their nature Mineral Resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable because among other factors they are based on limited sampling, and, consequently, are uncertain because the samples may not be representative. Mineral Resource estimates may require revision. Market fluctuations in the price of metals, as well as increases in estimated production costs or reductions in estimated recovery rates, may render certain Mineral Resources uneconomic and may ultimately result in a restatement of estimated resources.

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability and there is no assurance that they will ever be mined or processed profitably. Due to the uncertainty which may attach to Mineral Resources, there is no assurance that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves; and no assurance that all or any part of an Inferred Mineral Resources exists, or is economically or legally mineable.

Exploration and Development Risk

Some of the Company's properties 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. The risks and uncertainties inherent in exploration activities include but are not limited to: legal and political risk arising from operating in certain developing countries, civil unrest, general economic, market and business conditions, the regulatory process and actions, failure to obtain necessary permits and approvals, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and management's capacity to execute and implement its future plans. 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, metallurgy and proximity to infrastructure and labour), the interpretation of geological data obtained from drilling and sampling, feasibility studies, the cost of water and power; anticipated climatic conditions; cyclical metal prices; fluctuations in inflation and currency exchange rates; higher input commodity and labour costs, commodity prices, government regulations, including regulations relating to prices, taxes, royalties, land tenure and use, allowable production, importing and exporting of minerals, and environmental protection. Most of the above factors are beyond the control of the Company. Development projects will also be subject to the successful completion of final feasibility studies, issuance of necessary permits and other governmental approvals and receipt of adequate financing. The exact effect of these factors cannot be accurately predicted, but the combination of any of these factors may adversely affect the Company's business. The Company attempts to mitigate its exploration risk by maintaining a diversified portfolio that includes several metal commodity targets in a number of geological and political environments. Management also balances the exploration risks through joint ventures and option agreements with other companies.

Metal Price Risk

The Company's portfolios of properties and investments have exposure to predominantly copper, gold, and silver. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control, such as the sale or purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major metals-producing and metals-consuming countries throughout the world. The prices of these metals greatly affect the value of the Company, the price of the common shares 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.

Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential, as well as the necessary labour and supplies required to develop such properties. The Company competes with other exploration and mining companies, many of which have greater financial resources, operational experience and technical capabilities 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. The Company may not be able to maintain or acquire attractive mining properties on terms it considers acceptable, or at all. Consequently, its financial condition could be materially adversely affected.

Uninsurable Risk

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, as well as political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company. The Company does not maintain insurance against political risks.

RISKS RELATING TO AN INVESTMENT IN THE COMPANY'S SHARES

Market Price of Shares

Securities of mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic conditions in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Company's securities is also likely to be significantly affected by short-term changes in commodity prices, other mineral prices, currency exchange fluctuation, or in its financial condition or results of exploration on its projects. Other factors unrelated to the performance of the Company that may have an effect on the price of the securities of the Company include the following: the extent of analytical coverage available to investors concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of securities of the Company; the size of the Company's public float and its inclusion in market indices may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the securities of the Company that persists for a significant period of time could cause the Company's securities to be delisted from an exchange, further reducing market liquidity. If an active market for the securities of the Company does not continue, the liquidity of an investor's investment may be limited and the price of the securities of the Company may decline. If an active market does not exist, investors may lose their entire investment in the Company. As a result of any of these factors, the market price of the securities of the Company at any given point in time may not accurately reflect the long-term value of the Company. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Future offerings of debt or equity securities

The Company may require additional funds to finance further exploration, development and production activities, or to take advantage of unanticipated opportunities. If the Company raises additional funds by issuing additional equity securities, such financing would dilute the economic and voting rights of the Company's shareholders. Since the Company's capital needs depend on market conditions and other factors beyond its control, it cannot predict or estimate the amount, timing or nature of any such future offering of securities. Thus, holders of common shares of the Company bear the risk of any future offerings reducing the market price of the common shares and diluting their shareholdings in the Company.

FINANCIAL INFORMATION

The report for the three months ended March 31, 2016 is expected to be published on May 9, 2016.

OFF BALANCE SHEET AGREEMENTS

The Company has no off-balance sheet arrangements.

