# 2019 Q3 REPORT

## Management's Discussion and Analysis
## and
## Condensed Interim Consolidated Financial Statements

## For the Three and Nine Months ended September 30, 2019
## (Unaudited)

**NGEX MINERALS LTD.**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**
**(Amounts in Canadian Dollars unless otherwise indicated)**

The following management's discussion and analysis ("MD&A") of NGEx Minerals Ltd. ("NGEx Minerals" or the "Company") should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2019 and related notes therein, which have been prepared under the continuity of interest basis of accounting as described in the section below. The financial information in this MD&A is reported in Canadian dollars unless otherwise indicated and is partly derived from the Company's condensed interim consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, applicable to the preparation of interim financing statements, including IAS 34, *Interim Financial Reporting*. The effective date of this MD&A is November 27, 2019. Additional information about the Company and its business activities is available on SEDAR at www.sedar.com and the Company's website www.ngexminerals.com.

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.

## PLAN OF ARRANGEMENT AND CONTINUITY OF INTEREST

NGEx Minerals was incorporated on February 21, 2019 under the Canada Business Corporations Act as a wholly owned subsidiary of Josemaria Resources Inc. ("Josemaria"), for the purposes of completing a plan of arrangement (the "Josemaria Arrangement") under the Canada Business Corporations Act whereby Josemaria transferred to NGEx Minerals:

- cash of $7,300,000 million;
- its wholly owned subsidiaries that directly or indirectly hold the Los Helados project in Chile (the "Los Helados Project"), the Nacimientos properties in Argentina ("Nacimientos") and the La Rioja properties in Argentina ("La Rioja"), including an additional $238,929 in cash; and
- $322,355 in liabilities, comprised primarily of a contractual obligation to fund an exploration partners' share of future exploration activities at La Rioja.

In exchange, NGEx Minerals issued to Josemaria 124,793,652 common shares of the Company.

Under the terms of the Josemaria Arrangement, which closed on July 17, 2019, Josemaria distributed 100% of the NGEx Minerals common shares it received under the Josemaria Arrangement to holders ("Josemaria Shareholders") of common shares of Josemaria (the "Josemaria Common Shares") on a pro rata basis, such that Josemaria Shareholders received one (1) common share of NGEx Minerals for every two (2) Josemaria Common shares held as of July 24, 2019, for Josemaria Shareholders whose common shares were listed in Canada, or July 26, 2019 for those whose common shares were listed in Sweden.

As Josemaria Shareholders received the NGEx Minerals Common Shares in their respective, pre-arrangement proportionate interests, no change of control resulted in either the Company, or the underlying assets or business acquired. As such, the Josemaria Arrangement is considered a capital reorganization and is excluded from the scope of IFRS 3, Business Combinations. Accordingly, the results up to July 17, 2019 have been presented in this MD&A, and in the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2019, on a continuity of interest basis of accounting with financial positions prior to the Josemaria Arrangement based on amounts related to the Los Helados Project, Nacimientos and La Rioja previously recorded by Josemaria. In addition, the information contained in the unaudited condensed interim statements of comprehensive loss and statements of changes in equity have been derived from certain allocations from Josemaria's financial statements, and management cautions readers of this MD&A that the allocation of expenses may not necessarily reflect, or be otherwise indicative of, the future financial performance of the Company.

## CORE BUSINESS

NGEx Minerals is a mineral exploration company with exploration projects in Argentina and Chile. The Company's main objectives are the acquisition of projects with district scale exploration potential to add to its existing portfolio and also the advancement and development of its large copper-gold deposit, the Los Helados Project, located in Chile's Region III. The Company is the majority partner and operator of the Los Helados project, which is subject to a Joint Exploration Agreement with its partner, Pan Pacific Copper Co. Ltd. ("PPC"). The Company's current focus is copper-gold and gold projects, but going forward it may also consider other commodities with an emphasis on the quality and value creation potential of each opportunity rather than a strict commodity focus.

The Company's most recent Mineral Resource estimate for the Los Helados Project, effective as of April 26, 2019, is comprised of 2.1 billion tonnes at 0.38% copper, 0.15 g/t gold and 1.37 g/t silver, containing 17.6 billion pounds of copper, 10.1 million ounces of gold and 92.5 million ounces of silver in the Indicated category, and an Inferred Mineral Resource estimate of 827 million tonnes at 0.32% copper, 0.10 g/t gold and 1.32 g/t silver for 5.8 billion pounds of copper, 2.7 million ounces of gold and 35.1 million ounces of silver.

The Company's long-term view of the copper market is positive, with the expectation that tightening mine supply, growing demand from developing countries such as China, and increasing world-wide consumer demand for electronic and clean energy technologies, will all contribute to stronger prices and require the development of new greenfield mining projects. The Company is equally positive on the outlook for gold and silver prices. The Company's strategy is to create value for its shareholders by expanding and increasing the quality of its resources through successful exploration and acquisitions and by advancing the engineering and other studies that are required to prepare its projects for eventual development by the Company and its partners or by third parties. The overall objective is to position the Company as a top tier mineral exploration-development investment.

The Company has a strong management team and board with extensive experience in the resource sector, particularly in Chile and Argentina. The board and management team have an appropriate mix of geological, engineering, financial, and business skills to advance the Company's projects and to generate value for its shareholders.

The Company's common shares are listed on the TSX Venture Exchange under the symbol "NGEX".

## THIRD QUARTER 2019 OPERATING HIGHLIGHTS

### *Option to Earn into Valle Ancho Project*

On August 29, 2019, the Company entered into an option agreement with the Province of Catamarca, Argentina to earn a 100% interest in the Valle Ancho, Interceptor and Filo de las Vicuñas properties (collectively, the "Valle Ancho Project"). Pursuant to the option agreement, the Company may earn a 100% interest in the Valle Ancho Project by making US$8.2 million in expenditures on the project over a two-year period.

The Valle Ancho Project is a significant land package held by the Province of Catamarca that covers approximately 1,000 $km^2$ of underexplored and highly prospective ground on the Argentine side of Chile's Maricunga Gold Belt. Initial exploration work done in the 1990's resulted in the identification of several interesting gold and copper-gold targets. While not verified by the Company, historical drill intercepts include 62 metres at 1.0 g/t gold, and 108 metres at 1.0 g/t gold.

During the third quarter ended September 30, 2019, a key focus of the Company was the planning and preparing for the undertaking of an initial field program at the Valle Ancho Project during the 2019/2020 field season, scheduled to run from October 2019 to March 2020. The main objectives of the initial field program are to review historical data, perform mapping and sampling, and conduct an airborne geophysical survey over the project area to identify, develop and prioritize targets for further evaluation.

### *Opportunities to Add Value at Los Helados*

While the Company continues to evaluate its options for advancing and unlocking value at the Los Helados Project, it plans to complete a drone-borne magnetic survey that could help identify potential exploration targets outside the known resource.

## CORPORATE UPDATE

### *Appointment of Chief Financial Officer and Corporate Secretary*

Effective September 16, 2019, the Company appointed Mr. Jeff Yip as the Chief Financial Officer of the Company, in replacement of Ms. Joyce Ngo, who has served as the Company's Interim Chief Financial Officer since closing of the Josemaria Arrangement. In addition, effective September 16, 2019, the Company appointed Ms. Brenda Nowak as Corporate Secretary of the Company, in replacement of Ms. Julie Kemp.

Mr. Yip earned a Bachelor of Commerce degree from the University of British Columbia and is a member of the Chartered Professional Accountants of British Columbia (CPA, CA). In addition to serving as the Chief Financial Officer of the Company, Mr. Yip will also concurrently serve as the CFO of Filo Mining Corp., a position that he has held since November 2016.

Ms. Nowak has over 25 years of experience in the legal aspects of the securities industry, over ten of those years specifically with public companies in the mining industry. Ms. Nowak currently also serves as Corporate Secretary for North Arrow Minerals Inc., Strongbow Exploration Inc., and Filo Mining Corp.

## OUTLOOK

A key focus of the Company's 2019/2020 field program currently underway is to conduct an initial exploration program on the recently optioned Valle Ancho Project, located in the Province of Catamarca, Argentina. Past exploration of the large land package, situated along a major northwest trending structural corridor on the Argentine side of the prolific Maricunga Gold Belt, has yielded some interesting results, including two copper-gold porphyry prospects and one gold prospect, however no significant work has been undertaken in the area for almost 20 years.

The Company's initial exploration program at the Valle Ancho Project will focus on review and compilation of historical data, analysis of satellite imagery, field examination, sampling and mapping of existing prospects, and the undertaking of an airborne geophysical survey over the project area to identify, develop and prioritize targets for further evaluation and potential drill testing. This initial exploration campaign at the Valle Ancho Project recently commenced, and will carry into early 2020.

## RESULTS FROM OPERATIONS

| Year Ended | Dec-18[1] | Dec-17[1] | Dec-16[1] |
|---|---|---|---|
| Net loss ($000’s) | 6,337 | 5,259 | 5,015 |
| Loss per share, basic and diluted ($) | 0.05 | 0.04 | 0.04 |
| Total assets ($000’s) | 5,003 | 4,513 | 3,808 |

[1] *Amounts presented in the table were carved out from figures previously reported by Josemaria in accordance with the continuity of interest basis of accounting, as discussed in the Plan of Arrangement and Continuity of Interest section above.*

NGEx Minerals is a junior exploration company and, as such, its net losses are largely driven by its exploration and project investigation activities and there is no expectation of generating operating profits until it identifies and develops a commercially viable mineral deposit.

