2019 YEAR END REPORT

Management's Discussion and Analysis
and
Consolidated Financial Statements

Year ended December 31, 2019
(AUDITED)

This management's discussion and analysis ("MD&A") of the results of operations and financial condition for Josemaria Resources Inc. (formerly "NGEx Resources Inc.") ("the Company", "Josemaria Resources", "we" or "us") has been prepared as of February 21, 2020 and should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2019 and the related notes therein (collectively the "Financial Statements"). The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A focuses on significant factors that have affected the Company and its subsidiaries and such factors that may affect its future performance. All dollars amounts expressed throughout this report are in Canadian dollars, unless otherwise indicated.

The effective date of this MD&A is February 21, 2020.

This MD&A contains forward-looking statements that are subject to risk factors as set out in the "Cautionary Note Regarding Forward Looking Information and Statements". Additional information about the Company, its business activities and associated risk is described in the Company's annual information form for the year ended December 31, 2019 (the "2019 AIF") which is available on SEDAR at www.sedar.com. On July 17, 2019 the Company completed the previously announced spin-out of the Los Helados property (the "Los Helados Project") and certain other exploration properties into NGEx Minerals Ltd. ("NGEx Minerals") by a Plan of Arrangement under the Canada Business Corporations Act (the "Arrangement"). The 2019 AIF and the Management Information Circular dated May 9, 2019 (the "2019 Information Circular"), which sets out the terms of the Arrangement is also available on SEDAR and on the Company's website at www.josemariaresources.com.

CORE BUSINESS

Josemaria Resources Inc. (formerly "NGEx Resources Inc.") is a Canadian natural resources company focused on advancing the development of its wholly-owned Josemaría copper-gold project located in San Juan Province, Argentina (the "Josemaría Project"). The Company is a reporting issuer in the Provinces of British Columbia, Alberta, Ontario and Quebec and its corporate head office is in Vancouver, B.C. In connection with the Arrangement, the Company changed its name to Josemaria Resources Inc. and began trading under the new name and ticker symbol of "JOSE" as of July 23, 2019 on the TSX and as of July 25, 2019 on the NASDAQ OMX Stockholm Stock Exchange ("OMX").

The Josemaría Project is a large copper-gold porphyry deposit located in San Juan Province, Argentina. The Company completed a Pre-Feasibility Study ("PFS") on the Josemaría Project in December, 2018 and is actively engaged in completing a feasibility study.

The Company is committed to responsible and sustainable mining development in the jurisdictions within which it works and operates, and to create meaningful value for our shareholders and stakeholders, alike. All aspects of the Company's operations and engagements are founded on a core set of environmental, social and governance (ESG) commitments.

2019 HIGHLIGHTS

Corporate

- On July 17, 2019, Josemaria Resources completed a previously announced spin-out of the Los Helados Project and certain other exploration properties into NGEx Minerals by a Plan of Arrangement under the Canada Business Corporations Act (the "Arrangement") and changed its name to "Josemaria Resources Inc."

  Under the terms of the Arrangement, the Company transferred its wholly-owned subsidiaries that directly or indirectly held the Los Helados Project and other exploration projects located in Argentina and Chile, along with $7.3 million in cash to NGEx Minerals Ltd. in exchange for common shares of NGEx Minerals. NGEx Minerals was incorporated on February 21, 2019 under the laws of CBCA as a wholly-owned subsidiary of the Company in connection with the Arrangement. Pursuant to the Arrangement, the Company distributed 100% of the common shares of NGEx Minerals it received under the Arrangement to its Josemaria Resources shareholders on a pro rata basis, such that its shareholders received one common share of NGEx Minerals for every two common shares of Josemaria Resources held as of the record date. NGEx Minerals began trading on August 20, 2019 on the TSX Venture Exchange ("TSX-V") under the trading symbol "NGEX".

  Pursuant to the Arrangement and changes made to the Board of Directors during the third quarter of 2019, the Company's board of directors is currently comprised of the following eight directors:

    - Lukas Lundin
    - Jack Lundin
    - Wojtek Wodzicki
    - Ashley Heppenstall
    - Paul Conibear
    - Christine Batruch
    - Adam Lundin
    - Ron Hochstein

- Changes were made to the executive team during the third quarter of 2019, with the goal of assembling a dedicated team with the capability to complete the technical and commercial feasibility work required to advance the Josemaría Project towards development:

    - Mr. Adam Lundin was appointed President and Chief Executive Officer effective September 16th, 2019, replacing Dr. Wojtek Wodzicki, who continues to serve as a Director of the Company;
    - Mr. Ian Gibbs was appointed Chief Financial Officer effective as of September 1, 2019, replacing Ms. Joyce Ngo, who has taken on the role of Corporate Controller;
    - Mr. Arndt Brettschneider was appointed Vice-President, Projects, effective as of August 6, 2019, replacing Mr. James Beck, who resigned as Vice-President, Corporate Development and Projects. Mr. Brettschneider has overall responsibility for the delivery of the Josemaría Project Feasibility Study.

Operational Update

- The Company's primary focus is the advancement of its 100% the Josemaría Project in San Juan Province, Argentina by completing a feasibility study by the third quarter of 2020. The Company assembled an integrated engineering team led by Fluor Canada Ltd., who is responsible for overall project management, infrastructure and mineral process design and project cost estimation. Other consultants are also engaged to support the program with a focus on environmental issues and permitting, social and community relations, mineral resource and reserve estimates, mine design and tailings and water management.

- To provide the material for feasibility-level metallurgical testwork and to increase confidence in the mineral reserve, particularly the portion scheduled for the first five years of production in the PFS, the Company completed a comprehensive reserve definition drill program earlier in the year. Data from the drill program is being used to update the resource and reserve models and metallurgical equations, which will form the basis for detailed mine planning as part of the current feasibility study. Drilling to collect geotechnical data for the open-pit mine design and to determine site geotechnical conditions at planned locations for mine infrastructure, and to locate and characterize source locations for water to support the planned operation, was also carried out.

- During the second half of 2019, work on the feasibility study focused on advancing project design concepts and engineering designs for on and offsite facilities. Analysis of samples for metallurgical and comminution testwork continued with a focus on increasing confidence in the expected metallurgical response and grinding characteristics of the mineral reserve. Pilot plant testing of a bulk sample was completed, and an analysis of the test results commenced. Work also commenced on the Environmental and Social Impact Assessment (the "ESIA") with the engagement of Ausenco (Vector Argentina S.A.) based in Mendoza, Argentina, to compile the baseline data and lead the development of the ESIA in support of future project permitting.

- The Company commenced the Argentine summer field season test programs during the third quarter of 2019 to collect additional geological, geotechnical, metallurgical and hydrological information. Collection of baseline, archeological, community, social and environmental data to inform the ESIA was also continued through 2019.

Financing

- On February 1, 2019, the Company completed a $20 million private placement, selling an aggregate of 20,000,000 common shares for net proceeds of $19.7 million. Net proceeds of the private placement were used towards ongoing work programs in South America as well as for general corporate purposes.

- To execute the corporate restructuring and further advance its Josemaría Project, as well as for general corporate purposes during 2019, the Company obtained two separate, unsecured debenture facilities totaling US$30.0 million through arrangements with Lorito Holdings and Investments S.à.r.l ("Lorito") and Zebra Holdings and Investments S.à.r.l. ("Zebra"). Together with a 2018 US$5 million unsecured credit facility arrangement with Zebra (the "2018 Facility"), the Company has issued $35 million of debentures, of which US$21.5 million has been drawn by the Company as at December 31, 2019. With the Company drawing an additional US$4 million from the facility subsequent to December 31, 2019, US$9.5 million in debenture credit facilities remains available as of the date of this MD&A.

JOSEMARÍA PROJECT

Highlights of the Josemaría Project PFS are shown below.

- A $2.0 billion after-tax NPV using an 8% discount rate and an IRR of 18.7% at $3.00/lb copper;
- Strong front end production and cash flows drive a 3.4 year payback period and support a variety of financing alternatives;
- An Initial Probable Mineral Reserve of 1,008 Mt of 0.29% copper, 0.21 gpt gold, and 0.92 gpt silver (or 0.41% CuEq);
- Pre-production capital cost of $2,761 million (excluding costs prior to a construction decision);
- Average annual production (rounded) of approximately 125,000 tonnes of copper, 230,000 ounces of gold, and 790,000 ounces of silver per year at a C1 cost of $1.26/lb CuEq;
- First 3 years full years of annual production average 170,000 tonnes of copper, 350,000 ounces of gold, and 1,000,000 ounces of silver;
- 20 year mine life producing over 5.4 billion lbs of copper and 4.6 million ounces of gold;
- Low strip ratio of 0.71:1 (waste:ore);
- Excellent metallurgy producing a clean, marketable, precious metals rich copper concentrate;
- Design incorporates planning for a fully autonomous haul truck fleet along with high pressure grinding rolls;
- All major mining and infrastructure located in San Juan Province, Argentina – facilitating permitting in one jurisdiction.

For complete details of the Josemaría Project PFS, please refer to the Technical Report titled "NI 43-101 Technical Report, Pre-feasibility Study for the Josemaría Copper-Gold Project, San Juan Province, Argentina" dated December 19, 2018, with an effective date of November 20, 2018 (the "Josemaría PFS"). The Josemaría PFS was prepared by SRK Consulting (Canada) Inc. ("SRK") and is available for review under the Company's profile on SEDAR (www.sedar.com) and on the Company's website (www.josemariaresources.com).

OUTLOOK

The Company is targeting completion of the feasibility study on the Josemaría Project by the third quarter of 2020, with the objective of advancing the Project towards permitting and eventual development. Management also plans to continue environmental and social baseline studies that will provide information required to prepare an ESIA report in support of project permitting.

Additional opportunities and next steps include:

- Project optimization and value engineering;
- Compilation and integration of field season results;
- Offsite infrastructure assessments;
- Concentrate transportation option analysis;
- Environmental and social impact assessment;
- Community engagement; and
- Continued open dialogue with all levels of government.