QUALIFIED PERSONS

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

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION AND STATEMENTS

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

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

The Company believes that the expectations reflected in the forward-looking statements and information included in this MD&A are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements and information should not be unduly relied upon. This statement and information speaks as of the date of the MD&A. In particular, this MD&A contains forward-looking statements or information pertaining to the Company's expectations and estimates with respect to cost estimates and other assumptions used in the Integrated PEA and expectations from the Integrated PEA; assumptions used in the updated mineral resources estimates for the Los Helados, Joesemaria, and Filo del Sol projects; exploration and development expenditures; the timing and nature of any potential development scenarios; opportunities to improve project economics; estimation of commodity prices, mineral resources, costs and the success of exploration activities; expectations with regard to adding to mineral resources through exploration; permitting time lines; ability to obtain surface rights and property interests; currency exchange rate fluctuations; requirements for additional capital; government regulation of mining activities; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; and other risks and uncertainties.

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

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

CAUTIONARY NOTE TO U.S. READERS

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

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

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

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

February 22, 2016

Independent Auditor's Report

To the Shareholders of NGEx Resources Inc.

We have audited the accompanying consolidated financial statements of NGEx Resources Inc. (the "Company"), which comprise the consolidated balance sheets as at December 31, 2015 and December 31, 2014 and the consolidated statements of comprehensive loss, cash flows and changes in equity for the years then ended, 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 ("IFRS"), 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.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada, V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806 www.pwc.com/ca

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

/S/ PricewaterhouseCoopers LLP

Chartered Professional Accountants

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

	December 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents (Note 4)	$ 2,112,705	$ 28,480,133
Investments (Note 5)	651,658	353,000
Receivables and other assets (Note 7)	467,493	1,537,022
	3,231,856	30,370,155
Share consideration receivable (Note 7)	860,537	-
Equipment	137,240	163,658
Mineral properties (Note 8)	12,770,477	18,129,239
Other non-current assets	8,000	8,000
TOTAL ASSETS	$ 17,008,110	$ 48,671,052
LIABILITIES		
Current liabilities:		
Trade payables and accrued liabilities	$ 2,262,111	$ 5,769,438
Due to joint exploration partners (Note 8)	40,140	6,852,012
	2,302,251	12,621,450
Other non-current liabilities (Note 8)	875,541	-
TOTAL LIABILITIES	3,177,792	12,621,450
EQUITY		
Share capital (Note 9)	250,063,406	250,063,406
Reserved for issuance	1,284	1,284
Contributed surplus (Note 10)	8,955,949	8,006,453
Cumulative deficit	(237,861,437)	(216,484,370)
Accumulated other comprehensive loss	(7,328,884)	(5,537,171)
TOTAL EQUITY	13,830,318	36,049,602
TOTAL LIABILITIES AND EQUITY	$ 17,008,110	$ 48,671,052

Subsequent Events (Note 17)

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

ON BEHALF OF THE BOARD:

/s/William A. Rand
Director

/s/Wojtek A. Wodzicki
Director

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

	For the Year Ended December 31, 2015	2014
Expenses		
Exploration and project investigation (Note 11)	19,837,334	19,257,604
General and Administration:		
Salaries and benefits (Note 12)	756,567	1,411,840
Share-based compensation (Note 10)	712,984	1,060,560
Management fees	407,000	540,000
Professional fees	344,498	354,341
Travel	172,109	246,584
Promotion and public relations	248,371	419,514
Office and general	384,674	626,176
Operating loss	22,863,537	23,916,619
Other (income) expenses		
Interest income	(30,387)	(64,963)
Foreign exchange gain	(267,667)	(888,870)
Other expenses	220,109	284,300
Unrealized loss on investments	144,000	105,000
Gain on disposition of mineral properties (Note 6)	(1,552,525)	-
Net loss	$ 21,377,067	$ 23,352,086
Other comprehensive loss		
Items that may be reclassified subsequently to net loss		
Net change in fair value of available-for-sale securities	265,443	(27,000)
Recognition of unrealized loss on investments to income statement	(114,000)	(105,000)
Foreign currency translation adjustment	1,640,270	1,014,477
Comprehensive loss	$ 23,168,780	$ 24,234,563
Basic and diluted loss per common share	$ 0.11	$ 0.13
Weighted average common shares outstanding	187,712,994	178,528,152