Key financial results for the last eight quarters are provided in the table below.

| Three Months Ended | Sep-19[1] | Jun-19[1] | Mar-19[1] | Dec-18[1] | Sep-18[1] | Jun-18[1] | Mar-18[1] | Dec-17[1] |
|---|---|---|---|---|---|---|---|---|
| Exploration costs ($000's) | 604 | 801 | 1,353 | 533 | 443 | 1,713 | 2,067 | 1,170 |
| Operating loss ($000’s) | 1,085 | 1,027 | 1,656 | 911 | 693 | 2,029 | 2,665 | 1,429 |
| Net loss ($000’s) | 1,074 | 1,034 | 1,650 | 960 | 706 | 2,029 | 2,643 | 1,429 |
| Net loss per share, basic and diluted ($) | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.02 | 0.02 | 0.01 |

[1] *Amounts presented in the table were carved out from figures previously reported by Josemaria in accordance with the continuity of interest basis of accounting, as discussed in the Plan of Arrangement and Continuity of Interest section above.*

Due to the geographic location of the Company’s mineral properties, the Company’s business activities fluctuate with the seasons, through increased exploration activities during the summer months in South America. As a result, a general recurring trend is the increase in exploration expenditures, and therefore net losses, for the fourth quarter and first quarter of a fiscal year, relative to the second and third quarters. In addition, other relevant factors, such as the financial position of the Company, other corporate initiatives, as well as the type and scope of planned exploration/project work, could affect the level of exploration activities and net loss in a particular period.

NGEx Minerals incurred net losses of $1.1 million and $3.8 million (2018: $0.7 million and $5.4 million), respectively, for the three and nine months ended September 30, 2019. Exploration and project investigation costs are the most significant expenditures of the Company and account for approximately 56% and 73% (2018: 63% and 79%) of the net losses, respectively, during the three and nine months ended September 30, 2019. This is reflective of the Company’s accounting policy to expense its exploration costs through the consolidated statement of comprehensive loss, except for mineral property option payments and mineral property acquisition costs, which are capitalized.

Exploration and project investigation costs for the three and nine months ended September 30, 2019 were $0.6 million and $2.8 million (2018: $0.4 million and $4.2 million), respectively. The increase for the three months ended September 30, 2019 relative to the 2018 comparative carve-out period reflect a larger environmental baseline program being undertaken in the current period at the Los Helados Project and related support. For the nine months ended September 30, 2019, the decrease in exploration and project investigation costs is the result of a significantly smaller 2018/2019 field program, which carried into the first quarter of 2019, compared to the 2017/2018 field program, which carried into the first quarter of 2018. Namely, the 2018/2019 field program focused primarily on continuation of environmental baseline studies at the Los Helados Project, whereas the 2017/2018 field program undertook a three-hole drill campaign to test Nacimientos.

Excluding share-based compensation, administration costs for the three and nine months ended September 30, 2019 were $0.2 million and $0.7 million (2018: $0.2 million and $0.9 million), respectively. Share-based compensation, a non-cash cost, reflects the amortization of the estimated fair value of options over their vesting period and is based to a large degree on the Company's share price and its volatility. The actual future value to the option holders may differ materially from these estimates as it depends on the trading price of the Company's shares if and when the options are exercised. In addition, as the granting of options and their vesting is at the discretion of the Board, the related expense is unlikely to be uniform across quarters or financial years. In addition, share-based compensation relating to periods prior to the completion of the Josemaria Arrangement on July 17, 2019, were allocated from amounts previously reported by Josemaria, and such allocations may not necessarily reflect, or be otherwise indicative of, the future financial performance of the Company.

Administration costs for the nine months ended September 30, 2019 were lower compared to the 2018 comparative period due primarily to lower compensation and promotion and public relation costs. In regards to promotion and public relation costs, during the nine months ended September 30, 2018, the Company hosted a site visit for investors and analysts, participated in a number of industry conferences and undertook several marketing roadshows, resulting in higher costs. Another contributing factor to the lower administration costs for the nine months ended September 30, 2019 is a smaller portion of common expenses being allocated from Josemaria in the current period, as a result of lower relative levels of exploration expenditures incurred on the mineral properties subject to the Josemaria Arrangement, compared to those retained by Josemaria.

Also, during the three and nine months ended September 30, 2019, the Company recognized monetary losses of $25,000 and $26,000 (2018: $13,000 and $13,000) in relation to the application of hyper-inflationary accounting for the Company's Argentine subsidiaries, which began July 1, 2018. The monetary losses recognized are the results of changes in the Argentine price indices and changes to the Company's net monetary position during the respective periods. Further discussion regarding the application of hyper-inflationary accounting has been provided in the notes to the condensed interim consolidated financial statements.

No tax recovery is recognized as a result of the nature of the Company's activities and the lack of reasonably expected taxable profits in the near term.

In other comprehensive income, the Company reported foreign exchange translation losses of $255,000 and $373,000 (2018: $53,000 and $450,000), respectively, for the three and nine months ended September 30, 2019, on translation of subsidiary company accounts from their functional currency to the Canadian dollar presentation currency. For the three and nine months ended September 30, 2019, the foreign exchange translation loss is primarily the result of fluctuations of the Canadian dollar relative to the Chilean peso. In the comparative periods, the foreign exchange translation gain also incorporated the impacts of fluctuations of the Canadian dollar exchange rate relative to the Argentine peso, however this ceased on July 1, 2018, with the Company's application of hyper-inflation accounting for the Company's Argentine subsidiaries. As a result, beginning July 1, 2018, the Company began recognizing the impact of hyperinflation within other comprehensive income. For the three and nine months ended September 30, 2019, the impact of hyperinflation were losses of $175,000 and $131,000 (2018: $109,000 and $109,000), respectively, and consists of adjustments recognized on the continuing inflation of opening non-monetary balances during the respective periods and the ongoing translation of the Company's Argentine subsidiaries into the Canadian dollar presentation currency following July 1, 2018, as mentioned above.

## LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2019, the Company had cash of $6.9 million and net working capital of $6.8 million, compared to cash of $0.3 million and net working capital of $0.1 million, as at December 31, 2018. The increase in the Company's cash and net working capital is due primarily to the receipt of $7.3 million in cash from Josemaria pursuant to the Josemaria Arrangement (see Plan of Arrangement and Continuity of Interest section above).

The Company plans to use the majority of its cash towards its key exploration projects in South America and general corporate activities. Based on the Company's financial position at September 30, 2019, the Company is well positioned to advance these initiatives. On an ongoing basis, the Company evaluates and adjusts its planned exploration and administrative activities to ensure that adequate levels of working capital are maintained.

## RELATED PARTY TRANSACTIONS

Under the normal course of operations, the Company may undertake transactions or hold balances with related parties. Namely, the Company engages with Josemaria and Filo Mining Corp. ("Filo Mining"), related parties by way of directors, officers and shareholders in common.

### *Related party services*

The Company has a cost sharing arrangement with Josemaria and Filo Mining. Under the terms of this arrangement, the Company provides management, technical, administrative and/or financial services (collectively, "Management Services") to Josemaria and Filo Mining, and vice versa. These transactions were incurred in the normal course of operations, and are summarized as follows:

| | **Three months ended September 30,** | | **Nine months ended September 30,** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Management Services to Josemaria | 49,866 | 6,575 | 154,274 | 41,277 |
| Management Services to Filo Mining | 202,697 | 63,983 | 347,442 | 319,651 |
| Management Services from Josemaria | (80,506) | - | (80,506) | - |
| Management Services from Filo Mining | (102,163) | (81,257) | (282,670) | (280,258) |

### *Related party balances*

The amounts due from (to) related parties, and the components of the consolidated statement of financial position in which they are included, are as follows:

| | **Related Party** | **September 30, 2019** | **December 31, 2018** |
|---|---|---|---|
| Receivables and other assets | Josemaria | 35,680 | 28,289 |
| Receivables and other assets | Filo Mining | 74,541 | 32,614 |
| Accounts payable and accrued liabilities | Josemaria | (83,897) | (4,009) |
| Accounts payable and accrued liabilities | Filo Mining | (65,292) | (98,428) |

### ***Key management compensation***

The Company's key management personnel have the authority and responsibility for overseeing, planning, directing and controlling its 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:

| | **Three months ended September 30,** | | **Nine months ended September 30,** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Salaries and other payments | 29,172 | 74,074 | 186,324 | 326,485 |
| Short-term employee benefits | 1,382 | 5,205 | 5,051 | 10,424 |
| Directors fees | 24,106 | 17,234 | 40,038 | 51,702 |
| Stock-based compensation | 246,423 | 62,403 | 322,710 | 262,629 |
| | **301,083** | **158,916** | **554,123** | **651,240** |

## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in accordance with IFRS, such as the underlying condensed interim consolidated financial statements for the three and nine months ended September 30, 2019, 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.

**Carve-out basis of accounting** – The preparation of the condensed interim consolidated financial statements pursuant to the carve-out basis of accounting, as described in Note 2 to the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2019, requires the identification and allocation of pre-arrangement assets, liabilities, results from operations and cash flows of Josemaria, which are deemed to be attributable to the Company. As common expenses have been allocated on a pro-rata basis based on the level of investments made during the relevant periods, management is required to make estimates and judgments in performing the allocation.