SELECTED ANNUAL FINANCIAL INFORMATION

The following selected financial data, prepared in accordance with IFRS, has been derived from the Company's audited consolidated financial statements for the years ended December 31, 2019, 2018, and 2017:

	Years ended December 31,		
	2019	2018	2017
Statement of Operations Data ($000's)			
Total revenue	NIL	NIL	NIL
Exploration expenditures:			
Josemaría Project	33,435	6,530	775
Los Helados Project*	1,571	1,532	2,373
Naciemientos and other projects*	255	2,740	1,075
Administration and others	280	794	830
Total exploration expenditures	35,541	11,596	5,053
General and administration ("G&A")	5,364	3,437	2,933
Operating loss	40,905	15,033	7,986
Net loss *(Note c)*	10,950	15,119	7,912
Cash used in operating activities	35,209	10,935	6,942
(* costs incurred up to the effective date of the Arrangement for the projects that were transferred to NGEx Minerals Ltd.)			
Data per Common Share ($)			
Basic and diluted net loss	0.04	0.07	0.04
Balance Sheet Data ($000's)			
Total Assets *(Note a)*	18,732	24,090	18,299
Total Liabilities *(Note b)*	35,087	9,887	9,274

Note a –The primary assets of the Company are cash and cash equivalents and mineral properties. Fluctuations in the total assets at each fiscal year-end are directly affected by the availability and usage of cash as well as the acquisition of mineral properties during the year and the Arrangement that occurred during 2019. Beginning July 1, 2018, the Company recorded a hyperinflation adjustment on its Argentine subsidiaries' non-current assets and liabilities in light of the hyperinflationary nature of the Argentine economy, which are further described in the notes to the Financial Statements.

Note b –The Company arranged two new debenture credit facilities totaling US$30 million with Lorito and Zebra during fiscal 2019. At the end of 2019, $29 million has been drawn against these facilities.

Note c – With the completion of the spin out of NGEx Minerals in July 17, 2019, the Company recognized a $30.8 million gain on spin-off transaction and a reclassification of accumulated exchange differences upon spin off totaling $1.3 million during fiscal 2019, offsetting the $40.9 million operating loss.

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

Financial Data for 8 Quarters								
Three Months Ended	Dec-19 *(4th qtr)*	Sept-19 *(3rd qtr)*	Jun-19 *(2nd qtr)*	Mar-19 *(1st qtr)*	Dec-18 *(4th qtr)*	Sept-18 *(3rd qtr)*	Jun-18 *(2nd qtr)*	Mar-18 *(1st qtr)*
(In thousands $ except for per share amounts)								
Exploration and project evaluation	10,510	3,926	7,035	14,070	5,350	1,433	2,140	2,674
Net (income)/loss	11,097	(23,522)(ii)	8,073	15,302	6,328	1,823	2,971	3,997
Total basic and diluted (income)/loss per share(i)	0.04	(0.09)	0.03	0.06	0.03	0.01	0.01	0.02

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

(ii) A $30 million gain on spin off transaction and $1.3 million loss arising from the recycling of cumulative other comprehensive income were recognized during fiscal 2019. The Company has revised in the table above its previously reported September 30, 2019 unaudited condensed consolidated interim financial statements to reflect the amount of the gain recognized from reclassification of accumulated exchange differences upon spin-out of the spinout exploration business. In the quarter ended September 30, 2019, the Company recorded a gain on re-classification of accumulated exchange differences upon spin-off of $9.5 million. However, in connection with the preparation of its consolidated financial statements for the year ended December 31, 2019, the Company revised the amount recycled to be a loss of $1.3 million.

Changes in net losses and exploration and project evaluation expenses for the quarter are primarily affected by the level of such activities during that period. As camp activities, including drilling, are generally carried out during the summer season in South America, exploration expenditures and cash flow used in operations are typically lower during the third quarter of each year, compared to other quarters. The amount of cash resources available and timing of financing also affect the extent of exploration programs and the costs incurred in a given period.

Exploration and project evaluation expenditures are the most significant expenditures of the Company and relate mainly to conducting these activities on its Josemaría Project. Exploration and project evaluation expense totaled $35.5 million for the year ended December 31, 2019 compared to $11.6 million for the prior year. The increase in exploration and project evaluation expenditures for the 2019 year reflects the Company's key focus on advancing the Josemaría Project through the feasibility study including ongoing environmental baseline studies in support of future project permitting and the ongoing associated field programs. With the completion of the reserve definition drilling in the first half of the year, the Company commenced foundation and in-pit geo-technical drilling, condemnation drilling as well as water well drilling with production scale testing in order to collect geotechnical data for the open-pit mine design and to determine site geotechnical conditions at planned locations for mine infrastructure, as well as to locate and characterize source locations for water to support the planned operation.

Below is a summary of the exploration and project evaluation costs by projects:

	Year ended December 31,	
(In thousands $)	2019	2018
Josemaria	$ 33,435	$ 6,530
Los Helados *	1,571	1,532
Nacimientos *	255	2,457
Administration and other projects	280	1,077
Exploration and project evaluation costs	$ 35,541	$ 11,596

*These were costs incurred up to the effective date of the Arrangement for the projects that were transferred to NGEx Minerals Ltd.

(In thousands $)	Year ended December 31, 2019	2018
Land holding costs	$ 887	$ 914
Drilling, fuel, camp costs and field supplies	6,595	2,910
Roadwork, travel and transport	2,227	1,233
Engineering studies, consultants, geochemistry and geophysics	13,172	2,231
Environmental and community relations	4,966	1,199
VAT, other taxes and fees	3,773	1,145
Office and general, salaries, and overhead	2,819	1,530
Share-based compensation	304	293
Inflation adjustment	798	141
	$ 35,541	$ 11,596

General and administration ("G&A") costs for 2019 increased from $3.4 million to $5.4 million. The Company incurred additional professional and regulatory fees of $0.5 million to execute the spin out of NGEx Minerals and deployed additional Board and senior management personnel including the appointment of the Vice-President, Projects to manage and support the Josemaría Project. Share-based compensation charges also increased during the year, compared to 2018, as the replacement options associated with the Arrangement fully vested as of the effective date of the Arrangement.

The Company recorded a $31 million gain for the year as a result of accounting for the spin-out of NGEx Minerals as a distribution in kind to its shareholders. The distribution to shareholders was accounted for based on the fair value of net assets transferred to NGEx Minerals in accordance with IFRS, with the difference between that value and the carrying amount of the net assets recognized in the statement of comprehensive loss. The fair value was estimated based on the trading value of NGEx Minerals shares for the 10 day period subsequent to commencement of trading. In addition to the $31 million gain on spin off transaction, the Company re-classified $1.3 million of cumulative other comprehensive loss to the P&L during the third quarter of 2019 to reflect the recycling of cumulative exchange differences attributable to the subsidiaries spun out to NGEx Minerals in connection with the Arrangement on July 17, 2019.

During the year ended December 31, 2019, the Company recognized a monetary gain of approximately $0.1 million (2018: $0.2 million loss) in relation to the application of hyper-inflationary accounting for the Company's Argentine subsidiary. The monetary gains/losses recognized are the results of changes in the Argentine price indices and changes to the Company's net monetary position during the respective reporting periods. In other comprehensive loss, the Company recognized a $0.6 million loss (2018: $7.9 million gain) resulting from the impact of hyper-inflation, which consists of adjustments recognized on the continuing inflation of opening non-monetary balances during the year ended December 31, 2019, and the ongoing translation of the Company's Argentine subsidiary into the Canadian dollar presentation currency. A detailed discussion regarding the application of hyper-inflationary accounting has been provided in the notes to the consolidated financial statements.

For the year ended December 31, 2019, the Company's net loss totaled $10.9 million compared to $15.2 million for the fiscal 2018 year, with the difference largely attributable to the gain on spin-out transaction which partially offset the increase in exploration expenses and G&A costs for the year.

LIQUIDITY AND CAPITAL RESOURCES

(In thousands $)	December 31, 2019	December 31, 2018
Cash	$ 4,043	$ 5,029
Working capital	(20,872)	(3,843)

To support the advancement of the Josemaría Project, the Company arranged two new debenture credit facilities totaling US$30 million with Zebra and Lorito during 2019 and began drawing on the available debenture facilities to provide additional sources of financing to further advance its project and operations. No interest is payable in cash during the term. The Company issued 855,105 shares as consideration for the funds drawn on the facilities, with an additional 254,000 common shares issuable, resulting in $0.7 million in finance costs recognized for the fiscal year ended December 31, 2019. Lorito reports its security holdings in the Company as a joint actor with Zebra, and they collectively held more than 35% of the Company's issued and outstanding common shares as at December 31, 2019. US$9.5 million remains undrawn on those facilities as of the date of this MD&A.

The Company does not currently generate income from operations. The Company anticipates that it will need further funding in order to advance the Josemaría Project, and for general corporate and working capital purposes. The Company is currently evaluating potential additional sources of financing. Historically, capital requirements have been primarily funded through equity financing, joint ventures, disposition of mineral properties and investments, and the use of credit facilities with related parties. While management is confident that additional sources of funding will be secured to fund planned expenditures, factors that could affect the availability of financing include the progress and results of ongoing exploration and project evaluation activities at the Company's mineral properties, the state of international debt and equity markets, and investor perceptions and expectations of the global copper, gold, and/or silver markets. There can be no assurance that such financing will be available in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. If necessary, the Company may explore opportunities to revise the due dates of its liabilities, and/or settle its liabilities through the issuance of common shares and other equity instruments. On an ongoing basis, the Company's planned initiatives and other work programs may be postponed, or otherwise revised, as necessary.