The accompanying notes are an integral part of these consolidated 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, 2015	2014
Cash flows used in operating activities		
Net loss for the year	$ (21,377,067)	$ (23,352,086)
Items not involving cash and cash equivalents:		
Depreciation	34,933	86,086
Share-based compensation	949,496	1,352,791
Gain on disposition of mineral property interests	(1,552,525)	-
Gain on disposition of field equipment	-	(5,316)
Unrealized foreign exchange gain	(267,667)	(823,195)
Unrealized loss on investments	144,000	105,000
Net changes in working capital items:		
Receivables and other	1,106,657	(230,003)
Trade payables and accrued liabilities	(2,715,025)	(2,142,506)
Due to joint exploration partners	(3,824,941)	1,977,976
	(27,502,139)	(23,031,253)
Cash flows from financing activities		
Common shares issued, net	-	33,012,025
Proceeds from exercise of stock options	-	1,297,601
	-	34,309,626
Cash flows used in investing activities		
Mineral properties and related expenditures	(457,969)	(703,148)
Acquisition of Filo del Sol interest from PPC	-	(3,922,800)
Proceeds from sale of mineral property interest	260,000	-
Proceeds from sale of field equipment	-	8,431
Field equipment purchase	(16,537)	(7,983)
	(214,506)	(4,625,500)
Effect of exchange rate change on cash and cash equivalents	1,349,217	567,662
Increase in cash and cash equivalents during the year	(26,367,428)	7,220,535
Cash and cash equivalents, beginning of year	28,480,133	21,259,598
Cash and cash equivalents, end of year	$ 2,112,705	$ 28,480,133

The accompanying notes are an integral part of these consolidated 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 loss**	**Accumulated Deficit**	**Total**
Balance, January 1, 2015	187,712,994	20,240	$ 250,063,406	$ 1,284	$ 8,006,453	$ (5,537,171)	$ (216,484,370)	$ 36,049,602
Share-based compensation	-	-	-	-	949,496	-	-	949,496
Change in fair value of available-for-sale securities	-	-	-	-	-	(265,443)	-	(265,443)
Recognition of unrealized loss on income statement	-	-	-	-	-	114,000	-	114,000
Foreign currency translation	-	-	-	-	-	(1,640,270)	-	(1,640,270)
Net loss for the year	-	-	-	-	-	-	(21,377,067)	(21,377,067)
Balance, December 31, 2015	187,712,994	20,240	$ 250,063,406	$ 1,284	$ 8,955,949	$ (7,328,884)	$ (237,861,437)	$ 13,830,318
Balance, January 1, 2014	168,714,559	20,240	$ 214,924,582	$ 1,284	$ 7,482,860	$ (4,654,694)	$ (193,132,284)	$ 24,621,748
Exercise of stock options	1,585,500	-	2,126,799	-	(829,198)	-	-	1,297,601
Share-based compensation	-	-	-	-	1,352,791	-	-	1,352,791
Change in fair value of available-for-sale securities	-	-	-	-	-	27,000	-	27,000
Recognition of unrealized loss on income statement	-	-	-	-	-	105,000	-	105,000
Foreign currency translation	-	-	-	-	-	(1,014,477)	-	(1,014,477)
Private placement	17,412,935	-	33,012,025	-	-	-	-	33,012,025
Net loss for the year	-	-	-	-	-	-	(23,352,086)	(23,352,086)
Balance, December 31, 2014	187,712,994	20,240	$ 250,063,406	$ 1,284	$ 8,006,453	$ (5,537,171)	$ (216,484,370)	$ 36,049,602

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

1. NATURE OF OPERATIONS

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

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

2. BASIS OF PRESENTATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. These consolidated financial statements are prepared on a historical cost basis except for certain financial assets, which are measured at fair value.

The consolidated financial statements were approved by the Board of Directors of the Company on February 19, 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Consolidation

These consolidated 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. The Company's significant operating subsidiaries include Frontera Chile Limitada (Chile), Desarrollo de Prospectos Mineros S.A. (Argentina), Filo del Sol Exploracion S.A. (Argentina), and Minera Frontera del Oro SPA (Chile).

Subsidiaries are all entities over which the Company 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. 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. All of the Company's subsidiaries are wholly-owned.

b) Critical accounting estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenditures on the financial statements. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual results could differ from those estimates and such differences could be material. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. Information about estimates and assumptions that could have the most significant effect on the recognition and measurement of assets is provided below.

Provisions – The Company's most significant provision relates to the remaining obligation due to its joint exploration partner on its acquisition of the Filo del Sol project. As the Company is contractually permitted to settle the remaining obligation on the acquisition by funding an alternative exploration project without a predetermined maturity date, in lieu of direct cash outflow, and the Company intends to settle the obligation in this manner, the Company measures the provision (liabilities of uncertain timing or amount) at the best estimate of the expenditure required to settle the liability, taking into account the nature and timing of the exploration activities that will be conducted on the project in its measurement. The Company discounts the provision to its present value using a pre-tax, risk-free discount rate.