**Valuation of mineral properties** – The Company carries the acquisition costs of its mineral properties at cost less any provision for impairment. The Company undertakes periodic reviews of the carrying values of mineral properties and whenever events or changes in circumstances indicate that their carrying values may exceed their fair value. In undertaking these reviews, management of the Company is required to make significant estimates. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties and related expenditures.

**Hyper-inflationary accounting** – Effective July 1, 2018, Argentina was determined to be a hyper-inflationary economy in accordance with IAS 29, *Financial Reporting in Hyper-inflationary Economies*, and therefore the Company began to account for its Argentine operating subsidiaries using hyper-inflationary accounting at that date. The determination of whether an economy is hyper-inflationary requires the Company to make certain estimates and judgements, such as assessment of historic inflation rates and anticipation of future trends. In addition, the application of hyper-inflationary accounting in accordance with IAS 29 requires the selection and use of price indices to estimate the impact of inflation on the non-monetary assets and liabilities, and results of operations of the Company. The selection of price indices is based on the Company's assessment of various available price indices on the basis of reliability and relevance. Changes in any such estimates may significantly impact the carrying value of those non-monetary assets or liabilities, and results of operations, which are subject to hyper-inflationary adjustments, and the related gains and losses within the consolidated statements of loss and comprehensive loss.

## SIGNIFICANT ACCOUNTING POLICIES

A summary of the Company's significant accounting policies is provided in Note 4 to the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2019.

## FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables and other assets, and trade payables and accrued liabilities and amounts due to its exploration partner, with carrying values considered to be reasonable approximations of fair value due to the short or near-term nature of these instruments.

As at September 30, 2019, the Company's financial instruments are exposed to the following financial risks, including credit, liquidity and currency risks:

(i) Credit risks associated with cash 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.

(ii) Liquidity risks associated with the inability to meet obligations as they become due is minimized through the management of its capital structure and by maintaining good relationships with bankers and creditors. The Company also closely monitors and reviews its costs to date and actual cash flows on a monthly basis.

The maturities of the Company's financial liabilities as at September 30, 2019, are as follows:

| | **Total** | **Less than 1 year** | **1-5 years** | **More than 5 years** |
|---|---|---|---|---|
| Accounts payable and accrued liabilities | 415,748 | 415,748 | - | - |
| Due to exploration partner | 4,531,060 | - | - | **4,531,060** |
| Total | **4,946,808** | **415,748** | **-** | **4,531,060** |

Pursuant to the Josemaria Arrangement, the Company assumed from Josemaria an obligation to fund a partner's share of exploration expenditures related to La Rioja (the "Obligation"). In accordance with the terms of a Joint Exploration Agreement ("JEA") between the Company and the partner, PPC, the Company has elected to settle the Obligation through funding PPC's share of exploration expenditures, which remained US$3.4 million as at September 30, 2019, and has no defined timeline for settlement. The Obligation has been discounted and recorded at its present value at an annual effective rate of 8%.

(iii) Foreign currency risk can arise when the Company or its subsidiaries transact or have net financial assets or liabilities which are denominated in currencies other than their respective functional currencies.

At September 30, 2019, the Company's largest foreign currency risk exposure existed at the level of its Canadian parent company, where the Company held a net financial asset position denominated in US dollars having a Canadian dollar equivalent of approximately $2.3 million. A 10% change in the foreign exchange rate between the US dollar, and the Canadian dollar, NGEx Minerals' functional currency, would give rise to increases/decreases of approximately $228,000 in financial position/comprehensive loss.

## OUTSTANDING SHARE DATA

As at November 27, 2019, the Company had 124,793,652 common shares outstanding and 6,657,500 share options outstanding under its share-based incentive plan.

## RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business, which includes the acquisition, financing, exploration, development and operation of mineral and mining properties. There are a number of factors that could negatively affect the Company's business and the value of its common shares, including the more significant risk factors identified by the Company and listed below. The following information pertains to the outlook and conditions currently known to the Company that could have a material impact on the financial condition of the Company. Other factors may arise that are not currently foreseen by management of the Company that may present additional risks in the future. Current and prospective security holders of the Company should carefully consider these risk factors, as they could materially affect the Company's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

*Exploration and Development Risk*

Mining exploration, development and operations generally involve a high degree of risk that cannot be eliminated and which can adversely impact the Company's success and financial performance. Exploration for and development of mineral deposits involves a high degree of risk and few properties that are explored are ultimately developed into producing mines.

Major expenses are typically required to locate and establish Mineral Reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a mineral deposit will be commercially viable depends on a number of factors, which include, among other things, the following:

- the interpretation of geological data obtained from drill holes and other sampling techniques;
- feasibility studies (which include estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed);

- the particular attributes of the deposit, such as size, grade and metallurgy; expected recovery rates of metals from the ore;
- proximity to infrastructure and labour; the ability to acquire and access land; the availability and cost of water and power; anticipated climatic conditions;
- cyclical metal prices; fluctuations in inflation and currency exchange rates;
- higher input commodity and labour costs; and
- government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

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's operations are subject to all of the hazards and risks normally encountered in the exploration and development of copper and gold projects and properties, including unusual and unexpected geologic formations, seismic activity, rock slides, ground instabilities or failures, mechanical failures, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of facilities, damage to life or property, environmental damage and possible legal liability.

NGEx Minerals is concentrated in the copper/gold mining industry, and as such, its success will be sensitive to changes in, and its performance will depend to a greater extent on, the overall condition of the copper/gold mining industry. The Company's business may be negatively impacted by fluctuations in the copper/gold mining industry generally. NGEx Minerals may be susceptible to an increased risk of loss, including losses due to adverse occurrences affecting it more than the market as a whole, as a result of the fact that its projects and properties are concentrated in the copper/gold mining sector.

*Mineral Resources Estimates*

The Company's reported Mineral Resources are estimations only. No assurance can be given that the estimated Mineral Resources will be recovered. By their nature, Mineral Resource estimations 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 estimations may require revision (either up or down). There are numerous uncertainties inherent in estimating Mineral Resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any Mineral Resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. There can be no assurance that recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions. In particular, factors that may affect Mineral Resource estimates include:

- changes in interpretations of mineralization geometry and continuity of mineralization zones;
- input parameters used in the Whittle shell that constrains the Mineral Resources amenable to open pit mining methods;
- metallurgical and mining recoveries;
- operating and capital cost assumptions;
- metal price and exchange rate assumptions;
- confidence in modifying factors, including assumptions that surface rights to allow infrastructure to be constructed will be forthcoming;
- delays or other issues in reaching agreements with local or regulatory authorities and stakeholders;
- changes in land tenure requirements or permitting requirements from those discussed in the report; and
- changes in the environmental regulations or laws governing the property.

Changes in key assumptions and parameters could result in a restatement of Mineral Resource estimates. 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. Any material reductions in estimates of Mineral Resources could have a material adverse effect on the Company's results of operations and financial condition.

*Negative Operating Cash Flow*

The Company is an exploration stage company and has not generated cash flow from operations. The Company is devoting significant resources to the development and acquisition of its properties, however there can be no assurance that it will generate positive cash flow from operations in the future. The Company expects to continue to incur negative consolidated operating cash flow and losses until such time as it achieves commercial production at a particular project. The Company currently has negative cash flow from operating activities.

*Metal Price Risk*

The Company's portfolios of properties and investments have exposure to predominantly copper and gold. 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 US 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.

*Current Global Financial Conditions*

Market events and conditions can cause 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 can increase the levels of volatility in the global stock markets, which can adversely affect the Company's operations and the value and price of the Company's Common 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.

*Foreign Operations Risk*

The Company conducts exploration activities in Argentina and Chile, which 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. There is a risk 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 also may 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*

Some of the Company's mineral properties, such as Nacimientos and Valle Ancho, are located in Argentina. There are risks relating to an uncertain or unpredictable political and economic environment in Argentina, especially as there is social opposition to mining operations in certain parts of the country. During an economic crisis in 2001 to 2003 and again in 2014, 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 US 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 US 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 measures have been lifted by the new government that took office in December 2015. However, the past actions indicate that the Argentinean government may from time to time 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.

*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, including inflationary pressures, 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 a negative direction. The Company does not currently engage in foreign currency hedging activities.

*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. 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. The rules governing mining concessions in Chile and Argentina are complex and any failure by the Company to meet requirements would have a material adverse effect on the Company. 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 the certain properties through option agreements requiring property payments 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 third-party agreements. If the Company does not satisfactorily complete these option conditions in the period 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.

*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 the Company and reduce the value of their investment.

*Control of NGEx Minerals*

As at the date of this MD&A, Zebra Holdings and Investments S.à.r.l. ("Zebra") and Lorito Holdings S.à.r.l. ("Lorito"), who report their security holdings as joint actors, together own 44,550,967 common shares of the Company, representing 35.7% of the issued and outstanding common shares. Accordingly, they are considered to be control persons of NGEx Minerals. As long as Zebra and Lorito maintain their current interests in the Company, they will have the ability to exercise certain influence with respect to the affairs of the Company and significantly affect the outcome of the votes of shareholders. There is a risk that the interests of Zebra and Lorito differ from those of other shareholders.