RELATED PARTY TRANSACTIONS

a) Related party services and balances

NGEx Minerals Ltd. was incorporated on February 21, 2019 under the laws of CBCA in connection with the Arrangement as a wholly-owned subsidiary of the Company prior to the spin out which was completed on July 17, 2019. The Company formalized a cost sharing arrangement with NGEx Minerals and Filo Mining (collectively "Related Parties"), whereby the Related Parties provide executive management and personnel services (the "Related Party Services") to the Company, while the Company provides financial management and administrative services (the "Josemaria Services") to Filo Mining and NGEx Minerals. These transactions are in the normal course of operations.

On June 30, 2019, the Company finalized an arrangement with Filo Mining to extend the minimum period of use of the Company's Batidero Camp facility up to March 31, 2021 in exchange for cash consideration of $417,850 (the "Camp Usage Right"). The Camp Usage Right is automatically renewed unless terminated upon one year's prior notice.

Other than those related party transactions identified elsewhere in the Financial Statements, the related party transactions are as follows:

	Year ended December 31, 2019	2018
Income from Josemaria Services provided:		
Filo Mining	$ 336,044	$ 555,443
NGEx Minerals	72,485	-
Total	$ 408,529	$ 555,443
Costs of Related Party Services received:		
Filo Mining	$ (1,217,414)	$ (735,822)
NGEx Minerals	(84,051)	-
Total	$ (1,301,465)	$ (735,822)

The amounts due from/to Related Parties by the Company, and the components of the consolidated statement of financial position in which they are included, are as follows:

	December 31, 2019	December 31, 2018
Due from Filo Mining	$ 220,366	$ 77,492
Due from NGEx Minerals	102,676	-
	323,042	$ 77,492

	December 31, 2019	December 31, 2018
Due to Filo Mining	$ (196,489)	$ (523,244)
Due to NGEx Minerals	(16,849)	-
	$ (213,338)	$ (523,244)

b) Key management compensation

Key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company and consist of the Board of Directors and members of the executive management team. Total compensation expense for key management personnel inclusive of the costs of the Related Party Services received from its Related Parties, and the composition thereof, is as follows:

	Year ended December 31, 2019	2018
Salaries	$ 1,483,333	$ 914,000
Employee benefits	51,888	29,809
Director fees	223,708	161,000
Share-based compensation	1,258,181	720,696
	$ 3,017,110	$ 1,825,505

CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting policies are presented in Note 6 in the Financial Statements for the year ended December 31, 2019.

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenditures on the financial statements. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual results could differ from those estimates and such differences could be material. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. Information about estimates, assumptions and other sources of estimation uncertainty as at December 31, 2019 is summarized below:

Gain on spin out transaction - The Company recorded a $31 million gain for the year as a result of accounting for the spin-out of NGEx Minerals as a distribution in kind to its shareholders. The distribution to shareholders was accounted for based on the fair value of net assets transferred to NGEx Minerals in accordance with IFRS, with the difference between that value and the carrying amount of the net assets recognized in the statement of comprehensive loss. The fair value was estimated based on the trading value of NGEx Minerals shares for the 10 day period subsequent to commencement of trading.

Share consideration receivable – The Company recognized a share consideration receivable from Skeena Resources Ltd. ("Skeena") as part of the consideration received on the disposition of its interest in the GJ copper-gold mineral property assets on November 3, 2015. On February 4, 2020, Newcrest Mining ("Newcrest") acquired a 100% interest in the GJ property including assumption of the associated future payment obligations and royalties from Skeena. As the transaction is expected to close by May 2020, the Company expects to receive common shares of Newcrest with a value of $735,000 at the time of delivery on November 3, 2020, subject to a four month applicable statutory hold period. Share consideration receivable in the future is discounted using a discount rate that approximates the risk profile for the entity issuing the shares based on financial information that is publicly available. The value of the share consideration receivable could be impacted if the actual risk assessment turns out to be different from the estimate applied by the Company in its valuation of the share consideration receivable.

FINANCIAL INSTRUMENTS

The Company classifies its financial instruments as amortized cost or fair value through P&L as disclosed on the Financial Statements. The Company's financial instruments consist of cash and cash equivalents, investments, share consideration receivable, trades payable and accrued liabilities, and the debenture facilities. The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and foreign exchange risks.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. Credit risks associated with cash and cash equivalents is minimal as the Company deposits the majority of its cash with a large Canadian financial institution that has been accorded a strong investment grade rating by a primary rating agency.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities and is minimized through the management of its capital structure. The Company closely monitors and reviews its costs to date and actual cash flows against the approved budget on a monthly basis to ensure funds are adequate to support the Company's operations on an ongoing basis. The maturities of the Company's financial liabilities as at December 31, 2019 are as follows:

	Total	Less than 1 year	1 to 5 years	More than 5 years
Trade payables and accrued liabilities	$ 6,865,519	$ 6,865,519	$ -	-
Debentures	27,917,934	19,519,311	8,398,623	-
Total	$ 34,783,453	$ 26,384,830	$ 8,398,623	-

In assessing liquidity risks as at December 31, 2019, the Company also considers the source of fund from its existing debenture facilities that remains available as of the date of this MD&A and the ongoing support from Lorito and Zebra to ensure adequate levels of working capital are maintained.

Foreign exchange risk

Foreign currency risk is the risk that the value of financial assets and liabilities may change due to changes in the value of two different currencies. The Company is exposed to foreign currency risks as its parent is headquartered in Canada and its capital has historically been raised in Canadian dollars, while its foreign operations are conducted in Argentina. While the Company has not formalized any hedging strategies to manage its exposure to currency fluctuations, management strives to minimize foreign currency risks by sending its cash to its foreign operation as required and maintaining most of its excess cash in Canadian dollars. At December 31, 2019, the Company's largest foreign currency risk exposure existed at the level of its Canadian headquarters, Josemaria Resources Inc., where the

Company has outstanding debenture facilities with a net financial liability position denominated in US dollars having a Canadian dollar equivalent of approximately $28 million. A 10% change in the foreign exchange rate between the US dollar, and the Canadian dollar, the Company's functional currency, would give rise to increases/decreases of approximately $2.8 million in financial position/comprehensive loss.

RECENT ACCOUNTING PRONOUNCEMENTS

The IASB and IFRIC have issued standards and amendments or interpretations to existing standards that were not yet effective and not applied as at December 31, 2019. These new standards and interpretations are not expected to be applicable for the Company for the annual period beginning on or after January 1, 2020.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had 250,844,191 common shares outstanding and 9,925,000 share options outstanding under its stock-based incentive plans.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. They include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure.

Management, including the CEO and CFO, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. As of December 31, 2019, the CEO and CFO have each concluded that the Company's disclosure controls and procedures, as defined in NI 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to achieve the purpose for which they have been designed.

Internal controls over financial reporting

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. The Company's internal controls over financial reporting include policies and procedures that: pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS; that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Any system, no matter how well conceived or operated, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable, not absolute, assurance with respect to financial statement preparation and presentation and will not prevent all, or detect all, misstatements and frauds. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Management has used the Internal Control – Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organizations for the Treadway Commission (COSO) in order to assess the effectiveness of the Company's internal control over financial reporting.

Management, including the CEO and CFO, has evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting. As of December 31, 2019, the CEO and CFO have each concluded that the Company's internal controls over financial reporting, as defined in NI 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to achieve the purpose for which they have been designed.

RISKS AND UNCERTAINTIES

There are a number of risk factors that could negatively affect the Company's business and the value of its common shares. The material risk factors and uncertainties should be taken into account in assessing the Company's activities and are described under the heading "Risks Factors", and elsewhere, in the Company's 2019 AIF and other disclosure documents which are available under the Company's profile at http://www.sedar.com. The risk factors and uncertainties described on the 2019 AIF pertains to outlook and conditions currently known to Josemaria Resources 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 Josemaria Resources that may present additional risks in the future. Current and prospective security holders of Josemaria Resources should carefully consider these risk factors.

QUALIFIED PERSON

The technical information in this MD&A has been reviewed and approved by Mr. Bob Carmichael, P. Eng. (BC). Mr. Carmichael is NGEx's Vice President of Exploration and a Qualified Person under National Instrument 43-101 Standards of Disclosure for Mineral Projects.

FINANCIAL INFORMATION

The report for the three months ended March 31, 2020 is expected to be published on May 11, 2020.

OFF BALANCE SHEET AGREEMENTS

During the fiscal 2019 and fiscal 2018 year, there were no material off-balance sheet transactions. The Company has not entered into any specialized financial arrangements to minimize its currency risk.

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION AND STATEMENTS

Certain statements made and information contained in this document constitutes "forward-looking information" and forward-looking statements" within the meaning of applicable securities legislation (collectively, "forward-looking information"). The forward-looking information contained in this document is based on information available to the Company as of the date of this document. Except as required under applicable securities legislation, the Company does not intend, and does not assume any obligation, to update this forward-looking information. Generally, this forward-looking information can frequently, but not always, be identified by use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events, conditions or results "will", "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotations thereof. All such forward-looking information is based on the opinions and estimates of the relevant management as of the date such statements are made and are subject to important risk factors and uncertainties, many of which are beyond the Company's ability to control or predict.

All statements other than statements of historical fact may be forward-looking statements. Forward-looking information is necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks and uncertainties relating to, among other things, the inherent uncertainties regarding cost estimates, changes in commodity and metal prices, currency fluctuation, financing, unanticipated resource grades and recoveries, 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 more fully described under "Risks Factors", and elsewhere, in the Company's most recent Annual Information Form available under the Company's profile on SEDAR at www.sedar.com.

The Company believes that the expectations reflected in the forward-looking statements and information included in this document are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements and information should not be unduly relied upon. This statement and information speaks as of the date of this document.

