

**NGEx RESOURCES INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE SIX MONTHS ENDED JUNE 30, 2013**

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

The effective date of this MD&A is August 6, 2013.

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

Additional information about the Company and its business activities is available on SEDAR at [www.sedar.com](http://www.sedar.com) and at the Company's website [www.ngexresources.com](http://www.ngexresources.com).

## **OVERVIEW**

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

## **SECOND QUARTER HIGHLIGHTS**

NGEx drilled five projects during the 2012-2013 field season; Los Helados, Josemaria, Filo del Sol, several regional exploration targets along the Los Helados-Josemaria Trend, and Colmillos, an early-stage exploration project located approximately 250 kilometres to the south in Chile. Drilling was completed during the first quarter of 2013 with results issued throughout the second quarter as these became available. The Company initiated the resource updates to the Los Helados and Josemaria deposits in the third quarter and anticipates that these will be completed in the latter half of the third quarter. Highlights from the quarter include:

- Receipt of final drill results from Los Helados. This season's drill program included a combination of infill holes designed to convert Inferred resources to Indicated and step-out holes designed to test areas outside the current resource boundary. The infill drilling increased the drill hole density in areas currently classified as Inferred and has helped to confirm the geological model and grade distribution. Step-out drilling was successful in intersecting mineralization beyond the current resource boundary. The results of this season's drilling will be incorporated into an updated resource estimate expected to be completed in the third quarter.
- Receipt of final drill results from the Filo del Sol project. The results of this season's drilling expand the previously identified high grade copper zone at Filo del Sol and extend the broader zone of disseminated copper, gold, and silver mineralization that surrounds the high grade zone.

- Receipt of final drill results from the Josemaria project which extended the zone of higher grade supergene enriched mineralization at the north end of the resource by approximately 200 metres to the north of previous drilling. The zone remains open to the northwest. The results of this season's drilling will be incorporated into an updated resource estimate expected to be complete in the third quarter.

## **SOUTH AMERICAN PROJECTS**

Field exploration programs on the Company's South American projects were largely completed prior to the beginning of this quarter; however, results were received during the current quarter as described in more detail below.

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

The Vicuña properties comprise a large land package of approximately 31,650 hectares that covers a number of porphyry copper and high sulphidation gold targets in Region III of Chile and immediately adjacent parts of San Juan Province, Argentina. Los Helados and Filo del Sol are individual projects within the overall Vicuña Property. Nearby deposits held by other companies include Caserones-Regalito (Pan Pacific Copper Co., Ltd. ("PPC")) and El Morro-La Fortuna (Goldcorp/New Gold). The Vicuña Properties are adjacent to the Company's Josemaria copper-gold porphyry deposit and are subject to a Joint Exploration Agreement (the "Vicuña JEA") in which the Company holds a 60% interest and PPC holds a 40% interest. Each party funds its pro-rata share of exploration expenditures. PPC is a Japanese mining and smelting company that is owned by JX Nippon Mining and Metals (66%) and Mitsui Mining and Smelting (34%).

### **Los Helados Project, Chile**

Los Helados is a large copper-gold porphyry deposit located in Region III of Chile. Los Helados has a current Mineral Resource, estimated at a base case 0.30% copper equivalent\* cutoff, as follows:

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

*\*CuEq - Copper Equivalent is calculated using US\$3.00/lb copper and US\$ 1,400/oz gold, with no provision for metallurgical recoveries. Silver is not included in the CuEq. The formula used is  $CuEq\% = Cu\% + 0.6806 * Au (g/t)$ .*

The Mineral Resource Estimate for the Los Helados Project, dated November 26, 2012, was prepared by Gino Zandonai, B.Sc., M.Sc. Mining, SME, MAusIMM, CRIRSCO, Senior Associate of Behre Dolbear International Ltd. in accordance with NI 43-101 and filed on SEDAR under the Company's profile. Mr. Zandonai is the Qualified Person for the estimate and is independent of the Company. It should be noted that the Mineral Resource estimate presented here is not a Mineral Reserve, and has not demonstrated economic viability. While the Company strongly believes that the Mineral Resource warrants additional study to determine the development potential, there can be no guarantee that any or all of the Mineral Resource will ultimately be determined to be economically viable.