As a result of the current shareholdings of Zebra and Lorito, there is a risk that the Company's securities are less liquid and trade at a relative discount compared to circumstances where these persons did not have the ability to influence or determine matters affecting NGEx Minerals. Additionally, there is a risk that their current ownership interests in NGEx Minerals discourages transactions involving a change of control of NGEx Minerals, including transactions in which an investor, as a holder of the Company's securities, would otherwise receive a premium for its Company's securities over the then-current market price.

*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.

*Corruption and Bribery*

The Company is required to comply with anti-corruption and anti-bribery laws, including the *Extractive Sector Transparency Measures Act*, the *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.

*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. In addition, certain of these individuals are also senior officers and key employees of Josemaria and Filo Mining and, pursuant to the terms of a services agreement between the Company, Josemaria and Filo Mining dated September 16, 2019 (the "Services Agreement"), the employment costs associated with these individuals are shared between the Company, Josemaria and Filo Mining on a percentage allocation basis. If such officers and key employees do not remain employed with Josemaria and/or Filo Mining for the purposes of the cost-sharing basis under the Services Agreement, the Company could be adversely affected. The Company has not purchased key man life insurance for any of these individuals.

*Conflicts of Interest*

Some of the directors and employees/officers of the Company are also directors and employees/officers of other companies that are similarly engaged in the business of acquiring, exploring and developing natural resource properties. In addition, certain individuals also serve as officers of Josemaria and/or Filo Mining and are subject to the Services Agreement. 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 or employee/officer of the Company may be offered to another corporation, or companies with which the director or employee/officer is associated, and may not be presented or made available to the Company. The directors and employees/officers 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 that 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.

*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.

*Information Systems and Cyber Security*

The Company's operations depend on information technology ("IT") systems. These IT systems could be subject to network disruptions caused by a variety of sources, including computer viruses, security breaches and cyber-attacks, as well as disruptions resulting from incidents such as cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

Although to date the Company has not experienced any material losses relating to cyber attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

*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 Risks*

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.

*Infrastructure*

Development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power and water supplies are important determinants that 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.

*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.

## QUALIFIED PERSON AND TECHNICAL INFORMATION

The scientific and technical disclosure included in this MD&A have been reviewed and approved by Bob Carmichael, P. Eng. (BC). Mr. Carmichael is the Company's Vice-President of Exploration and a Qualified Person under National Instrument 43-101 Standards of Disclosure for Mineral Projects. ("NI 43-101").

Mineral Resource estimates for the Los Helados Project have an effective date of April 26, 2019. The key assumptions, parameters, and methods used to estimate the mineral resources are contained in the 43-101 technical report for the project, entitled *"Technical Report on the Los Helados Porphyry Copper-Gold Deposit, Chile"*, dated August 6, 2019 and authored by F. Devine, P.Geo., G. Zandonai, RMCMC, and G. Di Prisco, P.Geo. This report is available on the Company's website at www.ngexresources.com or under the Company's profile at www.sedar.com.

The Company's Mineral Resource estimates as reported in this MD&A have been prepared in accordance with the CIM Definition Standards that are incorporated by reference in NI 43-101. The following definitions are reproduced from the CIM Definition Standards:

> A "Mineral Resource" is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
>
> An "Inferred Mineral Resource" is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
>
> An "Indicated Mineral Resource" is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors (as defined below) in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

Reverse circulation drilling at the Valle Ancho Project was completed by Eldorado Gold Corporation during the 1995/1996 season. NGEx Minerals has reviewed the original annual exploration report detailing the drilling and sampling methodology as well as the original assay certificates. Samples were collected every two metres, and were split twice resulting in 1/8 of the original sample being retained for analysis. Field duplicates were included in the sample batches, however no assay standards or blanks were included. Analyses were completed by Bondar Clegg Inchcape Testing Services in North Vancouver, Canada. Bondar Clegg Inchape was an accredited assay lab which was independent of Eldorado Gold Corporation. Gold analyses were by fire assay fusion with AAS finish on a 30g sample. In addition, NGEx Minerals has reviewed chips from the sample intervals. Drilling, sampling and assaying was done to industry standards at the time, and NGEx Minerals has no reason to believe that the analytical data reported here is inaccurate, however the Company has not completed its own sampling to independently verify the assay results.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING 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” or “forward-looking statements”) concerning the business, operations, financial performance and condition of NGEx Minerals. 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, any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance, (often, but not always, identified by words or phrases such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", “projects” , “estimates”, “budgets”, “scheduled”, “forecasts”, “assumes”, “intends”, “strategy”, “goals”, “objectives”, “potential”, “possible”, "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", “should”, "might" or "will be taken", "will occur" or "will be achieved" or the negative connotations thereof and similar expressions) are not statements of historical fact and may be forward-looking statements.

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 Mineral Resource estimates, cost estimates, changes in commodity prices, currency fluctuation, financings, 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, and uncertainties and other factors, including, without limitation, those referred to in the “Risks and Uncertainties” section of the MD&A, 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 is as of the date of the MD&A. In particular, this MD&A contains forward-looking statements or information pertaining to: the assumptions used in the Mineral Resources estimates for the Los Helados Project, including, but not limited to, geological interpretation and grades; assumptions made in the interpretation of drill results, geology, grade and continuity of mineral deposits; expectations regarding access and demand for equipment, skilled labour and services needed for exploration and development of mineral properties; and that activities will not be adversely disrupted or impeded by exploration, development, operating, regulatory, political, community, economic and/or environmental risks. In addition, this MD&A may contain forward-looking statements or information pertaining to: the Company's plans for the field season currently underway, including the expected timing of results related thereto; the Corporation’s ability to execute its planned work programs at Valle Ancho; potential of identifying prospective targets at the Valle Ancho Project that warrant further evaluation and potential drill testing; the results and impact of future exploration at the Valle Ancho Project; assumptions and interpretations around historical exploration results obtained in regards to the Valle Ancho Project; the exploration potential of the Valle Ancho Property; assumptions and interpretations around the Valle Ancho Project’s location relative to the Maricunga Gold Belt and the potential correlation with respect to prospectivity; the ability of the Company to secure additional financing and/or the quantum and terms thereof; exploration and development plans and expenditures; the timing and nature of work undertaken to advance the Los Helados Project; the success of future exploration activities; potential for the discovery of new mineral deposits; ability to build shareholder value; expectations with regard to adding to Mineral Resources through exploration; expectations with respect to the conversion of inferred resources to an indicated resources classification; ability to execute the planned work programs; estimation of commodity prices, Mineral Resources, estimations of costs, and 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 the Company's actual results and future events could differ materially from those anticipated in such statements, as a result of the factors discussed in the "Risk and Uncertainties" section of this MD&A, and elsewhere. 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.

**NGEx Minerals Ltd.**
**Condensed Interim Consolidated Statements of Financial Position**
**(Expressed in Canadian Dollars)**
**(Unaudited)**

| | *Note* | **September 30, 2019** | **December 31, 2018** |
|---|---|---|---|
| **ASSETS** | | | |
| Current assets: | | | |
| Cash | | $ 6,930,175 | $ 255,759 |
| Receivables and other assets | | 282,039 | 212,238 |
| | | 7,212,214 | 467,997 |
| Non-current assets: | | | |
| Mineral properties | *6* | 4,834,143 | 4,534,990 |
| **TOTAL ASSETS** | | 12,046,357 | 5,002,987 |
| **LIABILITIES** | | | |
| Current liabilities: | | | |
| Trade payables and accrued liabilities | | 415,748 | 389,125 |
| Non-current liabilities: | | | |
| Due to exploration partner | *7* | 321,226 | - |
| **TOTAL LIABILITIES** | | 736,974 | 389,125 |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | *8* | 43,053,810 | - |
| Other capital reserves | | - | 103,167,540 |
| Contributed surplus | | 314,420 | - |
| Deficit | | (41,187,271) | (108,186,386) |
| Accumulated other comprehensive loss | | 9,128,424 | 9,632,708 |
| **TOTAL SHAREHOLDERS' EQUITY** | | 11,309,383 | 4,613,862 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | $ 12,046,357 | $ 5,002,987 |

Commitments (Note 13)

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

On behalf of the Board:

/s/William A. Rand
Director

/s/Wojtek A. Wodzicki
Director

**NGEx Minerals Ltd.**
**Condensed Interim Consolidated Statements of Comprehensive Loss**
**(Expressed in Canadian Dollars)**
**(Unaudited)**

| | *Note* | Three months ended September 30, 2019 | Three months ended September 30, 2018 | Nine months ended September 30, 2019 | Nine months ended September 30, 2018 |
|---|---|---|---|---|---|
| **Expenses** | | | | | |
| Exploration and project investigation | *10* | $ 603,928 | $ 442,793 | $ 2,758,510 | $ 4,222,807 |
| General and administration: | | | | | |
| Salaries and benefits | | 117,361 | 104,005 | 344,472 | 433,524 |
| Share-based compensation | *9c* | 257,832 | 53,528 | 344,895 | 306,732 |
| Management fees | | 3,453 | 26,589 | 24,173 | 79,769 |
| Professional fees | | 40,549 | 15,809 | 166,282 | 98,300 |
| Travel | | 1,672 | 6,034 | 14,705 | 22,483 |
| Promotion and public relations | | 6,315 | 25,611 | 28,856 | 111,664 |
| Office and general | | 53,542 | 18,569 | 85,792 | 111,392 |
| **Operating loss** | | 1,084,652 | 692,938 | 3,767,685 | 5,386,671 |
| **Other expenses** | | | | | |
| Financing costs | | 6,649 | - | 6,649 | - |
| Foreign exchange gain | | (41,700) | 35 | (41,756) | (22,485) |
| Net monetary loss | *5* | 24,553 | 12,616 | 25,518 | 12,616 |
| **Net loss** | | 1,074,154 | 705,589 | 3,758,096 | 5,376,802 |
| **Other comprehensive loss** | | | | | |
| Items that may be reclassified subsequently to net loss: | | | | | |
| Foreign currency translation adjustment | | 255,266 | 52,525 | 373,246 | 449,828 |
| Impact of hyperinflation | *5* | 174,895 | 109,499 | 131,038 | 109,499 |
| **Comprehensive loss** | | $ 1,504,315 | $ 867,613 | $ 4,262,380 | $ 5,936,129 |
| **Basic and diluted loss per common share** | | $ 0.01 | $ 0.01 | $ 0.03 | $ 0.04 |
| **Weighted average common shares outstanding** | *8* | 124,793,652 | 124,793,652 | 124,793,652 | 124,793,652 |

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

**NGEx Minerals Ltd.**
**Condensed Interim Consolidated Statements of Cash Flows**
**(Expressed in Canadian Dollars)**
**(Unaudited)**

| | *Note* | | Nine months ended September 30, 2019 | | 2018 |
|---|---|---|---|---|---|
| **Cash flows used in operating activities** | | | | | |
| Net loss for the period | | $ | (3,758,096) | $ | (5,376,802) |
| Items not involving cash: | | | | | |
| Depreciation | | | 1,781 | | 7,023 |
| Share-based compensation | *9c* | | 430,656 | | 413,595 |
| Finance costs | | | 6,649 | | - |
| Foreign exchange loss | | | 3,623 | | - |
| Net monetary loss | | | 68,392 | | 24,908 |
| Net changes in working capital items: | | | | | |
| Receivables and other | | | (134,295) | | (1,950) |
| Trade payables and accrued liabilities | | | 116,295 | | (409,215) |
| | | | (3,264,995) | | (5,342,441) |
| **Cash flows from financing activities** | | | | | |
| Cash received pursuant to the Josemaria Arrangement | *2* | | 7,300,000 | | - |
| Funding received from Josemaria for operations | *2* | | 3,547,819 | | 6,476,751 |
| Payments made on behalf of exploration partner | | | (6,649) | | - |
| | | | 10,841,170 | | 6,476,751 |
| **Cash flows used in investing activities** | | | | | |
| Mineral properties and related expenditures | | | (735,664) | | (670,078) |
| | | | (735,664) | | (670,078) |
| **Effect of exchange rate change on cash** | | | (166,095) | | (158,837) |
| **Increase in cash during the year** | | | 6,674,416 | | 305,395 |
| **Cash, beginning of year** | | $ | 255,759 | $ | 139,109 |
| **Cash, end of year** | | $ | 6,930,175 | $ | 444,504 |

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

**NGEx Minerals Ltd.**
**Condensed Interim Consolidated Statements of Changes in Equity**
**(Expressed in Canadian Dollars)**
**(Unaudited)**

| | *Note* | Number of Shares | Share Capital | Contributed Surplus | Other Capital Reserves | Deficit | Accumulated Other Comprehensive Income | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|
| **Balance, January 1, 2018** | | - | $ - | $ - | $ 95,612,132 | $ (101,849,450) | $ 10,015,652 | $ 3,778,334 |
| Funding and expenses paid by Josemaria | | - | - | - | 6,483,774 | - | - | 6,483,774 |
| Share-based compensation | | - | - | - | 413,595 | - | - | 413,595 |
| Net loss and other comprehensive loss | | - | - | - | - | (5,376,802) | (559,327) | (5,936,129) |
| **Balance, September 30, 2018** | | **-** | **$ -** | **$ -** | **$ 102,509,501** | **$(107,226,252)** | **$ 9,456,325** | **$ 4,739,574** |
| | | | | | | | | |
| **Balance, January 1, 2019** | | - | $ - | $ - | $ 103,167,540 | $ (108,186,386) | $ 9,632,708 | $ 4,613,862 |
| Funding and expenses paid by Josemaria | | - | - | - | 3,549,600 | - | - | 3,549,600 |
| Share-based compensation | *9c* | - | - | 314,420 | 116,236 | - | - | 430,656 |
| Net cash received and liabilities assumed pursuant to the Josemaria Arrangement | *2* | - | - | - | 6,977,645 | - | - | 6,977,645 |
| Shares issued pursuant to the Josemaria Arrangement | *2 & 8* | 124,793,652 | 43,053,810 | - | (43,053,810) | - | - | - |
| Adjustment for shares issued pursuant to with the Josemaria Arrangement | *2* | - | - | - | (70,757,211) | 70,757,211 | - | - |
| Net loss and other comprehensive loss | | - | - | - | | (3,758,096) | (504,284) | (4,262,380) |
| **Balance, September 30, 2019** | | **124,793,652** | **$ 43,053,810** | **$ 314,420** | **$ -** | **$ (41,187,271)** | **$ 9,128,424** | **$ 11,309,383** |

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

## 1. NATURE OF OPERATIONS

NGEx Minerals Ltd. (the "Company" or "NGEx Minerals") was incorporated on February 21, 2019 under the laws of the Canada Business Corporations Act in connection with a plan of arrangement to reorganize Josemaria Resources Inc. ("Josemaria"), which was completed on July 17, 2019 (see Note 2). The Company's principal business activities are the acquisition, exploration and development of mineral properties located in South America.

The Company's registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada. The Company's common shares commenced trading on the TSX Venture Exchange (the "TSXV") under the symbol "NGEX" on August 20, 2019.

## 2. PLAN OF ARRANGEMENT

On July 17, 2019, Josemaria completed a plan of arrangement (the "Josemaria Arrangement") pursuant to which Josemaria transferred to the Company:

- cash of $7,300,000 million;
- its wholly owned subsidiaries that directly or indirectly hold the Los Helados Properties in Chile (the "Los Helados Properties"), the Nacimientos properties in Argentina (the "Nacimientos Properties") and the La Rioja properties in Argentina (the "La Rioja Properties"), including an additional $238,929 in cash; and
- $322,355 in liabilities, comprised primarily of a contractual obligation to fund an exploration partners' share of future exploration activities at the La Rioja Properties.

In exchange, the Company issued to Josemaria 124,793,652 common shares of the Company, which Josemaria subsequently distributed to the shareholders of Josemaria as a return of capital.

As the shareholders of Josemaria continued to hold their respective interests in NGEx Minerals, there was no resultant change of control in either the Company, or the underlying assets and business acquired. As such, the Josemaria Arrangement is considered a capital reorganization and is excluded from the scope of IFRS 3, *Business Combinations*.

Under the continuity of interest basis of accounting, the assets and liabilities transferred are recorded at their pre-arrangement carrying values. The statements of comprehensive loss include the allocated expenditures from the business acquired for the period up to July 17, 2019. Accordingly, the exploration expenditures related to the Los Helados Properties, the Nacimientos Properties and La Rioja Properties have been allocated directly from Josemaria and all remaining expenses have been allocated on a pro-rata basis based on the level of investment made in the subsidiaries that directly or indirectly hold the Los Helados Properties, the Nacimientos Properties, and the La Rioja Properties relative to those retained by Josemaria following the Josemaria Arrangement. The carve-out entity did not operate as a separate legal entity and as such, the financial statements do not necessarily reflect what its results of operations, financial position and cash flows would have been had the carve-out entity operated as an independent entity during the periods presented.

**(Expressed in Canadian Dollars, unless otherwise stated)**

The carrying value of the net assets received pursuant to the Josemaria Arrangement, as at July 17, 2019 are as follows:

| | |
|---|---|
| Assets: | |
| Cash | $ 7,538,929 |
| Receivables and other assets | 204,857 |
| Mineral properties | 5,227,730 |
| Total assets | 12,971,516 |
| Liabilities: | |
| Trade payables and accrued liabilities | (447,141) |
| Due to exploration partner | (317,605) |
| **Carrying value of net assets** | **12,206,770** |
| Accumulated losses | 101,604,251 |
| Subtotal | 113,811,021 |
| Shares issued pursuant to the Josemaria Arrangement | 43,053,810 |
| **Adjustment for shares issued in connection with** | **$ 70,757,211** |

An adjustment of $70,757,211 was made through accumulated deficit to reconcile: i) the carrying values of the net assets contributed and recorded under the continuity of interest basis of accounting, to the fair value of the common shares issued upon closing of the Josemaria Arrangement; and ii) the allocated Josemaria accumulated losses which amounted to $101,604,251 up to the close of the Josemaria Arrangement.

The consolidated statement of changes in equity includes $7,300,000 of cash, $4,750 in accounts payable and accrued liabilities, and $317,605 in amounts due to an exploration partner, that were transferred by Josemaria to the Company pursuant to the Josemaria Arrangement. Other assets have been reflected in these consolidated financial statements at earlier dates in accordance with the continuity of interest basis of accounting.