In particular, this document contains forward-looking statements or information with respect to the anticipated timing and completion of a feasibility study and related studies of the Josemaría Project; the anticipated use of proceeds from the credit facilities and ongoing support from Lorito and Zebra; anticipated environmental studies; anticipated exploration and development plans and activities; anticipated cost estimates and other assumptions used in the Josemaría PFS and expectations from the Josemaría PFS; the assumptions used in the mineral reserves and resources for the Josemaría project; anticipated exploration and development expenditures; the timing and nature of any potential development scenarios; opportunities to improve project economics; estimations for copper, gold, silver and other commodity prices, estimations for mineral reserves and resources; estimated development costs; success of development and exploration activities; expectations with regard to the results of the feasibility study, ESIA and other studies; permitting time lines; surface and water rights, access and property interests; currency exchange rate fluctuations; requirements for additional capital; government regulation of mining activities; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; and other risks and uncertainties.

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

Estimates of Mineral Reserves and Mineral Resources

The Corporation prepares its information concerning Mineral Resources and Mineral Reserves in accordance with the requirements of Canadian securities laws, which differ significantly from the requirements of U.S. securities laws and uses terms that are not recognized by the U.S. Securities and Exchange Commission (the "SEC") under the SEC Industry Guide 7 ("Industry Guide 7"). Canadian reporting requirements for disclosure of mineral properties are governed by NI 43-101. The definitions used in NI 43-101 are incorporated by reference from the CIM Definition Standards. For example, the terms "Mineral Reserve", "Proven Mineral Reserve" and "Probable Mineral Reserve" are Canadian mining terms as defined in NI 43-101 and these definitions differ from the definitions in Industry Guide 7. Under Industry Guide 7, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time of the reserve determination. Among other things, a "final" or "bankable" Feasibility Study is required to report reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority in order to classify mineralized material as reserves under Industry Guide 7. Accordingly, Mineral Reserve estimates contained herein may not qualify as "reserves" under Industry Guide 7. Further, the SEC has not recognized the reporting of mineral deposits which do not meet the Industry Guide 7 definition of "reserve" prior to the adoption of the Modernization of Property Disclosures for Mining Registrants, which rules will be required to be complied with in the first fiscal year beginning on or after January 1, 2021. In accordance with NI 43-101, the terms "Mineral Reserve", "Proven Mineral Reserve", "Probable Mineral Reserve", "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" used herein are defined in the CIM Definition Standards. While the terms "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" are recognized and required by NI 43-101, the SEC does not currently recognize them under Industry Guide 7. **While those terms are recognized and required by Canadian securities laws, Industry Guide 7 does not normally permit the inclusion of information concerning "Measured Mineral Resources", "Indicated Mineral Resources" and "Inferred Mineral Resources" or other descriptions of the amount of mineralization in mineral deposits that do not constitute "reserves" by United States standards in documents filed with the SEC. United States readers are specifically cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into mineral reserves, as defined by the SEC.**

In addition, "Inferred Mineral Resources" have a great amount of uncertainty as to their existence and their economic and legal feasibility. A significant amount of exploration must be completed in order to determine whether an Inferred Mineral Resource may be upgraded to a higher category. Under Canadian regulations, estimates of Inferred Mineral Resources may not form the basis of Feasibility Studies or Pre-Feasibility Studies, except in rare cases. United States readers are cautioned not to assume that all or any part of an Inferred Mineral Resource exists or is economically or legally mineable or that it will ever be upgraded to a higher category. Likewise, United States readers are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be upgraded to Mineral Reserves. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations if such disclosure includes the grade or quality and the quantity for each category of Mineral Resource and Mineral Reserve; however, the SEC under Industry Guide 7 normally only permits issuers to report mineralization that does not constitute "reserves" under Industry Guide 7 as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this report regarding descriptions of the Corporation's mineral deposits may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

Non-IFRS measures

This MD&A refers to certain financial measures, such as pre-production capital costs, initial capital expenditures, sustaining capital expenditure, closure costs, C1 cash costs, payback period, undiscounted after-tax cash flow, net present value, strip ratio, IRR and other financial metrics which are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. In the mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Independent auditor's report

To the Shareholders of Josemaria Resources Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Josemaria Resources Inc. and its subsidiaries (together, the Company) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial information

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial information

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Lana Kirk.

(Signed) “PricewaterhouseCoopers LLP”

Chartered Professional Accountants

Vancouver, British Columbia
February 21, 2020

Josemaria Resources Inc. (formerly “NGEx Resources Inc.”)
Consolidated Statements of Financial Position
(All amounts expressed in Canadian Dollars, unless otherwise indicated.)

	Note		December 31, 2019		December 31, 2018
ASSETS					
Current assets:					
Cash and cash equivalents		$	4,043,451	$	5,029,451
Investments	*7*		97,076		281,037
Share consideration receivable	*6b*		625,531		-
Receivables and other assets	*8*		974,864		364,984
			5,740,922		5,675,472
Share consideration receivable	*6b*		-		532,367
Receivables and other assets	*8*		164,035		102,611
Equipment and other fixed assets	*9*		2,218,399		1,767,404
Mineral properties	*10*		10,608,482		16,012,560
TOTAL ASSETS		$	18,731,838	$	24,090,414
LIABILITIES					
Current liabilities:					
Trade payables and accrued liabilities		$	6,865,519	$	4,047,825
Debentures	*15*		19,519,311		5,317,474
Other liabilities	*11*		228,686		152,867
			26,613,516		9,518,166
Non-current liabilities:					
Other liabilities	*11*		74,473		38,217
Debentures	*15*		8,398,623		-
Due to joint exploration partner	*12*		-		330,696
TOTAL LIABILITIES			35,086,612		9,887,079
EQUITY					
Share capital	*13*		224,619,229		246,137,481
Contributed surplus	*14*		12,241,319		10,894,615
Deficit			(250,570,275)		(239,619,811)
Accumulated other comprehensive loss (“AOCI”)			(2,645,047)		(3,208,950)
TOTAL EQUITY			(16,354,774)		14,203,335
TOTAL LIABILITIES AND EQUITY		$	18,731,838	$	24,090,414

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

ON BEHALF OF THE BOARD:

/s/Paul Conibear
Director

/s/Adam I. Lundin
Director

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

	Note	For the year ended December 31, 2019	2018
Expenses			
Exploration and project evaluation	*16*	35,541,191	11,596,574
General and Administration (“G&A”):			
Salaries and benefits		2,211,130	1,258,137
Share-based compensation	*14*	1,392,717	841,378
Management fees		248,400	248,400
Professional fees		671,879	242,166
Travel		151,515	64,877
Promotion and public relations		212,908	377,086
Regulatory, transfer agent and administration		475,327	404,414
Operating loss		40,905,067	15,033,032
Other items			
Financing costs	*15*	671,340	37,458
Interest and other income, net		(66,906)	(96,025)
Foreign exchange (gain)/loss		(324,007)	226,371
Accretion of share consideration receivable		(93,164)	(79,288)
Other income		(256,669)	(406,296)
(Gain)/loss on equity investments		(229,243)	230,021
Gain on spin-off transaction	*2*	(30,847,040)	-
Re-classification of accumulated exchange differences upon spin-off	*2*	1,358,535	-
(Gain)/Loss on net monetary position	*5*	(167,449)	173,953
Net Loss		10,950,464	15,119,226
Other Comprehensive (Income)/Loss			
Items that may be reclassified subsequently to net loss:			
Re-classification of accumulated exchange differences upon spin-off	*2*	(1,358,535)	-
Foreign currency translation adjustment		170,530	2,240,863
Impact of hyperinflation	*5*	624,102	(7,906,199)
Comprehensive Loss		$ 10,386,561	$ 9,453,890
Basic and diluted loss per common share		$ 0.04	$ 0.07
Weighted average common shares outstanding		247,807,767	227,099,364

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

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

	Note	For the Year Ended December 31, 2019	2018
Cash flows used in operating activities			
Net loss for the year		$ (10,950,464)	$ (15,119,226)
Items not involving cash and cash equivalents:			
Gain on spin-off transaction		(30,847,040)	-
Re-classification of accumulated exchange differences upon spin-off		1,358,535	-
Net monetary position		(167,449)	173,953
Depreciation		139,006	21,376
Share-based compensation		1,696,686	1,134,713
Debenture financing consideration		671,340	37,458
Unrealized foreign exchange (gain)/loss		(311,590)	199,664
Accretion of share consideration receivable		(93,164)	(79,288)
Other (income) / expenses		(252,996)	(326,022)
Fair value (gain)/loss on equity investments		(229,243)	230,021
Net changes in working capital items:			
Receivables and other		(1,222,697)	(213,568)
Trade payables and other liabilities		5,000,139	3,005,505
		(35,208,937)	(10,935,414)
Cash flows from financing activities			
Repayment of debentures	*15*	(5,832,597)	(503,520)
Funds received from debentures	*15*	28,983,593	5,164,488
Share issuance from option exercise		957,450	1,371,000
Repayment of lease liabilities		(27,201)	-
Private placement, net	*13*	19,655,380	5,584,724
		43,736,625	11,616,692
Cash flows used in investing activities			
Cash paid in connection with the spin-off	*2*	(7,538,929)	-
Proceeds from disposition of available for sale investments	*7*	413,204	-
Mineral properties and related expenditures	*10*	(735,664)	(686,880)
Acquisition of fixed assets	*9*	(741,081)	(1,522,112)
		(8,602,470)	(2,208,992)
Effect of exchange rate change on cash and cash equivalents		(911,218)	(231,547)
Decrease in cash and cash equivalents during the year		(986,000)	(1,759,261)
Cash and cash equivalents, beginning of year		5,029,451	6,788,712
Cash and cash equivalents, end of year		$ 4,043,451	$ 5,029,451