A total of 32,707 metres were drilled at Los Helados during the 2012/2013 field season with 25 new holes completed and seven existing holes deepened. Drilling finished at the end of March. This season's drill program included a combination of infill holes designed to convert Inferred resources to Indicated and step-out holes designed to test areas outside the current resource boundary. Significant results received since the last quarterly report, include:

- LHDH62 with 1,345 metres of 0.39% CuEq (0.32% Cu and 0.10 gpt Au) and LHDH71 with 1,206 metres @ 0.44% CuEq (0.34% Cu and 0.14 gpt Au).LHDH69 with 1,147 metres of 0.46% CuEq (0.33% Cu and 0.19 gpt Au) including 134 metres of 0.61 CuEq (0.35% Cu and 0.38 gpt Au).

The drilling completed this year has defined the eastern, southern, and western limits of the known breccia body at Los Helados. However, the structure remains open to the north, and drill holes on the southern and eastern margins cut long intervals of strongly altered and weakly mineralized granite country rock indicating a robust system that extends for a considerable distance beyond the limits of the known breccia. While the known body at Los Helados comes to surface, many porphyry copper systems host multiple breccia bodies and there is potential for further additional surface or sub-cropping discoveries in the vicinity. All results from the 2012/2013 program have now been received. The results of this season drilling will be incorporated into an updated resource estimate expected to be complete in the third quarter.

### **Filo del Sol Property, Argentina**

The Vicuña Property covers several copper-gold targets in addition to Los Helados including the Filo del Sol project located approximately 17 kilometres south of Los Helados in San Juan Province, Argentina. Filo del Sol is a high sulphidation epithermal copper-gold-silver system that overlies a porphyry copper-gold system. Filo del Sol is a very large mineralized system, with minimum dimensions, based on wide spaced drill holes, of 2.8 kilometres in a north-south direction and 1 kilometre in an east-west direction. The system includes both disseminated and stockwork mineralization and is open in all directions. Leaching and secondary enrichment of this mineralized system has created a high-grade copper-silver zone which was partially tested by this year's drill holes.

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

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

The results of this season's drilling expand the previously identified high grade copper zone at Filo del Sol and extend the broader zone of disseminated copper, gold, and silver mineralization that surrounds the high grade zone. Results from this year's drilling, combined with previously released drilling, are encouraging and support plans for a larger drill program next season.

### **Los Helados-Josemaria Trend, Argentina**

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

### **Josemaria Project, Argentina**

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

The Company completed an updated Mineral Resource estimate for the Josemaria deposit during the first quarter of 2013. The updated estimate resulted in a substantial increase over the previous resource estimate. It was completed by Gino Zandonai, senior associate of Behre Dolbear International Ltd. in accordance with NI 43-101 and filed on SEDAR under the Company's profile. The Report is dated February 22, 2013 and replaces and increases the previous resource estimate completed in 2007. The updated resource estimate is summarized below:

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

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

#### Oxide Zone (0.30% copper equivalent\* cutoff)

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

*\*CuEq - Copper Equivalent is calculated using US\$3.00/lb copper and US\$ 1,400/oz gold, with no provision for metallurgical recoveries. Silver is not included in the CuEq. The formula used is  $CuEq\% = Cu\% + 0.6806 * Au (g/t)$ .*

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

A total of 8,242 metres in 18 diamond drill holes was completed during the 2012/2013 season. The focus of the program was the expansion of the zone of high-grade supergene mineralization discovered at the end of the 2011/2012 field season in holes JMDH49 and JMDH50 as well as resource conversion from Inferred to Indicated classification. The high-grade zone was extended some 200 metres to the north and now has approximate dimensions of 350 metres north to south and at least 250 metres east to west. It remains open to the west of holes JMDH69 and JMDH72 towards a large area of leached capping that has not yet been drill tested. Significant intersections received since the last MD&A include:

- JMDH69 with 250 metres at 0.86% CuEq (0.67% Cu and 0.28 g/t Au) and
- JMDH72 with 136 metres at 0.95% CuEq (0.80% Cu and 0.22 g/t Au).

All assay results from the 2012/2013 season have now been received and the Company plans to produce an updated resource estimate for Josemaria in the third quarter.

### **Conceptual Studies**

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

### **Other Chilean and Argentinean Projects**

#### **Tamberias Property, Chile**

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

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

#### **Colmillos Project, Chile**

The Colmillos project consists of 100% owned exploration licenses covering approximately 3,400 hectares. Mapping and sampling to date have defined a 4.3 by 0.7 kilometre trend of tourmaline breccia bodies with occasional copper oxides and strongly anomalous molybdenum analyses in rock chip samples. Copper mineralized tourmaline breccias are a common feature of many major porphyry copper systems. Three holes totalling 1,482 metres were drilled at Colmillos during the first quarter, and the program is now complete. The holes were drilled 600 meters 76 apart along the trend of the tourmaline breccia. Assay results were received during this quarter. Highlights include:

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

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

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

### **Paramillos and Papagallos, Argentina**

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

### **GJ Project, British Columbia, Canada**

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

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

The Company has optioned the GJ Project to Teck Resources Limited ("Teck") whereby Teck can earn an initial 51% interest in the project by spending \$12 million by December 31, 2014 and up to a 75% interest by making exploration expenditures totaling \$44 million by December 31, 2020.

