

## NEWS RELEASE

### NGEX REPORTS SECOND QUARTER 2017 RESULTS

**August 10, 2017: NGEx Resources Inc. (TSX: NGQ) (OMX: NGQ)** (“NGEx” or the “Company”) is pleased to announce its results for the three and six months ended June 30, 2017.

#### SECOND QUARTER HIGHLIGHTS

- The Company continues to take advantage of opportunities to add value to Project Constellation by evaluating lower cost development options, testing the potential to recover gold from the oxide cap at Josemaría by heap leaching, and continuing baseline environmental studies.
- Over the past few months, the Company evaluated the leach amenability of the oxide cap at Josemaría through a series of metallurgical tests and studies and explored whether this material is amenable to heap leaching. The oxidized leached cap at Josemaría contains approximately 450,000 ounces of gold within an Indicated resource of 43 million tonnes at an average grade of 0.32 g/t gold. This material was considered waste in the Preliminary Economic Assessment completed in early 2016 (the “PEA”) as no metallurgical testwork had been completed at that time. Preliminary results were received from column leach metallurgical testwork on material from the oxide cap and the results show good leach kinetics, with gold recovery ranging between 72% and 78%, depending on crush size, and indicate that leach recovery of gold from this portion of the resource is technically feasible.
- The Company is actively working on building its project portfolio with a focus on copper-gold projects in Chile and Argentina and evaluating a number of exploration projects in Argentina for potential acquisition.

#### OUTLOOK

During the remainder of 2017, the Company will focus on advancing Project Constellation by continuing to optimize and de-risk the Project and explore options to advance the Project toward eventual development, including more active engagement with potential development partners or acquirers.

In addition, work is planned to explore the varied development options that the Project provides. Specifically, the Company will seek opportunities to add value, at modest costs, by:

- Evaluating high potential exploration targets within a few kilometers of the existing deposits and the proposed plant site;
- Continuing to look for opportunities to optimize the engineering studies;
- Continuing ongoing environmental baseline data collection surveys; and

- Exploring potential regional synergies and cooperative development plans with other regional operators to use spare capacity of processing plants and infrastructure, including port facilities. Innovative development concepts, such as those used at Teck & Goldcorp's NuevaUnión Project, open up the potential for sharing infrastructure on a regional scale by connecting deposits via long distance materials handling systems.

The Company continues to pursue these de-risking opportunities and will seek to engage with potential partners to lay the groundwork for either the eventual development by the Company and its partners or through a sale to a third party. Efforts will be focused on exploring all potential development scenarios for Los Helados and Josemaria. In addition, the Company will continue to pursue opportunities to add high quality new copper-gold exploration projects to its portfolio.

## SELECTED FINANCIAL INFORMATION

<i>(in thousands)</i>	June 30, 2017	December 31, 2016
Cash	6,353	11,185
Working capital	5,831	10,746
Mineral properties	6,493	6,322
Total assets	14,153	18,968
Long-term liabilities	783	815

## FINANCIAL RESULTS

<i>(in thousands, except per share amounts)</i>	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Exploration expenses	864	1,052	2,081	3,327
General and administration ("G&A")	546	802	1,977	1,745
Net loss	1,712	2,113	4,963	5,484
Basic and diluted loss per share	0.01	0.01	0.02	0.03

The Company's net loss for the three and six months ended June 30, 2017 totaled \$1.7 million and \$5.0 million, respectively, compared to \$2.1 million and \$5.5 million for the respective periods in 2016. The reduction in exploration expenditures and net loss for the current quarter mainly reflects the exclusion of Filo del Sol costs from the Company's 2017 results subsequent to the completion of the spin out of Filo del Sol in August 2016. The resulting decrease in exploration expenditures over the six month period was partially offset by a US\$0.5 million land access payment in support of surface access and other expenditures on the Los Helados property.

General and administration costs ("G&A") for the three and six months ended June 30, 2017 totaled \$0.5 million and \$1.9 million, compared to \$0.8 million and \$1.7 million for the respective periods in 2016. The increase in G&A costs for the first six months of 2017, compared to 2016, was mainly attributed to performance incentive payments made to senior management and staff. The reduction in G&A costs for the current quarter was mainly attributed to additional professional services rendered in 2016 to execute the spin out of Filo Mining Corp.

The Company also benefits from a new Argentine legislation, which exempts the Company from making net worth tax payments over a two year period starting in 2017, thereby realizing an annual cost saving of approximately \$0.3 million. An unrealized loss on investment of \$0.2 million was recorded, as a result of the decline in value of the Company's available for sale investments during 2017.