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

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

	Number of shares issued and outstanding	Share capital	Contributed surplus	Accumulated other comprehensive loss	Accumulated Deficit	Total
Balance, January 1, 2018	213,774,830	$ 232,188,933	$ 10,211,218	$ (8,937,048)	$ (224,437,823)	$ 9,025,280
Impact of adopting IFRS 9	-	-	-	62,762	(62,762)	-
Balance, January 1, 2018 (restated)	213,774,830	$ 232,188,933	$ 10,211,218	$ (8,874,286)	$ (224,500,585)	$ 9,025,280
Private placement, net	12,500,000	12,084,724	-	-	-	12,084,724
Debenture financing consideration	41,256	41,508	-	-	-	41,508
Exercise of options	1,600,000	1,822,316	(451,316)	-	-	1,371,000
Share-based compensation	-	-	1,134,713	-	-	1,134,713
Foreign currency translation adjustment	-	-	-	(2,240,863)	-	(2,240,863)
Impact of hyperinflation (Note 5)	-	-	-	7,906,199	-	7,906,199
Net loss for the year	-	-	-	-	(15,119,226)	(15,119,226)
Balance, December 31, 2018	227,916,086	$ 246,137,481	$ 10,894,615	$ (3,208,950)	$ (239,619,811)	$ 14,203,335
Balance, January 1, 2019	227,916,086	$ 246,137,481	$ 10,894,615	$ (3,208,950)	$ (239,619,811)	$ 14,203,335
Private placement, net (Note 13)	20,000,000	19,655,380	-	-	-	19,655,380
Transfer of net assets pursuant to spin-out (Note 2)	-	(43,058,560)	-	-	-	(43,058,560)
Exercise of options (Note 14)	1,565,000	1,307,432	(349,982)	-	-	957,450
Debenture financing consideration (Note 15)	855,105	577,496	-	-	-	577,496
Share-based compensation	-	-	1,696,686	-	-	1,696,686
Re-classification of accumulated exchange differences upon spin-off (Note 2)	-	-	-	1,358,535	(1,358,535)	-
Foreign currency translation adjustment	-	-	-	(170,530)	-	(170,530)
Impact of hyperinflation (Note 5)	-	-	-	(624,102)	-	(624,102)
Net loss for the year	-	-	-	-	(9,591,929)	(9,591,929)
Balance, December 31, 2019	250,336,191	$ 224,619,229	$ 12,241,319	$ (2,645,047)	$ (250,570,275)	$ (16,354,774)

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

1. NATURE OF OPERATIONS AND LIQUIDITY RISK

Josemaria Resources Inc. (formerly “NGEx Resources Inc.”) and its subsidiaries (collectively referred to as the “Company”) are principally engaged in the acquisition, exploration and development of mineral properties located in Argentina.

The Company is governed by the Canada Business Corporations Act (“CBCA”) and its registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada. On July 17, 2019, the Company completed the spin out of the Los Helados property and certain other exploration properties into NGEx Minerals Ltd. (“NGEx Minerals”) by a plan of arrangement under the Canada Business Corporations Act (“the Arrangement”) as further described on Note 2. The Company changed its name to Josemaria Resources Inc. and began trading under the new name and ticker symbol of “JOSE” as of July 23, 2019 on the TSX and as of July 25, 2019 on the NASDAQ OMX Stockholm Stock Exchange (“OMX”).

While the consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that it will be able to meet its existing obligations and commitments and fund ongoing operations in the normal course of business for at least twelve months from December 31, 2019, the Company anticipates the need for further funding to support the advancement of the Josemaria project and general corporate and working capital purposes.

The Company arranged two new debenture credit facilities totaling US$30 million with its related parties during 2019 and began drawing on the available debenture facilities as required to provide additional sources of financing to further advance its projects and operations (Note 15). US$13.5 million remains undrawn on those facilities as at December 31, 2019. The Company is currently evaluating potential additional sources of financing. Historically, capital requirements have been primarily funded through equity financing, joint ventures, disposition of mineral properties and investments, and the use of credit facilities with related parties. While management is confident that additional sources of funding will be secured to fund planned expenditures, factors that could affect the availability of financing include the progress and results of ongoing exploration and project evaluation activities at the Company’s mineral properties, the state of international debt and equity markets, and investor perceptions and expectations of the global copper, gold, and/or silver markets. There can be no assurance that such financing will be available in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. If necessary, the Company may explore opportunities to revise the due dates of its liabilities, and/or settle its liabilities through the issuance of common shares and other equity instruments. Subsequent to December 31, 2019, the Company drew US$4 million from the debenture facilities and has US$9.5 million remaining undrawn on those facilities. Based on the amount of funding raised, the Company’s planned initiatives and other work programs may be postponed, or otherwise revised, as necessary.

2. PLAN OF ARRANGEMENT

On July 17, 2019, the Company completed the Arrangement under the CBCA pursuant to which the Company transferred its wholly owned subsidiaries that directly or indirectly hold the Los Helados Project located in Chile and other exploration projects located in Argentina (collectively the "Spinout Exploration Business") and $7.3 million in cash, including the assignment of the Company's Obligation (Note 9) in exchange for 124,793,652 Spinco common shares. The Company subsequently distributed the NGEx Minerals common shares to the Company's shareholders as a return of capital. NGEx Minerals began trading on the TSX Venture Exchange ("TSXV") under the symbol "NGEX" on August 20, 2019.

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

The carrying value of the net assets transferred to NGEx Minerals, pursuant to the Arrangement consisted of the following:

Assets:		
Cash and cash equivalents	$	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 PPC (Note 9)		(317,605)
Carrying value of net assets		12,206,770
Fair value of net assets		43,053,810
Gain on distribution of net assets to shareholders	$	30,847,040

In accordance with IFRIC 17, Distributions of Non-cash Assets to Owners, the Company recognized the distribution of net assets to its shareholders at fair value with the difference between that value and the carrying amount of the net assets recognized in the statement of comprehensive income. Upon completion of the Arrangement, the Company recorded a gain of $30.8 million on the spin out of NGEx Minerals. The cumulative other comprehensive loss totaling $1.3 million recognized for the entities spun out to NGEx Minerals was re-classed from AOCI to Statement of Comprehensive Loss.

3. BASIS OF PRESENTATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. Except for the accounting of investments and the application of inflation accounting as further described on Note 4 and 5, these consolidated financial statements are prepared on a historical cost basis.

The consolidated financial statements were approved by the Board of Directors of the Company on February 21, 2020.

4. NEW ACCOUNTING POLICY – ACCOUNTING FOR LEASES

On January 1, 2019, the Company adopted IFRS 16 *Leases* which eliminates the classification of leases as either operating or finance leases for a lessee, and requires all leases to be recognized on the statement of financial position for the lessee.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of economic benefits from use of the asset during the term of the arrangement and if the Company has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset, which is included in fixed assets and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any commissioning and restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset.

As the new lease standard was applied using a cumulative catch-up approach where the Company recorded leases prospectively effective January 1, 2019 without restating the comparative figures, the Company recorded a right-of-use asset of approximately $37,292 which is presented within fixed assets, measured at an amount equal to the lease liability, discounted at the weighted average incremental borrowing rate of 19.5% on January 1, 2019. As of December 31, 2019, the lease asset and corresponding lease liability totaled $6,606 and $7,586 respectively.

5. ACCOUNTING FOR HYPERINFLATION

Argentina was designated a hyper-inflationary economy as of July 1, 2018 for accounting purposes. Accordingly, IAS 29, Financial Reporting in Hyper-Inflationary Economies, has been applied to these consolidated financial statements as the Company’s Argentine operating subsidiaries (the “Argentine Subsidiaries”) use the Argentine Peso as its functional currency. The financial statements are based on the historical cost approach in IAS 29.

The application of hyperinflation 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 have not been restated.

For the year ended December 31, 2019, the Company recognized a loss of approximately $624,102 (2018: gain of $7,906,199) in relation to the impact of hyperinflation within other comprehensive income during the period.

As a result of the change in the IPC from January 1, 2019 to December 31, 2019, the Company recognized a net monetary gain within the Argentine Subsidiaries of approximately $167,449 for the year ended December 31, 2019 (2018: loss of $173,953), to adjust transactions for the period into a measuring unit current as of December 31, 2019. The level of the IPC at December 31, 2019 was 283,444, which represents an increase of 54% over the IPC at December 31, 2018.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated on consolidation. With the completion of the Arrangement as further described on Note 2, the Company's key operating subsidiary is Desarrollo de Prospectos Mineros S.A. (Argentina) as at December 31, 2019.

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. All of the Company's subsidiaries are wholly-owned.

b) Critical accounting estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenditures on the financial statements. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual results could differ from those estimates and such differences could be material. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. Information about estimates, assumptions and other sources of estimation uncertainty as at December 31, 2019 that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year are provided below:

Gain on spin out transaction - The Company recorded a $31 million gain for the year as a result of accounting for the spin-out of NGEx Minerals as a distribution in kind to its shareholders. The distribution to shareholders was accounted for based on the fair value of net assets transferred to NGEx Minerals in accordance with IFRS, with the difference between that value and the carrying amount of the net assets recognized in the statement of comprehensive loss. The fair value was estimated based on the trading value of NGEx Minerals shares for the 10 day period subsequent to commencement of trading.

Share consideration receivable – The Company recognized a share consideration receivable from Skeena Resources Ltd. (“Skeena”) as part of the consideration received on the disposition of its interest in the GJ copper-gold mineral property assets on November 3, 2015. On February 4, 2020, Newcrest Mining (“Newcrest”) announced the acquisition of a 100% interest in the GJ property including assumption of the associated future payment obligations and royalties from Skeena. As the transaction is expected to close by May 2020, the Company expects to receive common shares of Newcrest with a value of $735,000 at the time of delivery on November 3, 2020, subject to a four month applicable statutory hold period. Share consideration receivable in the future is discounted using a discount rate that approximates the risk profile for the entity issuing the shares based on financial information that is publicly available. The value of the share consideration receivable could be impacted if the actual risk assessment turns out to be different from the estimate applied by the Company in its valuation of the share consideration receivable.

c) Foreign currency translation

Foreign subsidiaries whose functional currency is the currency of a hyperinflationary economy applies hyperinflation accounting in accordance with IAS 29 and the interpretive guidance for first time adoption of IAS 29 included within IFRIC 7 as described in Note 3. When the economy ceases to be hyperinflationary, the Company will discontinue the application of hyperinflation accounting and the amounts presented in the measuring unit current at the end of the previous reporting period will become the basis for the carrying amounts in its subsequent financial statements.