Share consideration receivable – Share consideration receivable in the future is discounted using a discount rate that approximates the risk profile for the entity issuing the shares based on financial information that is publicly available. The value of the share consideration receivable could be impacted if the actual risk assessment turns out to be different from the estimate applied by the Company in its valuation of the share consideration receivable.

c) Foreign currency translation

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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.

The majority of the Company's significant foreign subsidiaries do not have the Canadian dollar as their functional currency. Accordingly, foreign exchange gains and losses arising from the translation of these foreign subsidiaries' accounts into Canadian dollars are reported as a component of other comprehensive income. Their results and financial position are translated into Canadian dollars as follows:

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

d) Mineral properties and exploration expenditure

The Company has been actively exploring its mineral properties and has adopted the policy of capitalizing significant acquisition costs for property rights, including payments for exploration rights 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. When it has been established that a mineral property is considered to be sufficiently advanced to the development stage and economic viability has been demonstrated, all further expenditures for the current year and subsequent years are capitalized as incurred.

e) Financial instrument classification and risks

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

	Accounting Classification		
Financial instruments	**Loans and receivables**	**Available for sale**	**Other financial liabilities**
Measured at amortized cost:			
Receivables and others, cash and cash equivalents	X		
Trade payables and accrued liabilities			X
Due to joint exploration partners			X
Measured at fair value:			
Investments		X	

f) Investments

The Company accounts for investments as available-for-sale financial assets which are measured at fair value determined directly by reference to quoted market prices in active markets. The carrying values of available-for-sale investments are adjusted to fair value, with such adjustment being included in the Consolidated Statements of Loss and Comprehensive Loss as a component of other comprehensive income.

A significant or prolonged decline in the fair value of the security below its cost could indicate that the investments are impaired and the decline in the value is not temporary in nature. If any such evidence for these available-for-sale financial assets exists, 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.

g) Receivables and other assets

The Company assesses at the end of each reporting period whether there is objective evidence that its receivable and other assets are impaired. They are considered to be 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 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, the reversal of the previously recognized impairment loss is recognized in the consolidated statement of loss.

h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts.

i) Current and deferred income tax

The Company follows the liability method of accounting for income taxes. Under the liability method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, unused tax losses and other income tax deductions. Deferred income tax assets are recognized for deductible temporary differences, unused tax losses and other income tax deductions to the extent that it is probable the Company will have taxable income against which those deductible temporary differences, unused tax losses and other income tax deductions can be utilized.

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the related assets are realized or the liabilities are settled. The measurement of deferred income tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover and settle the carrying amounts of its assets and liabilities, respectively. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the period in which the change is substantively enacted.

j) 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.

k) Share-based compensation

The Company has a share-based compensation plan, under which participants may receive options to purchase its common shares at a price equal to their fair market value at the time of grant. The fair value of services received from participants in exchange for options granted is recognized as an expense on its financial statements.

The Company uses the Black-Scholes option-pricing model to estimate the fair value of options granted under its share option plan. This pricing model requires estimation, which includes making assumptions about the expected dividends, volatility of its share price (which is based on historical volatility in the price of the shares), estimate of risk-free interest rates (which is based on the Government of Canada yield curve that is current at the time of grant) and the expected life of its options (which is based on the historical share option award exercise data). In addition, judgment is required to estimate the number of awards expected to be forfeited.

The Company issues new common shares to satisfy stock option exercises. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and contributed surplus.

l) 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.

m) 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.

n) Segment Reporting

As the Company primarily focuses its activity on the exploration and development of mineral properties, its operating and reportable segments are Project Constellation, the Filo del Sol project and other exploration projects. Operating segments are components of an entity that engage in business activities from which they incur expenses and whose operating results are regularly reviewed by a chief operating decision-maker to make resource allocation decisions and to assess performance. The Chief Executive Officer (chief operating decision-maker for the Company) obtains and reviews operating results of each operating segment once a month.

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

o) New accounting pronouncements

A number of new standards, amendment to standards and interpretations are effective for periods after December 31, 2015 and accordingly have not been applied in preparing these consolidated financial statements.