## 3. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*.

In addition, these condensed interim consolidated financial statements have been prepared on a continuity of interest basis of accounting following the Josemaria Arrangement, which requires that prior to the July 17, 2019 effective date thereof, the assets, liabilities, results of operations and cash flows of NGEx Minerals be on a 'carve-out' basis from the consolidated financial statements and accounting records of Josemaria, in accordance with the financial reporting framework specified in subsection 3.11(6) of National Instrument 52-107, *Acceptable Accounting Principles and Auditing Standards*, for carve-out financial statements.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 27, 2019.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Consolidation

These condensed interim consolidated financial statements of the Company include the following subsidiaries:

| Subsidiaries | Jurisdiction | Nature of operations |
|---|---|---|
| Suramina Resources Inc. | Canada | Holding company |
| NGEx Argentina Holdings Inc. | Canada | Holding company |
| NGEx RioEx Holdings Inc. | Canada | Holding company |
| Frontera Holdings (Bermuda) I Ltd. | Bermuda | Holding company |
| Frontera Holdings (Bermuda) II Ltd. | Bermuda | Holding company |
| Frontera Holdings (Bermuda) III Ltd. | Bermuda | Holding company |
| Urupampa S.A. | Uruguay | Holding company |
| RioEx Uruguay S.A. | Uruguay | Holding company |
| Minera Frontera del Oro SPA. | Chile | Exploration company |
| Desarrollo de Prospectos Mineros Peruanos S.A.C. | Peru | Exploration Company |
| Pampa Exploracion S.A. | Argentina | Exploration company |
| RioEx S.A. | Argentina | Exploration company |

The Company consolidates an entity when it has power over that entity, is exposed, or has rights, to variable returns from its involvement with that entity and has the ability to affect those returns through its power over that entity.

All the Company's subsidiaries are wholly-owned and all intercompany balances, transactions, including income and expenses arising from inter-company transactions are eliminated in preparing the condensed interim consolidated financial statements.

### b) Critical accounting estimates and assumptions

The preparation of the condensed interim 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.

**Carve-out basis of accounting** – The preparation of these condensed interim consolidated financial statements pursuant to the carve-out basis of accounting, as described in Note 2 above, requires the identification and allocation of pre-arrangement assets, liabilities, results from operations and cash flows of Josemaria, which are deemed to be attributable to the Company. As common expenses have been allocated on a pro-rata basis based on the level of investments made during the relevant periods, management is required to make estimates and judgments in performing the allocation.

**Valuation of mineral properties** – The Company carries the acquisition costs of its mineral properties at cost less any provision for impairment. The Company undertakes periodic reviews of the carrying values of mineral properties and whenever events or changes in circumstances indicate that their carrying values may exceed their fair value. In undertaking these reviews, management of the Company is required to make significant estimates. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties and related expenditures.

**Hyper-inflationary accounting** – Effective July 1, 2018, Argentina was determined to be a hyper-inflationary economy in accordance with IAS 29, *Financial Reporting in Hyper-inflationary Economies*, and therefore the Company began to account for its Argentine operating subsidiaries using hyper-inflationary accounting at that date. The determination of whether an economy is hyper-inflationary requires the Company to make certain estimates and judgements, such as assessment of historic inflation rates and anticipation of future trends. In addition, the application of hyper-inflationary accounting in accordance with IAS 29 requires the selection and use of price indices to estimate the impact of inflation on the non-monetary assets and liabilities, and results of operations of the Company. The selection of price indices is based on the Company's assessment of various available price indices on the basis of reliability and relevance. Changes in any such estimates may significantly impact the carrying value of those non-monetary assets or liabilities, and results of operations, which are subject to hyper-inflationary adjustments, and the related gains and losses within the consolidated statements of loss and comprehensive loss.

### c) Foreign currency translation

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The functional currency of its material subsidiaries, which have operations in Chile and Argentina, is the Chilean peso and the Argentine peso, respectively.

For the Company's Argentine subsidiaries, which are affected by hyper-inflationary accounting as described in Note 5 below, and uses the Argentine peso as its functional currency, the results and financial position of this subsidiary are translated into the presentation currency using the exchange rate prevailing at the date of the statement of financial position.

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

- Assets and liabilities for each statement of financial position presented are translated using the exchange rate prevailing at the date of that statement of financial position.
- Income, expenses, and other comprehensive income for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- All resulting exchange differences are recognized as a separate component of equity and in other comprehensive income.

### d) Mineral properties and exploration expenditure

The Company capitalizes 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 and subsequently amortized on a units of production based on proven and probable reserves of the assets to which they relate.

### e) Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units, or "CGU's"). Value in use is determined as the present value of future cash inflows expected to be derived from a CGU using a pre-tax discount rate that reflects the current time value of money and the risks specific to that CGU.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### f) Cash

Cash includes cash on hand and deposits held at financial institutions, including monetary instruments that may be cashed or redeemed within 90 days of purchase.

### g) 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.

### h) Share capital

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

### i) Share-based compensation

The Company has a share-based compensation plan, whereby it is authorized to grant share options to officers, employees, directors, and other eligible persons. The fair value of the options is measured at the date the options are granted, using the Black-Scholes option-pricing model with assumptions for risk-free interest rates, dividend yields, volatility of the expected market price of the common shares and an expected life of the options. The fair value less estimated forfeitures is charged over the vesting period of the related options as an expense on its financial statements.

### j) Provisions

Provisions for 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 can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligations using the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

### k) Segment reporting

As the Company primarily focuses its activity on the exploration and development of mineral properties, its operating and reportable segments are the Los Helados Project, other exploration projects, and the Company's corporate administration function. 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, the chief operating decision-maker for the Company, obtains and reviews operating results of each operating segment on a monthly basis.

### l) Hyperinflation

On July 1, 2018, the Company adopted IAS 29, *Financial Reporting in Hyper-Inflationary Economies,* which outlines the use of the hyper-inflationary accounting to consolidate and report its Argentine operating subsidiaries.

The application of hyper-inflationary accounting requires restatement of the Argentine subsidiaries' non-monetary assets and liabilities, shareholders' equity and comprehensive loss items from the transaction date when they were first recognized into the current purchasing power which reflects a price index current at the end of the reporting period before being included in the consolidated financial statements. To measure the impact of inflation on its financial position and results, the Company has elected to use the Wholesale Price Index (Indice de Precios Mayoristas or "IPIM") for periods up to December 31, 2016, and the Retail Price Index (Indice de Precios al Consumidor or "IPC") thereafter. These price indices have been recommended by the Government Board of the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE").

As the consolidated financial statements of the Company have been previously presented in Canadian dollars, a stable currency, the comparative period amounts do not require restatement.

### m) Adoption of new accounting policy: leases

On January 1, 2019, the Company adopted IFRS 16, *Leases*, which 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 almost all leases, unless the lease term is 12 months or less or the underlying asset has a low value, in which case, lease payments are recognized as an expense on a straight-line basis over the lease term or another systematic basis, if deemed more representative.

The Company has adopted IFRS 16 retroactively from January 1, 2019, but has not restated the 2018 comparative periods presented, as permitted under the specific transitional provision in the standard. Accordingly, any adjustments arising from the new lease accounting rules have been recognized in the opening balance sheet on January 1, 2019.

As at January 1, 2019, the Company's only leases had terms less than 12 months, and accordingly, the adoption of IFRS 16 has resulted in no material impact to the Company.

On January 1, 2019, the Company did not have any leases which were previously classified as finance leases under IAS 17.

**(Expressed in Canadian Dollars, unless otherwise stated)**

In applying IFRS 16 for the first time, the Company used a practical expedient permitted by the standard, which allowed the Company to not reassess whether its contracts are, or contain, a lease at the date of initial application. Instead, pursuant to this practical expedient, for contracts entered into before the transition date, the Company was permitted to rely on its previous assessments made under IAS 17 and IFRIC 4, *Determining Whether an Arrangement Contains a Lease*.

## 5. HYPERINFLATION

Argentina was designated a hyper-inflationary economy as of July 1, 2018 for accounting purposes.

The Company recognized losses of approximately $174,895 and $131,038, respectively, for the three and nine months ended September 30, 2019 (2018: $109,499 and $109,499) in relation to the impact of hyperinflation within other comprehensive income, which is primarily the result of devaluation of the Argentine Peso relative to the Canadian dollar during the respective periods.

As a result of changes in the IPC and changes to the Company's net monetary position during the three and nine months ended September 30, 2019, the Company recognized net monetary losses of approximately $24,553 and $25,518, respectively during the three and nine months ended September 30, 2019 (2018: $12,616 and $12,616) to adjust transactions recorded during the respective periods into a measuring unit current as of September 30, 2019.

The level of the IPC at September 30, 2019 was 253.7 (December 31, 2018: 184.2), which represents an increase of approximately 38% over the IPC at December 31, 2018, and an approximate 16% increase over the average level of the IPC during the nine months ended September 30, 2019.