For foreign subsidiaries whose functional currency is the currency of a non-hyperinflationary economy, transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at period end exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated based on the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the income statement.

The functional currency of each of the subsidiaries is the currency of the primary economic environment in which the entity operates. Primary and secondary indicators are used to determine the functional currency. The local currency has been determined to be the functional currency of the Company’s significant operating segments. Foreign operations are translated from their functional currencies into Canadian dollars on consolidation as follows:

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

The functional currency of Josemaria Resources Inc., the parent entity, is the Canadian dollar, which is also the presentation currency of the consolidated financial statements.

d) Equipment and other fixed assets

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

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

Depreciation of an asset begins when it is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of each asset is calculated using the straight-line method to allocate its cost less its residual value over its estimated useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive loss.

e) Exploration and project evaluation expenditures and mineral properties

Exploration and project evaluation ("E&P") expenditures are those costs required to find a mineral property and determine its commercial viability. E&P costs include costs to establish an initial mineral resource and determine whether inferred mineral resources can be upgraded to measured and indicated mineral resources.

E&P costs are expensed as incurred until such time the project demonstrates that a property has economically recoverable ore reserves, and technical feasibility and commercial viability has been established. Capitalization of costs begins 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. Property acquisition costs are capitalized as mineral properties. In accounting for its asset acquisitions, the Company recognizes future contingent considerations as additions to the cost of the asset initially recorded when incurred.

f) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed for impairment whenever facts and circumstances indicate that the carrying amounts are not recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separate cash flows (cash generating units or "CGU"). An impairment loss exists if the asset's or CGU's carrying amount exceeds its recoverable amount, and is recorded as an expense in the consolidated statement of loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated statement of loss.

g) Financial instruments

Recognition:
The Company measures and classifies its financial assets based on its business model for managing its financial assets and the contractual cash flow characteristics of those financial assets. Financial assets are classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive loss and those measured at amortized cost.

Financial assets and liabilities at amortized costs are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Investments in equity instruments are required to be measured by default at fair value through profit or loss, unless the Company makes an irrevocable election to present subsequent changes in the fair value of its equity investments in OCI. The Company has not elected to measure any of its equity instruments through OCI. The Company recognized the effects of retrospective application of reclassifying fair value gains/losses of its equity investments from OCI to FVTPL to shareholders' equity at January 1, 2018, resulting in an increase to the opening deficit on January 1, 2018 of $62,762 with a corresponding adjustment to accumulated other comprehensive loss.

De-recognition:
The Company derecognizes financial assets when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risk and rewards of ownership to another entity. A financial liability is derecognized when the obligation under the liability is discharged, canceled or expired. Gains and losses on de-recognition of financial assets and liabilities are generally recognized in the consolidated statements of net losses.

Impairment:
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized costs based on a probability-weighted estimate of credit losses over the expected life of the financial asset.

The expected credit losses are reviewed and updated at each reporting date as appropriate to reflect changes in the credit risk of the financial instruments, whereby the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit loss of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the expected credit losses are reversed after the impairment was recognized.

h) 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.

i) Provisions

Provisions are recognized when a present legal or constructive obligation exists as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate credit-adjusted risk-free rate.

j) Share-based compensation

The Company has a share-based compensation plan for its employees, directors and other eligible participants ("Participants"). Participants may receive options to purchase common shares at a price determined at the time of grant. Fair value for stock options granted is determined on grant date using the Black-Scholes option-pricing model. Share-based compensation expense is recorded over the period the options vest, with a corresponding increase to contributed surplus. The Company issues new common shares to satisfy stock option exercises, with the proceeds received net of any directly attributable transaction costs credited to share capital.

k) Loss per share

Loss per share is calculated based on the weighted average number of shares outstanding during the year. For diluted earnings per share, dilution is calculated based upon the net number of common shares issued should "in-the-money" options be exercised and the proceeds be used to repurchase common shares at the average market price in the year.

l) Share capital

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

m) Segment Reporting

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 is responsible for allocating resources and reviewing operating results of each operating segment on a periodic basis.

The Company's primary reporting segments are based on the location of operations, being South America and Canada. The office in Canada provides support to the project with respect to treasury and finance, technical support, regulatory reporting and corporate administration. Following the completion of the Arrangement on July 17, 2019 as described on Note 2, the Company's primary business activity is the advancement of the Josemaria Project in San Juan, Argentina.

n) New accounting pronouncements

The IASB and IFRIC have issued standards and amendments or interpretations to existing standards that were not yet effective and not applied as at December 31, 2019. These new standards and interpretations are not expected to be applicable for the Company for the annual period beginning on or after January 1, 2020.

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

7. INVESTMENTS

	December 31, 2019	December 31, 2018
Goldgroup Mining Inc.	$ 4,000	$ 10,000
RNC Minerals	73,984	71,025
North American Nickel Inc.	1,842	3,684
Altus Strategies PLC	17,250	6,000
Skeena Resources Ltd. ("Skeena")	-	190,328
	$ 97,076	$ 281,037

During the year ended December 31, 2019, the Company disposed of its available for sale investment in the common shares of Skeena and received net proceeds of $413,204. In accordance with IFRS 9, the difference between the carrying amount at the date of disposition and the consideration received was recognized and included in profit or loss.

8. RECEIVABLES AND OTHER ASSETS

	December 31, 2019	December 31, 2018
Receivables and prepaid expenses	$ 445,361	$ 239,737
Taxes recoverable	370,496	150,366
Due from related parties (Note 17)	323,042	77,492
	$ 1,138,899	$ 467,595

	December 31, 2019	December 31, 2018
Current	$ 974,864	$ 364,984
Non-current	164,035	102,611
Total	$ 1,138,899	$ 467,595

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

9. EQUIPMENT AND OTHER FIXED ASSETS

	Equipment	Leasehold improvement	Leased Assets (Note 3)	Other assets	Total
January 1, 2018	$ 7,186	$ 67,100	$ -	$ 8,000	$ 82,286
Additions	1,522,112	-	-	-	1,522,112
Hyperinflation adjustment (Note 5)	186,737	-	-	-	186,737
Depreciation	(3,076)	(18,300)	-	-	(21,376)
Currency translation effect	(2,355)	-	-	-	(2,355)
December 31, 2018	$ 1,710,604	$ 48,800	$ -	$ 8,000	$ 1,767,404
Additions	741,081	-	37,274	-	778,355
Hyperinflation adjustment (Note 5)	(185,039)	-	(3,315)	-	(188,354)
Depreciation	(93,352)	(18,300)	(27,354)	-	(139,006)
December 31, 2019	$ 2,173,294	$ 30,500	$ 6,605	$ 8,000	$ 2,218,399

10. MINERAL PROPERTIES

	Josemaria (Note a)	Projects transferred to NGEx Minerals pursuant to the Arrangement*		
		Los Helados (Note b)	Nacimientos & others (Note c)	Total
January 1, 2018	$ 5,835,307	$ 3,909,134	$ 311,705	$ 10,056,146
Additions	370,802	312,382	357,696	1,040,880
Hyperinflation adjustment (Note 5)	7,289,677	-	62,201	7,351,878
Write off of mineral property	-	-	(54,861)	(54,861)
Currency translation effect	(2,018,216)	(181,352)	(181,915)	(2,381,483)
December 31, 2018	$ 11,477,570	$ 4,040,164	$ 494,826	$ 16,012,560
Additions	-	328,774	406,890	735,664
Currency translation effect	-	(106,262)	63,338	(42,924)
Transferred to NGEx Minerals pursuant to the Arrangement (Note 2)	-	(4,262,676)	(965,054)	(5,227,730)
Hyperinflation adjustment (Note 5)	(869,088)	-		(869,088)
December 31, 2019	$ 10,608,482	$ -	$ -	$ 10,608,482

a) The Josemaria Project

<u>Acquisition of mineral property interests from JOGMEC</u>

The Company holds a 100% interest in the Josemaria project in San Juan Province, Argentina following its acquisition of all remaining interests in the project from Japan Oil, Gas and Metals National Corporation ("JOGMEC") on November 13, 2017 for total cash consideration of US$21 million. US$3 million was paid on November 2017, with the remainder of the cash consideration to be paid upon completion of the following milestones:

- US$5 million payable upon a development and construction decision being made; and
- US$13 million upon commencement of commercial production from the property.

In accordance with its accounting policy (Note 6e), the future contingent consideration to be paid upon completion of the applicable milestones will be recorded and added to the mineral property when incurred. JOGMEC retains an option to purchase up to 40% of the material produced from the mine based on the prevailing market price at the time of exercise of the option.

Acquisition of mining concessions from Filo Mining Corp. ("Filo Mining")

On February 21, 2018, the Company completed the acquisition of a 100% interest in certain mining concessions (the "Primary Properties") with an option to acquire a 100% interest in additional mining concessions (the "Additional Properties") located in San Juan Province, Argentina from Filo Mining, a related party, to expand its Josemaria project in exchange for the following consideration:

- Providing Filo Mining with the right to use its Batidero Camp facility in Argentina for a minimum period of two years, which right is automatically renewed unless terminated upon one year's prior notice;
- a 3% net smelter return ("NSR") royalty on a portion of the mining concessions on properties auxiliary to the Josemaria project, 2% of which can be re-purchased by the Company at any time for $2,000,000; and
- Cash consideration of $64,000 which was paid upon execution of the agreement with Filo Mining.