Teck has cumulatively spent \$9.1 million to December 31, 2012. Teck has advised the Company that it plans an exploration program expected to include geological mapping, surface geochemical sampling, re-logging of existing drill core and 2-3 drill holes testing new targets near the Donnelly Zone. The Teck funded program started in early July.

## SELECTED QUARTERLY INFORMATION

<b>Financial Data for 8 Quarters</b>								
<b>Three Months Ended</b>	<b>Jun-13</b>	<b>Mar-13</b>	<b>Dec-12</b>	<b>Sep-12</b>	<b>Jun-12</b>	<b>Mar-12</b>	<b>Dec-11</b>	<b>Sep-11</b>
(In thousands \$ except for per share amounts)								
Exploration Expenses, net of recoveries	3,385	15,469	6,866	1,035	6,493	9,764	3,636	1,073
Net loss from continuing operations	(5,994)	(17,042)	(7,512)	(3,222)	(5,198)	(10,743)	(5,253)	(1,340)
Net loss from discontinued operations	(25)	(49)	(790)	(105)	(4,126)	(1,854)	(4,226)	(518)
Net loss	(6,019)	(17,091)	(8,302)	(3,327)	(9,324)	(12,597)	(9,479)	(1,858)
Basic and diluted loss per share from continuing operations (i)	(0.04)	(0.10)	(0.05)	(0.02)	(0.03)	(0.07)	(0.04)	(0.01)
Basic and diluted loss per share from discontinued operations (i)	(0.00)	(0.00)	(0.00)	(0.00)	(0.03)	(0.01)	(0.02)	(0.00)
Total basic and diluted loss per share (i)	(0.04)	(0.10)	(0.05)	(0.02)	(0.06)	(0.08)	(0.06)	(0.01)

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

## QUARTERLY ANALYSIS

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

Exploration expenditures have been increasing in recent quarters due to increased level of exploration activity and the commencement of conceptual studies on the Los Helados and Josemaria projects. In the second quarter of 2013, exploration expenditures were lower than the same quarter in 2012 due to the completion of substantially all of the planned exploration work in the first quarter of 2013.

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

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

## **RESULTS OF OPERATIONS**

The Company's net loss for the quarter ended June 30, 2013 was \$6.0 million or \$(0.04) per share as compared to a loss of \$10.2 million or \$(0.06) share for 2012. Net loss from continuing operations for the second quarter of 2013 was \$6.0 million or \$(0.04) per share compared with a net loss from continuing operations of \$8.3 million or \$(0.05) per share for 2012. Net loss from discontinued operations, comprising mainly of expenditures relating to the Hambok property in Eritrea, was \$25,000 for the quarter ended June 30, 2013 as compared to \$1.9 million for 2012.

There was a \$2.3 million decrease in net loss from continuing operations in the second quarter of 2013 compared to the same period in 2012, primarily due to lower exploration expenditures as most of the planned exploration work was substantially completed in the first quarter of 2013. Write-down of mineral properties expenditures in the second quarter was lower at \$1.2 million compared to \$2.9 million in 2012. The Company recorded a write-down of its mineral properties interests (Paramillos and Papagallos) located in Mendoza province in Argentina to their net recoverable amounts in the second quarter of 2013. The Company has been unable to work on these properties due to continuing delays with permitting and has suspended option payments to the property owners of Paramillos.

The net loss for the six months ended June 30, 2013 was \$23.1 million or \$(0.14) per share as compared to a loss of \$22.8 million or \$(0.14) per share for the six months ended June 30, 2012. The slight increase in loss of \$0.3 million was primarily due to increased exploration expenditures of \$2.6 million on the Company's projects in South America, offset by lower write-down of mineral properties interests.

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

## **LIQUIDITY AND CAPITAL RESOURCES**

At June 30, 2013, the Company had cash and working capital of \$23.1 million and \$20.8 million, respectively, as compared to cash and working capital of \$17.3 million and \$9.7 million, respectively, at December 31, 2012. The increase in cash and working capital is primarily a result of net proceeds of \$33.3 million received from the completion of a private placement of 10 million shares at \$3.40 per share in the first quarter of 2013, offset mainly by exploration and general and administration expenses.