Pronouncement	Effective Date
Annual Improvements to IFRSs 2012-2014 Cycle	Required to be applied for years beginning on or after January 1, 2016
IAS 1 *Presentation of financial statements* has been amended to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.	Required to be applied for years beginning on or after January 1, 2016
IAS 11 *Accounting for acquisitions of interests in joint operations* has been amended to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business.	Required to be applied for years beginning on or after January 1, 2016
IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard includes: (i) a third measurement category for financial assets – fair value through other comprehensive income and (ii) a single, forward-looking 'expected loss' impairment model.	Required to be applied for years beginning on or after January 1, 2018.
IFRS 7 *Financial instruments – disclosure* has been amended to require additional disclosures on transition from IAS 39 to IFRS 9.	Required to be applied for years beginning on or after January 1, 2018.
IFRS 16 *Leases* specifies how leases should be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	Required to be applied for years beginning on or after January 1, 2019.

Based on its preliminary assessment, the Company does not expect these new standards and interpretations to have a material impact on its future financial position and results.

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

4. CASH AND CASH EQUIVALENTS

	December 31, 2015	December 31, 2014
Cash	$ 2,112,705	$ 27,204,026
Short-term deposits	-	1,276,107
	$ 2,112,705	$ 28,480,133

5. INVESTMENTS

	December 31, 2015	December 31, 2014
Goldgroup Mining Inc.	$ 220,000	$ 308,000
Legend Gold Corp.	15,000	45,000
VMS Ventures Inc. (Note a)	36,000	-
Skeena Resources Ltd. (Note b)	380,658	-
	$ 651,658	$ 353,000

a. The Company received 600,000 shares of VMS Ventures Inc. ("VMS") on April 10, 2015 as part of the consideration on the sale of its 60% interest in the Assean Lake claims in Manitoba (Note 6).

b. The Company received 6,344,294 shares of Skeena Resources Limited ("Skeena") on November 3, 2015 as part of the consideration on the sale of its 49% interest in the GJ Project (Note 6).

6. GAIN ON DISPOSITION OF MINERAL PROPERTIES

	December 31, 2015	December 31, 2014
Gain on disposition of GJ (Note a)	$ 1,387,525	$ -
Gain on disposition of Assean Lake (Note b)	165,000	-
	$ 1,552,525	$ -

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

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

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

On the Closing Date, the Company received $245,000 in cash and 6,344,294 common shares of Skeena, representing its 49% share of the initial payment. The present value of the share consideration to be received over the next five years was recorded as a long term receivable (Note 7), using a discount rate of 17.5%.

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

7. RECEIVABLES AND OTHER ASSETS

	December 31, 2015	December 31, 2014
Current:		
Taxes recoverable	$ 144,512	$ 500,294
Receivables and prepaid expenses	322,981	1,036,728
	$ 467,493	$ 1,537,022
Long term:		
Share consideration receivable from Skeena Resources (Note 6)	860,537	-
	$ 1,328,030	$ 1,537,022

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

8. MINERAL PROPERTIES

	South America				North America	Total
	Project Constellation (Joint Exploration Agreement)		The Filo del Sol Project		GJ / Kinaskan	
	Los Helados	Josemaria	Filo del Sol	Tamberias		
	(Note a)		(Note b)		(Note c)	
January 1, 2014	**$ 2,855,387**	**$ 5,500,596**	**$ 763,662**	**$ 1,182,198**	**$ 136,997**	**$ 10,438,840**
Additions	145,186	-	-	557,962	-	703,148
Acquisition of Filo del Sol interest from PPC	-	-	7,845,600	-	-	7,845,600
Currency translation effect	(126,954)	(889,219)	230,892	(73,068)	-	(858,349)
December 31, 2014	**$ 2,873,619**	**$ 4,611,377**	**$ 8,840,154**	**$ 1,667,092**	**$ 136,997**	**$ 18,129,239**
Additions	153,388	-	-	304,581	-	457,969
Disposition	-	-	-	-	(136,997)	(136,997)
Adjustment to acquisition consideration for Filo del Sol from PPC	-	-	(2,881,858)	-	-	(2,881,858)
Currency translation effect	109,989	(1,019,018)	(1,916,084)	27,237	-	(2,797,876)
December 31, 2015	**$ 3,136,996**	**$ 3,592,359**	**$ 4,042,212**	**$ 1,998,910**	**$ -**	**$ 12,770,477**

a) Project Constellation

A Preliminary Economic Assessment (the "Integrated PEA) of Project Constellation was announced on January 7, 2016. The Integrated PEA contemplates an integrated project combining the Los Helados and Josemaria projects, whereby material from both the Los Helados and Josemaria deposits would be processed at a centralized processing plant located in Argentina.