Foreign exchange losses reflect the short-term fluctuations of foreign currencies used in operations against the Canadian dollar and the foreign exchange gain/loss arising from the mark to market value of its US dollar liability owed to a joint venture exploration partner, as at period-end.

## **LIQUIDITY AND CAPITAL RESOURCES**

At June 30, 2017, the Company had cash and working capital of \$6.4 million and \$5.8 million, respectively, compared to cash and working capital of \$11.2 million and \$10.7 million, respectively, at December 31, 2016. The decrease in cash and working capital was attributable to ongoing exploration activities and corporate working capital expenditures during the first six months of 2017.

With the completion of financings from 2016 and through prudent management of its finances, coupled with cost synergies from sharing certain corporate and administrative costs with Filo Mining during the first six months of 2017, the Company maintains a strong cash balance to support ongoing exploration expenditures in South America and general corporate activities.

### **Qualified Persons**

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

### **About NGEx**

NGEx is a Canadian mineral exploration company with exploration projects in Chile and Argentina. The Company's shares are listed on the TSX and on Nasdaq Stockholm under the symbol "NGQ". The Company's focus is on advancing its Project Constellation which contemplates the integrated development of two large copper-gold deposits, Los Helados and Josemaria, located in Chile's Region III and adjacent San Juan Province, Argentina. Both Los Helados and Josemaría are subject to separate Joint Exploration Agreements with joint exploration partners. The Company is the majority partner and operator for both projects.

## **Additional Information**

For further details with regards to the Project Constellation, please refer to the technical report with an effective date of February 12, 2016 and titled "Project Constellation incorporating the Los Helados Deposit, Chile and the Josemaria Deposit, Argentina NI 43-101 Technical Report on Preliminary Economic Assessment", prepared by Amec Foster Wheeler International Ingeniería y Construcción Limitada ("AMEC"). The Technical Report is available for review under the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Company's website ([www.ngexresources.com](http://www.ngexresources.com)).

This information is information that NGEx Resources Inc. is obliged to make public pursuant to the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, August 10, 2017 at 2:30pm Pacific Time.

On behalf of the board

Wojtek Wodzicki  
President and CEO

For further information, please contact: Sophia Shane, Corporate Development (604) 689-7842.

## **Cautionary Note Regarding Forward-Looking Statements**

Certain statements made and information contained herein in the press release 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 press release is based on information available to the Company as of the date of this press release. 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 at [www.sedar.com](http://www.sedar.com) and the Company's website.

The Company believes that the expectations reflected in the forward-looking statements and information included in this press release are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements and information should not be unduly relied upon. This statement and information speaks as of the date of the press release. In particular, this press release contains forward-looking statements or information pertaining to the potential development or sale to a third party of the Constellation Project; cost estimates and other assumptions used in the PEA and expectations from the PEA; assumptions used in the mineral resources estimates for the

Los Helados and Josemaria projects; exploration and development expenditures; the timing and nature of any potential development scenarios, including active engagement with potential development partners or acquirers; opportunities to improve project economics; potential regional synergies and cooperative development plans with other regional operators, exploration targets, the potential recovery of gold from the oxide cap at Josemaria, estimation of commodity prices, mineral resources, costs and the success of exploration activities; expectations with regard to adding to mineral resources through exploration; permitting time lines; ability to obtain and maintain surface rights and property interests; currency exchange rate fluctuations; requirements for additional capital; government regulation of mining activities; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; and other risks and uncertainties.

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

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

NO GUTS NO GLORY



**SECOND QUARTER REPORT**  
**June 30, 2017**



This management's discussion and analysis ("MD&A") of the results of operations and financial condition for NGEx Resources Inc. ("the Company", "NGEx", "we" or "us") has been prepared as of August 10, 2017 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the six months ended June 30, 2017 and the Company's annual audited consolidated financial statements for the year ended December 31, 2016 and the related notes therein (collectively the "Financial Statements") and the MD&A for the fiscal year ended December 31, 2016. The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Report. This MD&A focuses on significant factors that have affected the Company and its subsidiaries and such factors that may affect its future performance. Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein. All dollars amounts are presented in Canadian dollars, unless otherwise indicated.

The effective date of this MD&A is August 10, 2017.

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein. Additional information about the Company and its business activities is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.ngexresources.com](http://www.ngexresources.com).