Net cash used in operating activities was \$26.6 million for the six months ended June 30, 2013 and consisted primarily of the loss from operations of \$23.1 million, which included exploration expenditures and conceptual studies work of \$18.9 million and was adjusted for the impact of non-cash items and changes in non-cash working capital items.

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

Net cash used in investing activities was \$1.1 million, which consisted primarily of expenditures relating to mineral property option payments and equipment purchases.



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

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

## **OUTLOOK**

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

The planned drill programs were successfully completed during the South American summer season and we are now focused on compilation and interpretation of assay data and work on updated mineral resource estimates for the Los Helados and Josemaria projects. Metallurgical and geotechnical testing and a preliminary assessment of development options for the Los Helados and Josemaria deposits including a preliminary evaluation of possible synergies between the deposits will continue through the coming quarters. This work is ongoing and expected to continue into 2014. Planning for next year's exploration program is underway and is expected to include drilling to follow-up shallow high grade mineralization intersected at Josemaria and a drill program that may if successful, lead to an initial resource estimate at the Filo del Sol project. Exploration work on the South American projects is expected to resume during the fourth quarter of 2013. Subsequent to the financing completed earlier this year, the Company has sufficient funds to complete its planned exploration programs.

## **CRITICAL ACCOUNTING ESTIMATES**

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

For a complete discussion of critical accounting estimates deemed most critical by the Company, refer to the Company's annual 2012 Management Discussion and Analysis.

## **RELATED PARTY TRANSACTIONS**

During the six months ended June 30, 2013, the Company incurred:

- (a) management fees of \$270,000 (2012 - \$270,000) in respect of office facilities and administrative services from Namdo Management Services Ltd. ("Namdo"), a company controlled by a director. At June 30, 2013, \$5,138 (December 31, 2012 - \$32,921) was due to this company and included in amounts due to related parties.

- (b) \$113,040 (2012 - \$54,856) of aircraft chartered service from Mile High Holdings Ltd, a company associated with the Chairman of the Company.
- (c) \$124,034 (2012 - \$nil) of consulting services from Sirocco Mining Inc., Lucara Diamond Corp. and Lundin Mining Corporation, companies related by common directors. At June 30, 2013, a total of \$48,524 (2012 - \$5,625) was due to these companies.
- (d) \$11,184 (2012 - \$nil) of legal services from Cassels Brock & Blackwell LLP, a company in which a director is the Senior Business Advisor. At June 30, 2013, \$1,500 (2012 - \$6,171) was due to this company.

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

## **OUTSTANDING SHARE DATA**

As at August 6, 2013, the Company had 168,663,726 common shares outstanding and 5,870,417 share options outstanding under its stock-based incentive plans.

## **FINANCIAL INSTRUMENTS**

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

## **DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING**

### ***Disclosure controls and procedures***

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

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

### ***Internal Control over financial reporting***

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

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

Management has used the Committee of Sponsoring Organizations of the Treadway Commission framework to evaluate the effectiveness of our internal control over financial reporting. There have been no changes in the Company's internal control over financial reporting during the six months ended June 30, 2013 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

## **RISKS AND UNCERTAINTIES**

There have been no material changes in the risks and uncertainties affecting the Company that were discussed in the Company's 2012 annual MD&A filed March 22, 2013.

## **OFF-BALANCE SHEET AGREEMENTS**

The Company has no off-balance sheet arrangements.

## **CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION AND STATEMENTS**

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

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

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

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

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

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

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

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

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

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

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

	<b>Note</b>	<b>June 30 2013</b>	<b>December 31, 2012</b>
<b>ASSETS</b>			
Current:			
Cash and cash equivalents		\$ 23,133,323	\$ 17,296,923
Investments		242,000	836,000
Receivables and other		698,768	627,004
		<u>24,074,091</u>	<u>18,759,927</u>
Non-current:			
Equipment, net		380,364	271,679
Mineral properties	3	10,970,775	11,566,206
Other assets		8,000	8,000
		<u>\$ 35,433,230</u>	<u>\$ 30,605,812</u>
<b>LIABILITIES AND EQUITY</b>			
Current:			
Trade payables and accrued liabilities		\$ 2,100,113	\$ 6,174,204
Due to related parties	7	405,162	44,717
Due to joint venture partners		761,025	2,877,567
		<u>3,266,300</u>	<u>9,096,488</u>
Share Capital	4	214,850,919	181,485,132
Reserved for issuance		1,284	1,284
Contributed surplus	5	6,998,194	6,348,030
Cumulative deficit		(187,869,853)	(164,759,836)
Accumulated other comprehensive loss		(1,813,614)	(1,565,286)
		<u>32,166,930</u>	<u>21,509,324</u>
		<u>\$ 35,433,230</u>	<u>\$ 30,605,812</u>