The Los Helados and Josemaria projects are subject to their own Joint Exploration Agreements ("JEA"), with the Company holding a 60% interest and the joint exploration partners holding the remaining 40% interest. Each party is required to fund its pro-rata share of exploration expenditures incurred by the joint exploration. The Company is the operator for both projects.

Los Helados
Effective September 1, 2015, the joint exploration partner for the Los Helados project Pan Pacific Copper Co. ("PPC") has elected not to fund its pro-rata share of expenditures and as a result has elected to dilute its interest pursuant to the JEA. Accordingly, the Company has funded 100% of the Los Helados project starting September 1, 2015. As at December 31, 2015, PPC's interest in the Los Helados Project has been diluted by approximately 0.3%.

Josemaria

The joint exploration partner for the Josemaria project Japan Oil, Gas, and Metals National Corporation ("JOGMEC") continues to hold a 40% participating interest in the Josemaria project.

b) The Filo del Sol Project

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

Filo del Sol (Argentina)

In October 2014, the Corporation acquired the 40% interest in the Filo del Sol Project held by its joint exploration partner PPC for total cash consideration of US $7.0 million. The Company paid US$3.5 million in November 2014, with the remaining US$3.5 million payable by the earlier of November 1, 2015 or upon completion of an administrative restructuring of certain exploration licenses.

The Company did not pay the remaining US$3.5 million on November 1, 2015 and therefore, pursuant to the definitive agreement, PPC was deemed as of November 2, 2015 to have funded US$3.5 million of exploration expenditures in respect of the remaining La Rioja properties and such deemed amount shall be set-off against any then current or future funding obligations of PPC. The Company considered the estimated timeframe required to expend US$3.5 million on behalf of PPC at the La Rioja properties and has presented the US$3.5 million due to PPC as a non-current liability, discounted to its present value at an annual effective rate of 8%. The acquisition consideration for the Filo del Sol mineral property interests was adjusted correspondingly to reflect the extended term expected to settle the remaining obligation due to PPC.

Tamberias (Chile)

The Tamberias property is located in Region 3, Chile and is adjacent to the Filo del Sol exploration project, which is located in Argentina.

On March 25, 2011 the Company entered into an option agreement (the "Agreement") with Compania Minera Tamberias SCM ("Tamberias SCM") whereby it can earn a 100% interest in the Tamberias property by making option payments totaling US$20 million on or before June 30, 2023. 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 cumulatively paid US$1.95 million as at December 31, 2015.

c) GJ and Kinaskan Lake Properties, B.C.

The GJ/Kinaskan property was sold to Skeena on November 3, 2015 (Note 6).

9. SHARE CAPITAL

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

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

10. SHARE OPTIONS

a) Share Option Plan

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

During the year ended December 31, 2015, the Company granted a total of 2,875,000 (2014 – 2,167,500) share options to officers, employees, directors and other eligible persons at exercise price of $0.94 per share.

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

	December 31, 2015	**December 31, 2014**
Assumptions:		
Risk-free interest rate *(%)*	0.66	1.05
Expected life *(years)*	2.50	2.50
Expected volatility *(%)*	49.27	54.83
Expected dividend	Nil	Nil
Results:		
Weighted average fair value of options granted *(per option)*	$ 0.29	$ 0.70

The total share-based compensation for the year ended December 31, 2015 was $949,496 (2014 - $1,352,791) of which $712,984 (2014 - $1,060,559) has been allocated to Administration expenses, and $236,512 (2014 - $292,232) to Exploration and project investigation expenses.

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

b) Share Options Outstanding

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

	December 31, 2015		December 31, 2014	
	Number of share issuable pursuant to share options	**Weighted average exercise price per share**	**Number of share issuable pursuant to share options**	**Weighted average exercise price per share**
Balance at beginning of year	4,812,500	$ 1.95	6,256,250	$ 1.76
Granted	2,875,000	0.94	2,167,500	2.05
Exercised	-	-	(1,585,500)	0.82
Forfeited / expired	(1,965,000)	1.65	(2,025,750)	2.36
Balance at end of year	5,722,500	$ 1.54	4,812,500	$ 1.95

The following summarized information about the share options outstanding and exercisable at December 31, 2015:

	Outstanding Options			Exercisable Options		
Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price
$0.50 - $1.65	2,825,000	2.41	$ 0.94	941,654	2.41	$ 0.94
$1.66 - $2.05	2,552,500	1.23	$ 2.02	1,846,664	1.18	$ 2.01
$2.06 - $3.42	345,000	0.24	$ 2.95	345,000	0.24	$ 2.95
	5,722,500	1.75	$ 1.54	3,133,318	1.45	$ 1.79

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

11. EXPLORATION AND PROJECT INVESTIGATION

The Company expensed the following mineral properties costs, all incurred in South America, for the year ended December 31, 2015:

	Project Constellation		The Filo del Sol Project		Others	Total
	Los Helados Joint Exploration Agreement	Josemaria Joint Exploration Agreement	Filo del Sol	Tamberias		
Gov't fees, licenses, permits, taxes, rights and land access	$ 168,634	$ 74,614	$ 101,228	$ 53,650	$ 569,595	$ 967,721
Field related expenses	833,144	122,990	1,066,160	106,460	510,910	2,639,664
Camp cost	904,878	105,062	1,075,688	53,313	56,892	2,195,833
Consultants	17,635	55,887	161,248	-	15,449	250,219
Drilling and fuel	886,306	-	2,680,106	462,389	-	4,028,801
Geochemistry & conceptual study	1,093,883	527,160	247,758	92,514	25,969	1,987,284
Road work and trenching	177,294	69,599	489,555	172,363	-	908,811
Transport and travel	279,473	15,677	409,913	73,417	231,606	1,010,086
Environmental & community relations	1,278,078	855,628	119,101	27,217	-	2,280,024
Value added tax and other taxes	539,992	197,326	1,371,582	192,729	479,976	2,781,605
Office and general expense	-	13,533	314,425	-	222,816	550,774
Share-based compensation (Note 10)	74,562	24,585	96,975	14,891	25,499	236,512
Total for the year	**$ 6,253,879**	**$ 2,062,061**	**$ 8,133,739**	**$ 1,248,943**	**$2,138,712**	**$ 19,837,334**

The Company expensed the following mineral properties costs, all incurred in South America, for the year ended December 31, 2014:

	Project Constellation		The Filo del Sol Project		Others	Total
	Los Helados Joint Exploration Agreement	Josemaria Joint Exploration Agreement	Filo del Sol	Tamberias		
Gov't fees, licenses, permits, taxes, rights and land access	$ 850,953	$ 38,587	$ 51,405	$ 39,730	$ 644,404	$ 1,625,079
Field related expenses	361,752	339,192	898,601	87,560	318,583	2,005,688
Camp cost	647,303	241,845	760,025	70,627	92,914	1,812,714
Consultants	16,694	94,561	172,931	-	-	284,186
Drilling and fuel	236,875	661,071	2,611,263	28,802	-	3,538,011
Geochemistry & conceptual study	962,657	668,703	421,415	218,077	125,857	2,396,709
Road work and trenching	182,312	196,253	619,555	342,968	-	1,341,088
Transport and travel	167,091	86,684	396,070	58,486	223,005	931,336
Environmental & community relations	1,070,255	527,787	312,387	12,392	5,452	1,928,273
Value added tax and other taxes	310,701	627,257	1,548,425	138,974	435,859	3,061,216
Office and general expense	-	-	-	3,954	37,118	41,072
Share-based compensation (Note 10)	74,063	53,652	120,066	15,433	29,018	292,232
Total for the year	**$ 4,880,656**	**$ 3,535,592**	**$ 7,912,143**	**$ 1,017,003**	**$1,912,210**	**$ 19,257,604**

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

12. RELATED PARTY TRANSACTIONS

Key management compensation

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

	Year ended December 31, 2015	2014
Salaries	$ 651,938	$ 1,171,533
Employee benefits	37,910	43,169
Director fees	67,000	67,000
Share-based compensation	572,728	775,652
	$ 1,329,576	$ 2,057,354

13. INCOME TAXES

	December 31, 2015	December 31, 2014
Combined basic federal and provincial income tax rates	26.00%	25.00%
Net loss before taxes	$ (21,377,067)	$ (23,352,086)
Expected income recovery	$ (5,558,037)	$ (5,838,022)
Non-deductible share based compensation	246,869	338,198
Other non-deductible expenses and permanent differences	410,262	69,910
Difference in foreign tax rates	(145,737)	(66,944)
Income tax benefits not recognized and other items	5,046,643	5,496,858
Future income tax recovery	$ -	$ -