## 6. MINERAL PROPERTIES

| | **Los Helados Project** | **Nacimientos Properties** | **Acay Properties** | **Total** |
|---|---|---|---|---|
| **January 1, 2018** | **$ 3,909,134** | **$ 217,374** | **$ 94,331** | **$ 4,220,839** |
| Additions | 312,382 | 357,696 | - | 670,078 |
| Write-off of mineral properties | - | - | (54,861) | (54,861) |
| Effect of foreign currency translation | (181,352) | (142,445) | (39,470) | (363,267) |
| Adjustments for impacts of hyperinflation | - | 62,201 | - | 62,201 |
| **December 31, 2018** | **$ 4,040,164** | **$ 494,826** | **$ -** | **$ 4,534,990** |
| Additions | 328,774 | 406,890 | - | 735,664 |
| Effect of foreign currency translation | (330,543) | - | - | (330,543) |
| Adjustments for impacts of hyperinflation | - | (105,968) | - | (105,968) |
| **September 30, 2019** | **$ 4,038,395** | **$ 795,748** | **$ -** | **$ 4,834,143** |

The Company's primary mineral property assets are the Los Helados Properties and the La Rioja Properties (together, the "Los Helados Project"), which are comprised of adjacent mineral titles in Region III, Chile, and the San Juan Province in Argentina. The Company also holds mineral property interests in the Nacimientos Properties, located in the San Juan Province, Argentina.

Los Helados Project

The Company is the majority partner and operator of the Los Helados Project, which is subject to a Joint Exploration Agreement ("JEA") with its exploration partner, Pan Pacific Copper Co. ("PPC"). The Company holds a 63% interest in the underlying Los Helados Properties, which are located in Region III, Chile, and a 60% interest in the La Rioja Properties, located in the adjacent San Juan Province in Argentina.

The Company has been funding and accounting for 100% of the expenditures related to the Los Helados Project following the election by PPC pursuant to the JEA not to fund its share of expenditures since September 1, 2015. The sole funding of expenditures at the Los Helados Project has resulted in dilution of PPC's interest, and corresponding increases to the Company's interest, resulting in the amounts noted in the preceding paragraph.

Nacimientos Properties

On May 3, 2017, the Company signed an option agreement whereby it can acquire a 100% interest in the Nacimientos Properties located in the San Juan Province, Argentina by making option payments totaling US$1.65 million in cash over a four-year period ending May 15, 2021 (the "Earn-in Date"). In order to acquire a 100% interest, the Company must also fund at least US$2.5 million in expenditures on the Nacimientos Properties on or before the Earn-in Date.

As at September 30, 2019, the Company has paid US$0.6 million in option payments and has satisfied the minimum exploration expenditure requirement. The next option payment is US$0.4 million, payable in May 2020.

Valle Ancho Properties

On August 29, 2019, the Company entered into an option agreement with the Province of Catamarca, Argentina to earn a 100% interest in the Valle Ancho, Interceptor, Filo del las Vicunas properties (collectively, the "Valle Ancho Properties"), located in Catamarca , Argentina, by making US$8.2 million in expenditures on the Valle Ancho Properties over a two-year period.

## 7. DUE TO EXPLORATION PARTNER

Pursuant to the Josemaria Arrangement, the Company assumed from Josemaria an obligation to fund a partner's share of exploration expenditures related to the La Rioja Properties (the "Obligation"). In accordance with the terms of the JEA between the Company and the partner, PPC, the Company has elected to settle the Obligation through funding PPC's share of exploration expenditures, which remained US$3.4 million as at September 30, 2019, and has no defined timeline for settlement.

The Company considered the estimated timeframe required to expend the remaining US$3.4 million on behalf of PPC at the La Rioja Properties and has presented the remaining obligation as a non-current liability, discounted to its present value at an annual effective rate of 8%.

## 8. SHARE CAPITAL AND OTHER CAPITAL RESERVES

The Company has authorized an unlimited number of voting common shares without par value.

Pursuant to the Josemaria Arrangement, the Company issued 124,793,652 shares in exchange for certain net assets received from Josemaria (see Note 2). The balance of share capital immediately following the close of the Josemaria Arrangement was $43,053,810. This amount was determined to be the fair market value attributed to the net assets received from Josemaria pursuant the Josemaria Arrangement.

Loss per share information in these condensed interim consolidated financial statements has been presented as if the common shares issued in connection with the closing of the Josemaria Arrangement had been issued and outstanding from the start of all periods presented.

## 9. SHARE OPTIONS

### a) Share option plan

The Company has a share option plan adopted by the Board of Directors on May 7, 2019, which reserves an aggregate of 10% of the issued and outstanding shares of the Company for issuance upon the exercise of options granted. The granting, vesting and terms of the share options are at the discretion of the Board of Directors.

### b) Share option outstanding

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

**(Expressed in Canadian Dollars, unless otherwise stated)**

| | **Number of shares issuable pursuant to share options** | **Weighted average exercise price per share** |
|---|---|---|
| Balance at January 1, 2019 | - | $ - |
| Options pursuant to Josemaria Arrangement | 3,305,000 | 0.81 |
| Options granted | 3,445,000 | 0.48 |
| Expired or forfeited | (50,000) | 0.81 |
| Balance at September 30, 2019 | 6,700,000 | $ 0.64 |

Pursuant to the Josemaria Arrangement, 3,305,000 share options were issued to individuals which held issued and outstanding Josemaria share options at closing. In exchange for each Josemaria share option, the holder was issued one fully vested Josemaria replacement options and half of a fully vested option of NGEx Minerals (the "NGEx Options"). The exercise prices assigned to the NGEx Options reflect the allocation of the original exercise price of the original Josemaria share option between the replacement options issued, based on the relative market value of the Company and Josemaria following completion of the Josemaria Arrangement. The exercise prices assigned to the NGEx Options vary between $0.68 and $0.93.

On September 26, 2019, the Company granted a total of 3,445,000 share options to officers, employees, directors and other eligible persons at an exercise price of $0.475 per share.

The Company uses the Black-Scholes option pricing model to estimate the fair value for all options granted and the resulting stock-based compensation. The weighted average assumptions used in this pricing model, and the resulting fair values per option, for the 3,445,000 share options granted during the nine months ended September 30, 2019, are as follows:

| | | |
|---|---|---|
| (i) | Risk-free interest rate: | 1.23% |
| (ii) | Expected life: | 5 years |
| (iii) | Expected volatility: | 59.88% |
| (iv) | Expected dividends: | nil |
| (v) | Fair value per option: | $0.24 |

The following table details the share options outstanding and exercisable as at September 30, 2019:

| | Outstanding options | | | Exercisable options | | |
|---|---|---|---|---|---|---|
| Exercise prices | Options outstanding | Weighted average remaining contractual life (Years) | Weighted average exercise price | Options exercisable | Weighted average remaining contractual life (Years) | Weighted average exercise price |
| $0.475 | 3,445,000 | 4.99 | $0.48 | 1,148,334 | 4.99 | $0.48 |
| $0.68 | 1,215,000 | 4.04 | $0.68 | 1,215,000 | 4.04 | $0.68 |
| $0.85 | 1,060,000 | 1.34 | $0.85 | 1,060,000 | 1.34 | $0.85 |
| $0.93 | 980,000 | 0.43 | $0.93 | 980,000 | 0.43 | $0.93 |
| | 6,700,000 | 3.58 | $0.64 | 4,403,334 | 2.84 | $0.72 |

**(Expressed in Canadian Dollars, unless otherwise stated)**

### c) Share-based compensation

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Exploration and project investigation | 56,588 | 18,735 | 85,761 | 106,863 |
| General and administration | 257,832 | 53,528 | 344,895 | 306,732 |
| | **314,420** | **72,263** | **430,656** | **413,595** |

For the three and nine months ended September 30, 2019, share-based compensation as presented in the condensed interim consolidated statement of comprehensive loss includes $nil and $116,236 (2018: $72,262 and $413,595), respectively, recognized pursuant to the continuity of interest accounting, relating to the share options previously granted and vested under Josemaria prior to the Josemaria Arrangement.

## 10. EXPLORATION AND PROJECT INVESTIGATION

Due to the geographic location of the Company's main mineral property interests, the Company's business activities fluctuate with the seasons, through increased exploration activities during the summer months in South America. As a result, a general recurring trend is the increase in exploration expenditures, and therefore net losses, for the fourth quarter and first quarter of a fiscal year, relative to the second and third quarters.