ON BEHALF OF THE BOARD:

/s/William A. Rand  
Director

/s/Wojtek A. Wodzicki  
Director

The accompanying notes are an integral part of these financial statements

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

		<b>Three months ended</b>		<b>Six Months ended</b>	
		<b>June 30,</b>		<b>June 30,</b>	
	<b>Note</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Expenses</b>					
Exploration and project investigation	6	\$ 3,385,343	\$ 5,903,055	\$ 18,854,275	\$ 16,256,752
General and Administration:					
Salaries and benefits	7	517,854	469,075	710,396	600,070
Share-based compensation		244,734	244,027	608,217	502,999
Management fees	7	135,000	135,000	270,000	270,000
Professional fees		63,268	529,930	139,960	686,570
Travel		56,103	33,832	98,965	112,234
Promotion and public relations		20,123	33,747	218,030	113,251
Donation		70,000	-	340,000	119,000
Office and general		83,032	89,675	216,564	188,861
<b>Operating loss</b>		<b>4,575,457</b>	<b>7,438,341</b>	<b>21,456,407</b>	<b>18,849,737</b>
Other (income) expenses					
Interest income		(73,095)	16,114	(133,420)	(94,516)
Foreign exchange		(123,055)	(158,982)	(187,366)	(127,186)
Other expenses		110,825	94,777	110,825	95,322
Write-down of mineral property interests	3	1,196,128	2,861,916	1,196,128	2,861,916
Gain on disposition of royalty interest		-	(2,782,000)	-	(2,782,000)
Unrealized loss on investments		308,000	858,000	594,000	858,000
<b>Net loss from continuing operations</b>		<b>5,994,260</b>	<b>8,328,166</b>	<b>23,036,574</b>	<b>19,661,273</b>
<b>Net loss from discontinued operations</b>		<b>24,697</b>	<b>1,854,150</b>	<b>73,443</b>	<b>3,118,442</b>
<b>Net Loss</b>		<b>6,018,957</b>	<b>10,182,316</b>	<b>23,110,017</b>	<b>22,779,715</b>
<b>Other Comprehensive loss</b>					
Cumulative foreign currency translation adjustment		178,615	(882,502)	248,328	252,643
<b>Comprehensive loss</b>		<b>\$ 6,197,572</b>	<b>\$ 9,299,814</b>	<b>\$ 23,358,345</b>	<b>\$ 23,032,358</b>
<b>Basic and diluted net loss per common share attributed to NGEx shareholders:</b>					
Continuing operations		\$ 0.04	\$ 0.05	\$ 0.14	\$ 0.12
Discontinuing operations		\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.02
		\$ 0.04	\$ 0.06	\$ 0.14	\$ 0.14
<b>Total weighted average number of shares outstanding</b>					
Basic and Diluted		168,638,122	158,386,653	166,972,087	158,270,493

The accompanying notes are an integral part of these financial statements

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

	<b>For the Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2013</b>	<b>2012</b>
	<u>2013</u>	<u>2012</u>
<b>Cash flows used in operating activities</b>		
Net loss for the period	\$ (23,110,017)	\$ (21,921,715)
Items not affecting cash		
Depreciation	87,286	90,766
Share-based compensation	684,076	671,464
Unrealized loss on investment	594,000	-
Gain on disposition of royalty interest	-	(2,782,000)
Write-down of mineral property interests	1,196,128	2,861,917
Changes in non-cash working capital items:		
Receivables and other	(47,107)	416,180
Trade payables and accrued liabilities	(4,118,468)	(1,707,883)
Due to related parties	360,445	23,054
Due to joint venture partners	(2,203,316)	(3,345,821)
	<u>(26,556,973)</u>	<u>(25,694,038)</u>
<b>Cash flows from financing activities</b>		
Common shares issued, net	33,276,316	-
Exercise of stock options	55,559	379,698
	<u>33,331,875</u>	<u>379,698</u>
<b>Cash flows from (used in) investing activities</b>		
Mineral properties and related expenditures	(902,153)	(538,137)
Gain on disposition of royalty interest	-	1,000,000
Purchase of equipment	(207,411)	(30,187)
	<u>(1,109,564)</u>	<u>431,676</u>
<b>Effect of foreign exchange rate change on cash and cash equivalents</b>	171,062	17,210
<b>Increase (decrease) in cash and cash equivalents</b>	5,836,400	(24,865,454)
<b>Cash and cash equivalents, beginning of the period</b>	17,296,923	41,337,097
<b>Cash and cash equivalents, end of period</b>	<u>\$ 23,133,323</u>	<u>\$ 16,471,643</u>