	December 31, 2015	December 31, 2014
Loss carry-forwards	$ 6,327,769	$ 6,903,291
Capital losses	190,856	183,515
Mineral properties and related expenditures	31,489,970	23,623,514
Other	293,740	146,049
Unrecognized deferred tax assets	$ 38,302,335	$ 30,856,369

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

As at December 31, 2015, the Company has the following tax losses, primarily 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 the 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	Other	Total
2016	$ -	$ -	$ 557,031	$ 7,873	$ 564,904
2017	-	-	2,845,085	2,295	2,847,380
2018	-	-	1,401,633	18,488	1,420,121
2019	-	-	115,764	17,130	132,894
2020	-	-	631,159	51,382	682,541
Subsequent to 2020	16,761,941	-	-	-	16,761,941
No expiry	-	9,091	-	-	9,091
Total	$ 16,761,941	$ 9,091	$ 5,550,672	$ 97,168	$ 22,418,872

14. SEGMENTED INFORMATION

The Company is principally engaged in the acquisition, exploration and development of mineral properties in South America. The segments presented below together with the mineral property information presented in Note 8 and Note 11 reflects the way in which management reviews its business performance. Operating segments are reported in a manner consistent with the internal reporting provided to executive management who act as the chief operating decision-maker. The Chief Executive Officer is responsible for allocating resources and assessing performance of the operating segments.

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

	At December 31, 2015			At December 31, 2014		
	Equipment, net	Mineral properties	Others	Equipment, net	Mineral properties	Others
Canada	$ 103,700	$ -	$ 8,000	$ 122,000	$ 136,997	$ 8,000
South America	33,540	12,770,477	-	41,658	17,992,242	-
	$ 137,240	$ 12,770,477	$ 8,000	$ 163,658	$ 18,129,239	$ 8,000

15. MANAGEMENT OF FINANCIAL RISKS

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

(i) Credit risks associated with cash and cash equivalents is minimal as the Company deposits the majority of its cash with a large Canadian financial institution that has been accorded a strong investment grade rating by a primary rating agency. Credit risks associated with tax receivables from governments are inherently managed, with exposure to potential loss assessed as minimal.

(ii) Liquidity risks associated with the inability to meet obligations as they become due is minimized through the management of its capital structure as explained on Note 16 and by maintaining good relationships with bankers. The Company also closely monitors and reviews its costs to date and actual cash flows on a monthly basis. Accounts payable and accrued liabilities are due within the current operating period. In addition to arranging a private placement to fund ongoing exploration activities and corporate working capital purposes in January 2016, management further secured a credit facility as an additional source of liquidity to manage its cash flow (Note 17)

(iii) The Company is exposed to currency risks as its operations are primarily conducted in Argentina and Chile. Exploration and project investigation costs are primarily denominated in Argentina pesos, Chilean pesos and the US dollar. As the functional and presentation currency is the Canadian dollar, significant changes in these foreign exchange rates would have a direct impact to the Company's results of operations, financial position and cash flow. With the lifting of currency controls following the new Argentina government taking office in December 2015, the official Argentina currency had noticeably weakened by approximately 20% at December 31, 2015. The Argentina peso devaluation had a minimal impact on the Company's net loss as the currency restriction was lifted in the last month of the 2015 year, but did result in a relatively large decrease to the reported value of the Company's Argentina mineral property assets as at December 31, 2015. While the Company has not used any hedging strategies to manage its exposure to currency fluctuations, management strives to minimize currency risks by sourcing certain of its operations domestically and reducing the cash held in foreign currencies. A 10% devaluation in the Argentina and Chilean pesos relative to the Canadian dollar would result in a $1.8 million future cost saving.

16. CAPITAL STRUCTURE MANAGEMENT

The Company's objectives when managing capital are to safeguard its 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 and definition 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 its 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.

17. SUBSEQUENT EVENTS

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

The Company has also secured a US$525,000 credit facility evidenced by a debenture to provide additional financial flexibility to fund general corporate purposes. The debenture is unsecured and has a term of six months from the issue date of the debenture (the "Maturity Date"). No interest is payable during the term of the Debenture; however, any amount of the credit facility remaining unpaid and outstanding on or after the Maturity Date shall bear interest at a rate of 5.00% per annum until repaid in full.

The terms of the credit facility include the Company issuing to the lender, subject to approval of the Toronto Stock Exchange, an aggregate of 10,000 common shares and an additional 700 common shares per month for each US$50,000 of the credit facility outstanding from time to time up to the Maturity Date.