The Company expensed the following exploration and project investigation costs, all incurred in relation to the Company's mineral properties and operations in South America, for the three and nine months ended September 30, 2019 and 2018:

**(Expressed in Canadian Dollars, unless otherwise stated)**

| Three months ended September 30, | | Los Helados Project | Nacimientos Properties | Other | Total |
|---|---|---|---|---|---|
| **2019** | Land holding and access costs | - | 3,658 | 9,585 | 13,243 |
| | Fuel, camp costs and field supplies | 13,362 | 4,983 | 17 | 18,362 |
| | Roadwork, travel and transport | 8,632 | - | 6,593 | 15,225 |
| | Consultants, geochemistry and geophysics | - | 1,499 | - | 1,499 |
| | Environmental and community relations | 158,562 | 1,601 | 6,070 | 166,233 |
| | VAT and other taxes | 18,779 | 7,630 | 15,863 | 42,272 |
| | Office, field and administrative salaries, overhead and other administrative costs | 171,060 | 43,170 | 76,276 | 290,506 |
| | Share-based compensation | 42,536 | 7,289 | 6,763 | 56,588 |
| | **Total** | **412,931** | **69,830** | **121,167** | **603,928** |
| **2018** | Land holding and access costs | 1,486 | 6,183 | 11,048 | 18,717 |
| | Fuel, camp costs and field supplies | 18,579 | 18,253 | 5,150 | 41,982 |
| | Roadwork, travel and transport | 1,165 | 8,591 | 33,172 | 42,928 |
| | Consultants, geochemistry and geophysics | 10,517 | - | 316 | 10,833 |
| | Environmental and community relations | 88,861 | 20,088 | - | 108,949 |
| | VAT and other taxes | 7,427 | 10,393 | 15,705 | 33,525 |
| | Office, field and administrative salaries, overhead and other administrative costs | 39,120 | 36,503 | 91,501 | 167,124 |
| | Share-based compensation | 6,630 | 7,180 | 4,925 | 18,735 |
| | **Total** | **173,785** | **107,191** | **161,817** | **442,793** |

*Note: Costs incurred prior to the completion of the Josemaria Arrangement on July 17, 2019 were carved out from figures previously reported by Josemaria as described in Notes 2 and 3.*

**(Expressed in Canadian Dollars, unless otherwise stated)**

| Nine months ended September 30, | | Los Helados Project | Nacimientos Properties | Other | Total |
|---|---|---|---|---|---|
| **2019** | Land holding and access costs | 802,436 | 10,011 | 35,870 | 848,317 |
| | Fuel, camp costs and field supplies | 45,332 | 40,750 | 265 | 86,347 |
| | Roadwork, travel and transport | 57,115 | 76,540 | 20,623 | 154,278 |
| | Consultants, geochemistry and geophysics | - | 3,893 | - | 3,893 |
| | Environmental and community relations | 484,799 | 1,968 | 10,294 | 497,061 |
| | VAT and other taxes | 58,778 | 51,057 | 35,302 | 145,137 |
| | Office, field and administrative salaries, overhead and other administrative costs | 591,239 | 166,014 | 180,463 | 937,716 |
| | Share-based compensation | 65,448 | 11,238 | 9,075 | 85,761 |
| | **Total** | **2,105,147** | **361,471** | **291,892** | **2,758,510** |
| **2018** | Land holding and access costs | 769,030 | 25,444 | 43,961 | 838,435 |
| | Fuel, camp costs and field supplies | 54,438 | 937,967 | 21,273 | 1,013,678 |
| | Roadwork, travel and transport | 16,883 | 359,046 | 106,625 | 482,554 |
| | Consultants, geochemistry and geophysics | 10,602 | 321,994 | 15,829 | 348,425 |
| | Environmental and community relations | 250,054 | 66,897 | 10,238 | 327,189 |
| | VAT and other taxes | 21,161 | 392,519 | 51,018 | 464,698 |
| | Office, field and administrative salaries, overhead and other administrative costs | 139,752 | 320,745 | 180,468 | 640,965 |
| | Share-based compensation | 32,763 | 62,670 | 11,430 | 106,863 |
| | **Total** | **1,294,683** | **2,487,282** | **440,842** | **4,222,807** |

*Note: Costs incurred prior to the completion of the Josemaria Arrangement on July 17, 2019 were carved out from figures previously reported by Josemaria as described in Notes 2 and 3.*

**(Expressed in Canadian Dollars, unless otherwise stated)**

## 11. RELATED PARTY TRANSACTIONS

Under the normal course of operations, the Company may undertake transactions or hold balances with related parties. Namely, the Company engages with Josemaria and Filo Mining Corp. ("Filo Mining"), related parties by way of directors, officers and shareholders in common.

### a) Related party services

The Company has a cost sharing arrangement with Josemaria and Filo Mining. Under the terms of this arrangement, the Company provides management, technical, administrative and/or financial services (collectively, "Management Services") to Josemaria and Filo Mining, and vice versa. These transactions were incurred in the normal course of operations, and are summarized as follows:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Management Services to Josemaria | 49,866 | 6,575 | 154,274 | 41,277 |
| Management Services to Filo Mining | 202,697 | 63,983 | 347,442 | 319,651 |
| Management Services from Josemaria | (80,506) | - | (80,506) | - |
| Management Services from Filo Mining | (102,163) | (81,257) | (282,670) | (280,258) |

### b) Related party balances

The amounts due from (to) related parties, and the components of the consolidated statements of financial position in which they are included, are as follows:

| | **Related Party** | **September 30, 2019** | **December 31, 2018** |
|---|---|---|---|
| Receivables and other assets | Josemaria | 35,680 | 28,289 |
| Receivables and other assets | Filo Mining | 74,541 | 32,614 |
| Accounts payable and accrued liabilities | Josemaria | (83,897) | (4,009) |
| Accounts payable and accrued liabilities | Filo Mining | (65,292) | (98,428) |

**(Expressed in Canadian Dollars, unless otherwise stated)**

### c) Key management compensation

The Company's key management personnel have the authority and responsibility for overseeing, planning, directing and controlling its 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:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Salaries and other payments | 29,172 | 74,074 | 186,324 | 326,485 |
| Short-term employee benefits | 1,382 | 5,205 | 5,051 | 10,424 |
| Directors fees | 24,106 | 17,234 | 40,038 | 51,702 |
| Stock-based compensation | 246,423 | 62,403 | 322,710 | 262,629 |
| | **301,083** | **158,916** | **554,123** | **651,240** |

**(Expressed in Canadian Dollars, unless otherwise stated)**

## 12. SEGMENTED INFORMATION

The Company is principally engaged in the acquisition, exploration and development of mineral properties in South America. The information regarding mineral properties and exploration and project investigation costs presented in Notes 6 and 10, respectively, represent the manner in which management reviews its business performance. Materially all of the Company's mineral properties and exploration and project investigation costs relate to South America, particularly Chile and Argentina. Materially all of the Company's administrative costs are incurred by the Canadian parent, where materially all of the Company's cash is held in the normal course of business until it is required to be deployed to the Company's South American subsidiaries in support of ongoing and planned work programs.

The following are summaries of the Company's current and non-current assets, current liabilities, and net losses by segment:

| | | Los Helados Project | Corporate | Other | Total |
|---|---|---|---|---|---|
| **September 30, 2019** | Current assets | 112,685 | 6,625,948 | 473,581 | 7,212,214 |
| | Mineral properties | 4,038,395 | - | 795,748 | 4,834,143 |
| | Total assets | 4,151,080 | 6,625,948 | 1,269,329 | 12,046,357 |
| | Current liabilities | 56,868 | 174,860 | 184,020 | 415,748 |
| | Due to exploration partner | - | 321,226 | - | 321,226 |
| | Total liabilities | 56,868 | 496,086 | 184,020 | 736,974 |
| **December 31, 2018** | Current assets | 210,211 | - | 257,786 | 467,997 |
| | Mineral properties | 4,040,164 | - | 494,826 | 4,534,990 |
| | Total assets | 4,250,375 | - | 752,612 | 5,002,987 |
| | Current liabilities | 167,343 | - | 221,782 | 389,125 |

*Note: Balances prior to the completion of the Josemaria Arrangement on July 17, 2019 were carved out from figures previously reported by Josemaria as described in Notes 2 and 3.*

**(Expressed in Canadian Dollars, unless otherwise stated)**

| Three months ended September 30, | | Los Helados Project | Corporate | Other | Total |
|---|---|---|---|---|---|
| **2019** | Exploration and project investigation | 412,931 | - | 190,997 | 603,928 |
| | General and administration and other items | 8,477 | 427,218 | 34,531 | 470,226 |
| | Net loss | 421,408 | 427,218 | 225,528 | 1,074,154 |
| **2018** | Exploration and project investigation | 173,785 | - | 269,008 | 442,793 |
| | General and administration and other items | 1,761 | 246,716 | 14,319 | 262,796 |
| | Net loss | 175,546 | 246,716 | 283,327 | 705,589 |

*Note: Costs incurred prior to the completion of the Josemaria Arrangement on July 17, 2019 were carved out from figures previously reported by Josemaria as described in Notes 2 and 3.*

| Nine months ended September 30, | | Los Helados Project | Corporate | Other | Total |
|---|---|---|---|---|---|
| **2019** | Exploration and project investigation | 2,105,147 | - | 653,363 | 2,758,510 |
| | General and administration and other items | 68,100 | 886,580 | 44,906 | 999,586 |
| | Net loss | 2,173,247 | 886,580 | 698,269 | 3,758,096 |
| **2018** | Exploration and project investigation | 1,294,683 | - | 2,928,124 | 4,222,807 |
| | General and administration and other items | 60,254 | 1,092,493 | 1,248 | 1,153,995 |
| | Net loss | 1,354,937 | 1,092,493 | 2,929,372 | 5,376,802 |

*Note: Costs incurred prior to the completion of the Josemaria Arrangement on July 17, 2019 were carved out from figures previously reported by Josemaria as described in Notes 2 and 3.*

## 13. COMMITMENTS

The Company has a contractual agreement with the owners of the surface rights covering the Los Helados Properties to make a minimum annual payment of US$0.5 million. The annual payment could be adjusted to US$0.8 million under certain surface disturbance conditions and will increase to US$1.0 million in 2024 and to US$1.5 million from 2025 onwards. Under the terms of the agreement, US$6 million is payable upon approval of the Environmental Impact Study and US$13 million upon commercial production. The Company may terminate the agreement at any time by making a one-time termination payment equal to the amount of the most recent annual payment.

In January 2019, the Company paid a land surface access rights payment totaling US$0.5 million, which has been expensed through the consolidated statement of comprehensive loss.