The accompanying notes are an integral part of these financial statements

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

	Number of Shares issued and outstanding	Number of Shares reserved for issuance	Share capital	Reserved for issuance	Contributed surplus	Accumulated other comprehensive loss	Accumulated Deficit	Total
<b>Balance January 1, 2013</b>	158,582,393	20,240	\$ 181,485,132	\$ 1,284	\$ 6,348,030	\$ (1,565,286)	\$ (164,759,836)	21,509,324
Exercise of shares options	71,333	-	89,471	-	(33,912)	-	-	55,559
Stock-based compensation	-	-	-	-	684,076	-	-	684,076
Effects of foreign currency translation	-	-	-	-	-	(248,328)	-	(248,328)
Private Placement	10,000,000	-	33,276,316	-	-	-	-	33,276,316
Loss for the period	-	-	-	-	-	-	(23,110,017)	(23,110,017)
<b>Balance June 30, 2013</b>	<b>168,653,726</b>	<b>20,240</b>	<b>\$ 214,850,919</b>	<b>\$ 1,284</b>	<b>\$ 6,998,194</b>	<b>\$ (1,813,614)</b>	<b>\$ (187,869,853)</b>	<b>\$ 32,166,930</b>
<b>Balance January 1, 2012</b>	158,121,010	20,348	\$ 180,786,894	\$ 1,284	\$ 4,732,202	\$ (1,435,309)	\$ (131,209,781)	\$ 52,875,290
Exercise of shares options	342,625	-	494,238	-	(114,540)	-	-	379,698
Stock-based compensation	-	-	-	-	671,464	-	-	671,464
Unrealized loss on investments	-	-	-	-	-	(858,000)	-	(858,000)
Effects of foreign currency translation	-	-	-	-	-	(252,643)	-	(252,643)
Loss for the period	-	-	-	-	-	-	(21,921,715)	(21,921,715)
<b>Balance June 30, 2012</b>	<b>158,463,635</b>	<b>20,348</b>	<b>\$ 181,281,132</b>	<b>\$ 1,284</b>	<b>\$ 5,289,126</b>	<b>\$ (2,545,952)</b>	<b>\$ (153,131,496)</b>	<b>\$ 30,894,094</b>

The accompanying notes are an integral part of these financial statements



**NGEx Resources Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**June 30, 2013**  
**(All amounts expressed in Canadian Dollars, unless otherwise stated.)**

## **1. NATURE OF OPERATIONS**

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

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

## **2. BASIS OF PRESENTATION**

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended December 31, 2012.

The interim financial statements should be read in conjunction with the most recently issued Annual Report of NGEx Resources Inc. which includes information necessary or useful to understanding the Company's businesses and financial statement presentation. In particular, the Company's significant accounting policies were presented as Note 3 to the Consolidated Financial Statements for the fiscal year ended December 31, 2012 included in that report, and have been consistently applied in the preparation of these interim financial statements, except as described below.

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

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

These financial statements were authorized for issuance by the Board of Directors of the Company on August 6, 2013.

**NGEx Resources Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**June 30, 2013**  
**(All amounts expressed in Canadian Dollars, unless otherwise stated.)**

**3. MINERAL PROPERTIES**

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

	South America										Africa	Total
	Canada	Vicuna Joint Exploration Agreement			Josemaria Joint Exploration Agreement	Other Projects			Hambok			
	GJ/Kinaskan	Los Helados	La Chola	Lirio	Josemaria	Paramillos	Papagallos	Tamberias	Hambok			
Cost	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
<b>At January 1, 2012</b>	136,997	2,584,058	-	58,557	7,790,107	464,953	-	407,960	8,000,000	19,442,632		
Additions	-	59,046	126,837	-	-	593,606	121,482	396,062	-	1,297,033		
Disposal	-	-	-	-	-	-	-	-	(4,918,500)	(4,918,500)		
Impairment charge	-	-	-	-	-	-	-	-	(2,861,917)	(2,861,917)		
Effect of changes in foreign exchange rates	-	101,323	(5,867)	(8,570)	(1,140,096)	(113,308)	(10,729)	3,788	(219,583)	(1,393,042)		
<b>At December 31, 2012</b>	136,997	2,744,427	120,970	49,987	6,650,011	945,251	110,753	807,810	-	11,566,206		
Additions	-	365,609	-	-	174,279	-	158,481	203,784	-	902,153		
Effect of changes in foreign exchange rates	-	(12,578)	(4,363)	(1,803)	(253,885)	(13,812)	(4,545)	(10,470)	-	(301,456)		
Impairment charge	-	-	-	-	-	(931,439)	(264,689)	-	-	(1,196,128)		
<b>At June 30, 2013</b>	136,997	3,097,458	116,607	48,184	6,570,405	-	-	1,001,124	-	10,970,775		