The mining concessions acquired from Filo Mining, including all transaction costs, have been capitalized as mineral properties. The costs of the mineral properties acquired were measured based on the fair value of the consideration given up, which includes cash and the use of the Batidero camp. Using an expected time frame of two years, management has estimated the fair value of the camp use provision to be approximately $354,000. This amount has been deferred on the Statement of Financial Position and recognized as income over the expected period of camp use (Note 11).

b) The Los Helados Project

Up to July 17, 2019, the Company was the majority partner and operator for the Los Helados project, which was subject to a Joint Exploration Agreement ("JEA") with its joint exploration partner Pan Pacific Copper Co. ("PPC"). The Company had been funding and accounting for 100% of the expenditures related to the Los Helados project following the election by PPC not to fund its share of expenditures since September 1, 2015. As at December 31, 2018, PPC's interest in the project was diluted to 37%. In connection with the Arrangement which was completed on July 17, 2019, the Company transferred the Los Helados Project to NGEx Minerals as disclosed on Note 2.

c) Naciemientos and other projects

On May 3, 2017, the Company signed an option agreement whereby it could acquire a 100% interest in the Naciemiento Project located in San Juan Province, Argentina by making option payments totaling US$1.65 million in cash over a four-year period on or before May 15, 2021 (the "Earn-in Date"). In order to acquire a 100% interest, the Company was required to fund US$2.5 million in expenditures on the Naciemiento Property on or before the Earn-in Date. In connection with the Arrangement which was completed on July 17, 2019, the Company transferred the Naciemientos Project to NGEx Minerals as disclosed on Note 2.

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

On November 22, 2017, the Company signed an option agreement with Cosmos Minerals S.A. ("Cosmos") whereby it can acquire a 100% interest in the Acay Property located in Salta Province, Argentina by funding expenditures on the property and making option payments over a four-year period on or before November 22, 2021 (the "Earn-in Date"). The Company terminated the agreement during fiscal 2018 in order to focus on its other projects. Accordingly, all costs previously capitalized were expensed within the statement of comprehensive loss at December 31, 2018.

11. OTHER LIABILITIES

	Camp use provision	Lease liability (Note 4)	Other liabilities
Balance, January 1, 2018	$ -	$ -	$ -
Additions	354,000	-	354,000
Hyperinflation adjustment	(53,840)	-	(53,840)
Recognition to income	(109,076)	-	(109,076)
Balance, December 31, 2018	$ 191,084	$ -	$ 191,084
Additions	417,850	37,292	455,142
Lease payment	-	(33,378)	(33,378)
Hyperinflation adjustment	(52,929)	-	(52,929)
Recognition to income, net of expense	(260,432)	3,672	(256,760)
Balance, December 31, 2019	$ 295,573	$ 7,586	$ 303,159

	December 31, 2019	December 31, 2018
Current	$ 228,686	$ 152,867
Non-current	74,473	38,217
Total other liabilities	$ 303,159	$ 191,084

On June 30, 2019, the Company finalized an arrangement with Filo Mining to extend the minimum period of use of its Batidero Camp facility as disclosed on Note 17 up to March 31, 2021 in exchange for cash consideration of $417,850. As of December 31, 2019, the value of the camp use provision is $295,573.

12. DUE TO JOINT EXPLORATION PARTNER

The Company acquired all remaining interests in the Filo del Sol project from its joint exploration partner PPC in October 2014 in exchange for cash consideration of US$3.5 million and assuming the obligation to fund US$3.5 million of PPC's share of expenditures on the remaining joint exploration properties (the "Obligation"). The Obligation, which was discounted based on the estimated timeframe required to expend US$3.5 million on behalf of PPC, resided with the Company until July 17, 2019, when the Company assigned and transferred the Obligation to NGEx Minerals in connection with the Arrangement (Note 2).

13. SHARE CAPITAL

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

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

On January 3, 2018, the Company completed private placements totaling 12,500,000 common shares of the Company for gross proceeds of $12.5 million. Share issuance costs totaling $0.4 million were paid in relation to the private placements. The net proceeds received by the Company upon completion of the private placements totaled $12.1 million.

On February 1, 2019, the Company completed private placements totaling 20,000,000 common shares of the Company for gross proceeds of $20.0 million. Share issuance costs totaling $0.3 million were paid in relation to the private placements. The net proceeds received by the Company on the private placements totaled $19.7 million.

14. SHARE OPTIONS

a) Share Option Plan

The Company has a rolling share option plan which reserves an aggregate of 10% of the issued and outstanding shares of the Company for issuance upon the exercise of options granted.

During the year ended December 31, 2019, the Company granted a total of 5,910,000 (2018 – 2,120,000) share options to officers, employees, directors and other eligible participants at an average exercise price of $0.69 per share. Share options have an expiry date of five years and vest over a period of 24 months from date of grant. The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model. The weighted average assumptions and resulting fair values for grants are as follows:

	December 31, 2019	December 31, 2018
Assumptions:		
Risk-free interest rate *(%)*	1.62	1.79
Expected life *(years)*	4.30	2.50
Expected volatility *(%)*	48.04	57.35
Expected dividend	Nil	Nil
Results:		
Weighted average fair value of options granted per option	$ 0.33	$ 0.49

As a result of the Arrangement (Note 2), all share options outstanding as of the record date were exchanged for one fully-vested replacement Josemaria option ("Josemaria replacement option") and one-half of one fully-vested option of NGEx Minerals Ltd. The Josemaria replacement options are governed by the Josemaria share option plan and the exercise prices were adjusted based on the market value of the two companies after completion of the Arrangement. As all the Josemaria replacement options became fully-vested, with no further service obligations required by the participants upon the completion of the Arrangement, the Company recognized all remaining share-based compensation for the Josemaria replacement options as of July 17, 2019.

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

The total share-based compensation expense for the year ended December 31, 2019 totaling $1,696,686 (2018 - $1,134,713) was presented in the statement of comprehensive loss as follows:

	December 31, 2019	December 31, 2018
General and administration	1,392,717	841,378
Exploration and project evaluation	303,969	293,335
	$ 1,696,686	$ 1,134,713

b) Share Options Outstanding

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

	December 31, 2019		December 31, 2018	
	Number of share issuable pursuant to share options	Weighted average exercise price per share	Number of share issuable pursuant to share options	Weighted average exercise price per share
Balance at beginning of year	5,695,000	$ 1.11	5,970,000	$ 0.97
Granted	5,910,000	0.69	2,120,000	1.24
Exercised (*)	(1,565,000)	0.61	(1,600,000)	0.86
Expired	(115,000)	0.78	(795,000)	0.89
Balance at end of year	9,925,000	$ 0.76	5,695,000	$ 1.11

* The weighted average share price on the exercise date for the stock options exercised during the year ended December 31, 2019 was $1.01.

The following table summarizes information about the outstanding and exercisable share options at December 31, 2019:

	Outstanding Options			Exercisable Options		
Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price
$0.61	2,505,000	4.86	$ 0.61	835,004	4.86	$ 0.61
$0.65*	2,430,000	3.60	$ 0.65	2,430,000	3.60	$ 0.65
$0.81*	2,105,000	1.07	$ 0.81	2,105,000	1.07	$ 0.81
$0.90*	1,960,000	0.21	$ 0.90	1,960,000	0.21	$ 0.90
$1.01	925,000	4.61	$ 1.01	308,335	4.61	$ 1.01
	9,925,000	2.81	$ 0.76	7,638,339	2.21	$ 0.77

*Post-Arrangement adjusted exercise price

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

* Pursuant to the Arrangement (Note 2), the weighted average exercise prices for options outstanding as of the record date were adjusted such that the aggregate In-the-Money amounts for the outstanding options remain the same before and after the Arrangement.

15. DEBENTURES

	Total
Balance, January 1, 2018	$ 508,904
Changes from financing cash flows	4,660,968
Other items	(3,610)
Effect of changes in foreign exchange	151,212
Balance, December 31, 2018	$ 5,317,474
Changes from financing cash flows	23,150,996
Other items	(66,251)
Effect of changes in foreign exchange	(484,285)
Balance, December 31, 2019	$ 27,917,934

	2018 Facility (Note a)	2019 Facility (Note b)	Lorito Facility (Note c)	Total
Current	$ 6,507,950	$ 13,011,361	$ -	$ 19,519,311
Non-current	-	-	8,398,623	8,398,623
Total	$ 6,507,950	$ 13,011,361	$ 8,398,623	$ 27,917,934

a) 2018 Facility

On October 5, 2018, the Company secured a US$5,000,000 credit facility with Zebra Holdings and Investments S.à.r.l. ("Zebra"), a related party of the Company, as evidenced by a debenture to provide additional financial flexibility to fund general corporate purposes (the "2018 Facility"). Zebra received 28,000 common shares of the Company as consideration upon execution of the 2018 Facility and is entitled to receive 500 common shares each month, for every US$ 50,000 in principal outstanding, prorated accordingly for the number of days outstanding. On September 27, 2019, the Company amended the terms of the 2018 Facility to extend the maturity date from October 5, 2019 to May 5, 2020.

b) 2019 Facility

On June 12, 2019 the Company secured a new US$10,000,000 credit facility with Zebra, as evidenced by a debenture, to fund ongoing exploration at the Josemaria project and for general corporate purposes (the "2019 Facility"). Zebra received 28,000 common shares of the Company as consideration upon execution of the 2019 Facility, and is entitled to receive 500 common shares each month, for every US$ 50,000 in principal outstanding, prorated accordingly for the number of days outstanding. The 2019 Facility matures on December 25, 2020.

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

c) Lorito Facility

On October 25, 2019 the Company secured a new US$20,000,000 credit facility with Lorito Holdings and Investments S.à.r.l. ("Lorito") as evidenced by a debenture to fund ongoing exploration at the Josemaria project and for general corporate purposes (the "Lorito Facility"). Pursuant to the terms of the Lorito Facility, Lorito received 80,000 common shares of the Company as consideration upon execution of the Lorito Facility, and is entitled to receive 800 common shares each month, for every US$50,000 in principal outstanding, prorated accordingly for the number of days outstanding. The Lorito Facility matures on April 25, 2021.