## **CORE BUSINESS**

NGEx is a Canadian mineral exploration company with exploration projects in Chile and Argentina. The Company's shares are listed on the TSX and on Nasdaq Stockholm under the symbol "NGQ". The Company's focus is on advancing its' Project Constellation, which contemplates the integrated development of two large copper-gold deposits: Los Helados and Josemaria, located in Chile's Region III and adjacent San Juan Province, Argentina respectively. Both Los Helados and Josemaria are subject to separate Joint Exploration Agreements with joint exploration partners. The Company is the majority partner and operator for both projects.

A Preliminary Economic Assessment of Project Constellation (the "PEA") was completed in early 2016, which contemplates sequential production from an open pit mine at Josemaría (Argentina) followed by a block cave, underground mine at Los Helados (Chile). The two deposits are located approximately 10 kilometres apart, and, it is envisioned that material from both deposits would be processed at a centralized facility. The results of the PEA indicate positive economics and position Project Constellation amongst the largest development projects in South America. According to the PEA, Project Constellation is projected to produce 150,000 tonnes of copper, 180,000 ounces of gold and 1,180,000 ounces of silver per year for 48 years, and is projected to have an after-tax NPV (8%) and after-tax IRR of US\$2.61 billion and 16.6%, respectively.

A Technical Report titled "Constellation Project incorporating the Los Helados Deposit, Chile and the Josemaría Deposit, Argentina NI 43-101 Technical Report on Preliminary Economic Assessment" with an effective date of February 12, 2016 and an amended signature date of March 31, 2016 (the "Project Constellation Report") was prepared by Amec Foster Wheeler International Ingeniería y Construcción Limitada ("AMEC") under the direction of Jamie Beck, P. Eng., (NGEx Resources). The report has been filed on SEDAR and is available for review under the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)).

The Company has an experienced management team and board with extensive experience in Chile and Argentina and an appropriate mix of geological, engineering, financial, and business skills to advance its projects and to generate value for its shareholders.

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

## SECOND QUARTER 2017 HIGHLIGHTS

- The Company continues to take advantage of opportunities to add value to Project Constellation by evaluating lower cost development options, testing the potential to recover gold from the oxide cap at Josemaría by heap leaching, and continuing baseline environmental studies.
- Over the past few months, the Company evaluated the leach amenability of the oxide cap at Josemaría through a series of metallurgical tests and studies and explored whether this material is amenable to heap leaching. The oxidized leached cap at Josemaría contains approximately 450,000 ounces of gold within an Indicated resource of 43 million tonnes at an average grade of 0.32 g/t gold. This material was considered waste in the PEA as no metallurgical test work had been completed at that time. Preliminary results were received from column leach metallurgical testwork on material from the oxide cap and the results show good leach kinetics, with gold recovery ranging between 72% and 78%, depending on crush size, and indicate that leach recovery of gold from this portion of the resource is technically feasible.
- The Company is actively working on building its project portfolio with a focus on copper-gold projects in Chile and Argentina and evaluating a number of other exploration projects in Argentina for potential acquisition.

## OUTLOOK

During the remainder of 2017, the Company will focus on advancing Project Constellation by continuing to optimize and de-risk the Project and explore options to advance the Project toward eventual development, including more active engagement with potential development partners or acquirers.

In addition, work is planned to explore the varied development options that the Project provides. Specifically, the Company will seek opportunities to add value, at modest costs, by:

- Evaluating high potential exploration targets within a few kilometers of the existing deposits and the proposed plant site;
- Continuing to look for opportunities to optimize the engineering studies;
- Continuing ongoing environmental baseline data collection surveys; and
- Exploring potential regional synergies and cooperative development plans with other regional operators to use spare capacity of processing plants and infrastructure, including port facilities.



Innovative development concepts, such as those used at Teck & Goldcorp's NuevaUnión Project, open up the potential for sharing infrastructure on a regional scale by connecting deposits via long distance materials handling systems.

The Company continues to pursue these de-risking opportunities and will seek to engage with potential partners to lay the groundwork for either the eventual development by the Company and its partners or through a sale to a third party. Efforts will be focused on exploring all potential development scenarios for Los Helados and Josemaria.

## **OTHER PROJECTS**

The Company's ongoing project evaluation program included data reviews and several field visits to a number of mineral projects. The Company will continue to pursue opportunities to add high quality new copper-gold exploration projects to its portfolio including additional acquisition of mineral projects in Argentina for the remainder of the year.

## RESULTS FROM OPERATIONS

The Company's net loss for the three and six months ended June 30, 2017 totaled \$1.7 million and \$5.0 million, respectively, compared to \$2.1 million and \$5.5 million for the respective periods in 2016. The reduction in exploration expenditures and net loss for the current period, relative to 2016, reflects the exclusion of Filo del Sol costs from the Company's 2017 results subsequent to the completion of the spin out of Filo del Sol in August 2016. The resulting decrease in exploration expenditures over the six month period was partially offset by a US\$0.5 million land access payment in support of surface access and other expenditures on the Los Helados property.