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

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

**NGEx Resources Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**June 30, 2013**  
**(All amounts expressed in Canadian Dollars, unless otherwise stated.)**

**4. SHARE CAPITAL**

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

**5. SHARE OPTIONS**

**a) Share Option Plan**

The Company has a rolling share option plan approved by shareholders on September 15, 2008 and recently ratified, reserving an aggregate of 10% of the issued and outstanding shares of the Company for issuance upon the exercise of options granted. Vesting and terms of the option agreement are at the discretion of the Board of Directors.

There were no share options granted during the three months ended June 30, 2013.

During the six months ended June 30, 2013, the Company granted a total of 345,000 (2012 - 75,000) share options to officers, employees, directors and other eligible persons at exercise price of \$2.95 per share. A share-based compensation cost of \$404,540 for the options granted for the six months ended June 30, 2013 (2012 - \$83,132) will be amortized over the vesting period of 2 years. \$202,282 was recognized in the six months ended June 30, 2013 (2012 - \$41,568).

The total share-based compensation for the six months ended June 30, 2013 was \$684,076 (2012 - \$671,464) of which \$608,217 (2012 - \$502,999) has been allocated to Administration expenses, \$75,859 (2012 - \$168,465) to Exploration and project investigation expenses.

**b) Share Options Outstanding**

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

	<b>June 30, 2013</b>		<b>June 30, 2012</b>	
	Number of Share Options	Weighted Average Exercise Price \$	Number of Share Options	Weighted Average Exercise Price \$
Outstanding at beginning of period	5,641,750	1.66	4,577,673	1.68
Granted	345,000	2.95	75,000	2.50
Exercised	(71,333)	0.78	(342,625)	1.11
Forfeited/expired	(35,000)	2.83	(45,000)	2.83
Outstanding at end of period	5,880,417	1.74	4,265,048	1.71
Options exercisable at end of period	4,032,902	1.57	2,881,707	1.33

**NGEx Resources Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**June 30, 2013**  
**(All amounts expressed in Canadian Dollars, unless otherwise stated.)**

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

Range of Exercise Prices	Options Outstanding			Options exercisable		
	Number of Share Options Outstanding	Weighted Average Remaining Contractual Life (yrs)	Weighted Average Exercise Price \$	Number of Share Options Outstanding	Weighted Average Remaining Contractual Life (yrs)	Weighted Average Exercise Price \$
\$0.50 - \$1.30	1,645,750	1.46	0.71	1,645,750	1.46	0.71
\$1.31 - \$3.42	4,234,667	1.65	2.14	2,387,152	1.38	2.16
	5,880,417	1.60	1.74	4,032,902	1.41	1.57

**NGEx Resources Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**June 30, 2013**  
**(All amounts expressed in Canadian Dollars, unless otherwise stated.)**