Zebra reports its security holdings in the Company as a joint actor with Lorito and they collectively hold more than 20% of the Company's issued and outstanding common shares as at December 31, 2019. As of December 31, 2019, the Company had drawn US$6.5 million from the Lorito Facility and fully drawn on the amount available on the 2018 Facility and 2019 Facility. No interest is payable in cash during the term and all securities issued in conjunction with these facilities are subject to a four-month hold period under applicable securities law. The Company issued 855,105 shares to Lorito and Zebra during the fiscal year ended December 31, 2019 as consideration for the funds drawn on the facilities, with an additional 254,000 common shares issuable, resulting in $671,340 in financing costs (2018: $37,458) recognized on the Statement of Comprehensive Loss as at December 31, 2019.

16. EXPLORATION AND PROJECT EVALUATION

The Company expensed the following exploration and project evaluation costs:

	Year ended December 31, 2019	Year ended December 31, 2018
Josemaria	$ 33,435,055	$ 6,529,916
Los Helados *	1,571,392	1,532,371
Nacimientos *	255,059	2,457,386
Administration and other projects	279,685	1,076,901
Exploration and project evaluation	$ 35,541,191	$ 11,596,574

*These were costs incurred up to the effective date of the Arrangement for the projects that were transferred to NGEx Minerals Ltd. (Note 2).

	Year ended December 31, 2019	Year ended December 31, 2018
Land holding costs	$ 887,058	$ 914,517
Drilling, fuel, camp costs and field supplies	6,594,957	2,909,658
Roadwork, travel and transport	2,226,931	1,233,182
Engineering studies, consultants, geochemistry and geophysics	13,171,709	2,230,787
Environmental and community relations	4,966,202	1,199,350
VAT, other taxes and fees	3,772,995	1,145,105
Office and general, salaries, and overhead	2,819,215	1,529,642
Share-based compensation	303,969	293,335
Inflation adjustment (Note 5)	798,155	140,998
	$ 35,541,191	$ 11,596,574

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

17. RELATED PARTY TRANSACTIONS

a) Related party services and balances

NGEx Minerals Ltd. was incorporated on February 21, 2019 under the laws of CBCA in connection with the Arrangement as a wholly-owned subsidiary of the Company prior to the spin out which was completed on July 17, 2019 as described on Note 2. The Company formalized a cost sharing arrangement with NGEx Minerals and Filo Mining (collectively "Related Parties"), whereby the Related Parties provide executive management and personnel services to the Company ("Related Party Services"), while the Company provides financial management and administrative services to Filo Mining and NGEx Minerals ("Josemaria Services"). These transactions are in the normal course of operations.

On June 30, 2019, the Company finalized an arrangement with Filo Mining to extend the minimum period of use of the Company's Batidero Camp facility up to March 31, 2021 which right is automatically renewed unless terminated upon one year's prior notice in exchange for cash consideration of $417,850 (Note 11).

Other than those related party transactions identified elsewhere in these consolidated financial statements, the related party transactions are as follows:

	Year ended December 31, 2019	2018
Income from Josemaria Services provided:		
Filo Mining	$ 336,044	$ 555,443
NGEx Minerals	72,485	-
Total	$ 408,529	$ 555,443
Costs of Related Party Services received:		
Filo Mining	$ (1,217,414)	$ (735,822)
NGEx Minerals	(84,051)	-
Total	$ (1,301,465)	$ (735,822)

The amounts due from Related Parties by the Company are included within receivables and other assets on the consolidated statement of financial position:

	December 31, 2019	December 31, 2018
Due from Filo Mining	$ 220,366	$ 77,492
Due from NGEx Minerals	102,676	-
	323,042	$ 77,492

The amounts due to Related Parties by the Company are included within trade payables and accrued liabilities on the consolidated statement of financial position:

	December 31, 2019	December 31, 2018
Due to Filo Mining	$ (196,489)	$ (523,244)
Due to NGEx Minerals	(16,849)	-
	$ (213,338)	$ (523,244)

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

b) Key management compensation

The key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities and consist of the Board of Directors and members of the executive management team. Total compensation expense for key management personnel inclusive of costs of key management personnel services received from its Related Parties as described in Note 17a, and the composition thereof, is as follows:

	Year ended December 31, 2019	2018
Salaries	$ 1,483,333	$ 914,000
Employee benefits	51,888	29,809
Director fees	223,708	161,000
Share-based compensation	1,258,181	720,696
	$ 3,017,110	$ 1,825,505

18. SEGMENTED INFORMATION

The Company is principally engaged in the acquisition, exploration and development of mineral properties in South America. The segments presented in Note 10 and Note 16 reflects the way in which management reviews its business performance. Following the completion of the Arrangement on July 17, 2019 as described on Note 2, the Company's primary business activity is the advancement of the Josemaria Project in San Juan, Argentina. All of the Company's non-current assets and exploration and project evaluation costs are located and incurred within South America, whereas materially all of the Company's cash and general and administrative costs are held and incurred by the Canadian parent. Following is a summary of net losses and selected non-current assets by segment:

	December 31, 2019			December 31, 2018		
	Fixed assets	Mineral properties	Total	Fixed assets	Mineral properties	Total
Josemaria	$ 2,179,899	$ 10,608,482	$ 12,788,381	$ 1,710,604	$ 11,477,570	$ 13,188,174
Los Helados	-	-	-	-	4,040,164	4,040,164
Other projects	-	-	-	-	494,826	494,826
Corporate	38,500	-	38,500	56,800	-	56,800
Total	$ 2,218,399	$ 10,608,482	$ 12,826,881	$ 1,767,404	$ 16,012,560	$ 17,779,964

	For the year ended December 31, 2019	For the year ended December 31, 2018
Exploration and Project Evaluation:		
Josemaria	$ 33,435,055	$ 6,529,916
Los Helados	1,571,392	1,532,371
Other projects	534,744	3,534,287
G&A and other items	(24,590,727)	3,522,652
Net loss for the year	$ 10,950,464	$ 15,119,226

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

19. INCOME TAXES

	December 31, 2019	December 31, 2018
Combined basic federal and provincial income tax rates	27%	27.00%
Net loss before taxes	$ (10,950,464)	$ (15,119,226)
Expected income recovery	$ (2,956,625)	$ (4,082,191)
Non-deductible share based compensation	376,034	227,172
Other non-deductible expenses and permanent differences	(4,701,703)	586,021
Changes in foreign tax and currency rates	1,749,171	694,716
Income tax benefits not recognized and other items	5,533,123	2,574,282
Income tax recovery	$ -	$ -

The Company’s unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	December 31, 2019	December 31, 2018
Non-capital losses carried forward	$ 7,966,726	$ 7,562,750
Capital losses carried forward	11,781,196	11,783,896
Mineral properties and related expenditures	6,303,326	28,442,375
Others	169,574	103,487
Unrecognized deferred tax assets	$ 26,220,822	$ 47,892,508

As at December 31, 2019, the Company has the following tax losses, primarily in Canada and Argentina, which may be used to reduce future taxable income.

Year of Expiry	Canada	Argentina	Other	Total
2020	$ -	$ -	$ 28,440	$ 28,440
2021	-	-	130,958	130,958
2022	-	7,632	14,212	21,844
2023	-	5,932	19,534	25,466
2024 and onwards	29,298,004	-	18,351	29,316,355
Total	$ 29,298,004	$ 13,564	$ 211,495	$ 29,523,063

20. FAIR VALUE ESTIMATION

The fair values of financial instruments are determined by valuation methods depending on hierarchy levels as defined below:

- Level 1 – Quoted market price in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted market prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. observed prices) or indirectly (i.e. derived from prices).
- Level 3 – Inputs for the assets or liabilities are not based on observable market data.

The carrying values of certain financial instruments maturing in the short-term approximate their fair values. These financial instruments include cash and cash equivalents, receivables and others, trade payables and accrued liabilities, and debentures which are classified as amortized cost. The fair value of investments in shares is determined based on the quoted market price.

21. MANAGEMENT OF FINANCIAL RISKS

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, interest rate risk, and foreign exchange risk.

(i) Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. Credit risks associated with cash and cash equivalents is minimal as the Company deposits the majority of its cash with a large Canadian financial institution that has been accorded a strong investment grade rating by a primary rating agency.

(ii) Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities and is minimized through the management of its capital structure as explained on Note 22. The Company closely monitors and reviews its costs to date and actual cash flows against the approved budget on a monthly basis to ensure funds are adequate to support the Company's operations on an ongoing basis. The maturities of the Company's financial liabilities as at December 31, 2019 are as follows:

	Total	Less than 1 year	1 to 5 years	More than 5 years
Trade payables and accrued liabilities	$ 6,865,519	$ 6,865,519	-	-
Debenture	27,917,934	19,519,311	8,398,623	-
Total	$ 34,783,453	$ 26,384,830	$ 8,398,623	-

(iii) Foreign currency risk is the risk that the value of financial assets and liabilities may change due to changes in the value of two different currencies. The Company is exposed to foreign currency risks as its parent is headquartered in Canada and its capital has historically been raised in Canadian dollars, while its foreign operations are conducted in Argentina. While the Company has not formalized any hedging strategies to manage its exposure to currency fluctuations, management strives to minimize foreign currency risks by sending its cash to its foreign operation as required and maintaining most of

its excess cash in Canadian dollars. At December 31, 2019, the Company’s largest foreign currency risk exposure existed at the level of its Canadian headquarters, Josemaria Resources Inc., where the Company has outstanding debenture facilities with a net financial liability position denominated in US dollars having a Canadian dollar equivalent of approximately $28 million. A 10% change in the foreign exchange rate between the US dollar, and the Canadian dollar, the Company’s functional currency, would give rise to increases/decreases of approximately $2.8 million in financial position/comprehensive loss.

22. CAPITAL STRUCTURE MANAGEMENT

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

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

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

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