**6. EXPLORATION AND PROJECT INVESTIGATION**

	South America					Canada	Total
	Vicuna Joint Venture	Josemaria Joint Venture	Colmillos	Andrea	Other		
<b>For the six months ended June 30, 2013</b>							
Gov't fees, licenses, permits, taxes, rights and land access	\$ 162,045	\$ 37,013	\$ 111,036	\$ 21,298	\$ 393,631	\$ 980	\$ 726,003
Field salaries, contract labour, field supplies & equipment rental	1,105,331	273,232	216,889		59,176	-	1,654,628
Camp costs	1,199,794	286,627	349,043	44	45,480	-	1,880,988
Consultants	61,854	48,956	1,384	-	-	-	112,194
Drilling and Fuel	6,288,086	1,295,619	301,728	-	120,626	-	8,006,059
Geochemistry and geophysics	856,553	424,081	40,569	-	69,453	5,130	1,395,786
Road work & trenching	554,647	199,442	70,140	-	30,686	-	854,915
Transport and travel	717,177	106,093	123,670	-	54,246	-	1,001,186
Environmental & community relations	255,951	55,212	39,142	-	36,380	-	386,685
Value added tax	1,603,486	497,026	166,999	-	96,358	-	2,363,869
Office & general expense, net of recoveries from joint venture partner	12,580	-	-	-	374,223	-	386,803
Share based compensation	58,174	14,629	6,448	97	5,811	-	85,159
<b>Total for the period</b>	<b>\$ 12,875,678</b>	<b>\$ 3,237,930</b>	<b>\$ 1,427,048</b>	<b>\$ 21,439</b>	<b>\$ 1,286,070</b>	<b>\$ 6,110</b>	<b>\$ 18,854,275</b>
<b>For the six months ended June 30, 2012</b>							
Gov't fees, licenses, permits, taxes, rights and land access	\$ 165,049	\$ 11,930	\$ 47,665	\$ 5,760	\$ 139,838	\$ 980	\$ 371,222
Field salaries, contract labour, field supplies & equipment	767,235	359,049	2,036	1,824	59,602	-	1,189,746
Camp costs	940,230	301,212	336	-	7,332	-	1,249,110
Consultants	54,946	21,089	-	-	410	-	76,445
Drilling and Fuel	6,543,472	2,146,704	-	-	-	-	8,690,176
Geochemistry and geophysics	475,110	278,097	129	-	(683)	5,130	757,783
Road work & trenching	854,630	124,085	-	-	-	-	978,715
Transport and travel	464,370	143,089	2,148	-	9,062	-	618,669
Environmental & community relations	187,200	63,131	73,387	-	2,239	-	325,957
Value added tax	1,306,612	414,346	9,994	-	(2,974)	-	1,727,978
Office & general expense, net of recoveries from joint venture partner	96,934	31,842	1,119	1,833	-	-	131,728
Share based compensation	102,450	33,654	1,182	81	1,856	-	139,223
<b>Total for the period</b>	<b>\$ 11,958,238</b>	<b>\$ 3,928,228</b>	<b>\$ 137,996</b>	<b>\$ 9,498</b>	<b>\$ 216,682</b>	<b>\$ 6,110</b>	<b>\$ 16,256,752</b>

**NGEx Resources Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**June 30, 2013**  
**(All amounts expressed in Canadian Dollars, unless otherwise stated.)**

**7. RELATED PARTY TRANSACTIONS**

**(a) Related parties expenses**

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

	Related party	Three months ended June 30,		Six months ended June 30,	
		2013 \$	2012 \$	2013 \$	2012 \$
Management fee	Namdo	135,000	135,000	270,000	270,000
Aircraft charter and travel	Mile	-	-	113,040	54,856
Consulting services	Sirocco, Lucara, Lundin Mining	16,409	-	124,034	-
Legal services	Cassels Brock	6,788	-	11,184	-
<b>Total related parties expenses</b>		<b>158,197</b>	<b>135,000</b>	<b>518,258</b>	<b>324,856</b>

**(b) Related parties liabilities**

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

	June 30, 2013 \$	December 31, 2012 \$
Namdo	5,138	32,921
Sirocco	13,745	5,625
Lundin Mining	27,000	-
Lucara	7,779	-
Cassels Brock	1,500	6,171
Compensation	350,000	-
<b>Total related parties liabilities</b>	<b>405,162</b>	<b>44,717</b>

**(c) Key management compensation**

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

**NGEx Resources Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**June 30, 2013**  
**(All amounts expressed in Canadian Dollars, unless otherwise stated.)**

The remuneration of key management personnel were as follows:

	Three months ended		Six months ended	
	June 30		June 30	
	2013	2012	2013	2012
	\$	\$	\$	\$
Salaries	485,833	481,282	619,583	611,907
Employee benefits	6,795	7,933	18,370	21,734
Director fees	16,750	33,500	33,500	33,500
Share based compensation	98,936	257,659	355,830	476,717
Total compensation of key management	608,314	780,374	1,027,283	1,143,858

## 8. SEGMENTED INFORMATION

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

### Non-Current Assets:

	June 30, 2013			December 31, 2012		
	Equipment	Mineral Properties	Other Assets	Equipment	Mineral Properties	Other Assets
Canada	149,450	136,997	8,000	158,600	136,997	8,000
South America	230,914	10,833,778	-	113,079	11,429,209	-
	380,364	10,970,775	8,000	271,679	11,566,206	8,000

### Exploration Expenditures:

	Six months ended June 30, 2013			Six months ended June 30, 2012		
	Vicuna JEA	Josemaria JEA	Others	Vicuna JEA	Josemaria JEA	Others
Canada	-	-	6,110	-	-	6,110
South America	12,875,678	3,237,930	2,734,556	11,958,238	3,928,228	364,177
	12,875,678	3,237,930	2,740,666	11,958,238	3,928,228	370,287