General and administration costs ("G&A") for the three and six months ended June 30, 2017 totaled \$0.5 million and \$1.9 million, compared to \$0.8 million and \$1.7 million for the respective periods in 2016. The increase in G&A costs for the first six months of 2017, compared to 2016, was mainly attributed to performance incentive payments made to senior management and staff, offset by a reduction in professional fees as the 2016 G&A costs included professional services rendered to execute the Filo del Sol spinout.

The Company also benefits from a new Argentine legislation, which exempts the Company from making net worth tax payments over a two-year period starting in 2017, thereby realizing an annual cost saving of approximately \$0.3 million. An unrealized loss on investment of \$0.2 million was recorded, as a result of the decline in value of the Company's available for sale investments during 2017.

Foreign exchange losses reflect the short-term fluctuations of foreign currencies used in operations against the Canadian dollar and the foreign exchange gain/loss arising from the mark to market value of its US dollar liability owed to a joint venture exploration partner, as at period-end.

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

Financial Data for 8 Quarters								
Three Months Ended	Jun-17 (2 <sup>nd</sup> qtr)	Mar-17 (1 <sup>st</sup> qtr)	Dec-16 (4 <sup>th</sup> qtr)	Sept-16 (3 <sup>rd</sup> qtr)	Jun-16 (2 <sup>nd</sup> qtr)	Mar-16 (1 <sup>st</sup> qtr)	Dec-15 (4 <sup>th</sup> qtr)	Sep-15 (3 <sup>rd</sup> qtr)
(In thousands \$ except for per share amounts)								
Exploration and project investigation expenses	864	1,937	810	1,880	1,052	2,275	2,740	1,965
Cash flow used in operating activities	1,440	2,679	440	2,826	2,618	3,166	1,933	3,777
Net loss / (income)	1,713	3,250	993	(27,812)	2,113	3,371	1,701	2,674
Total basic and diluted (income) / loss per share (i)	0.01	0.02	(0.00)	(0.14)	0.01	0.02	0.01	0.01

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

Changes in net losses and cash flow used in operating activities for the quarter are primarily affected by the level of exploration activity during that period. As camp activities, including drilling, are generally not carried out during the winter season in South America, exploration expenditures and cash flow used in

operations are typically lower during the second and 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.

The completion of the spin out of Filo Mining Corp. ("Filo Mining") during the third quarter of 2016 resulted in the recognition of a \$30 million gain and \$28 million net income for that period. Post spin-out exploration expenditures and cash flow used in operating activities were lower than the previous quarters as the results of operations excluded costs incurred on the Filo del Sol project. No significant drilling program has occurred since the completion of the PEA for Project Constellation in the first quarter of 2016, as the Company's focus during 2016 was the spin out of the Filo del Sol Project and adding value to Project Constellation at modest costs.

## LIQUIDITY AND CAPITAL RESOURCES

(In thousands \$)	June 30, 2017	December 31, 2016
Cash and cash equivalents	\$ 6,353	11,185
Working capital	5,831	10,746

At June 30, 2017, the Company had cash and working capital of \$6.4 million and \$5.8 million, respectively, compared to cash and working capital of \$11.2 million and \$10.7 million, respectively, at December 31, 2016. The decrease in cash and working capital was attributable to ongoing exploration activities and corporate working capital expenditures during the first six months of 2017.

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

With the completion of financings from 2016 and through prudent management of its finances, coupled with cost synergies from sharing certain corporate and administrative costs with Filo Mining during the first six months of 2017, the Company maintains a strong cash balance to support ongoing exploration expenditures in South America and general corporate activities.

## RELATED PARTY TRANSACTIONS

### a) Related party services and balances

The Company has a cost sharing arrangement with Filo Mining, a related party by way of providing key management personnel services to the Company. Filo Mining was incorporated during 2016 and spun out of the Company as a separate legal entity. Under the terms of this arrangement, Filo Mining provides executive management and personnel services to NGEx, while NGEx provides Administrative services to Filo Mining. These transactions were in the normal course of operations.

	Six months ended June 30, 2017	2016
Administrative services provided to Filo Mining	\$ 20,613	-
Executive management and personnel services received from Filo Mining	(719,962)	-

Due to the fact that Filo Mining was not incorporated until May 12, 2016, and the arrangement was not completed until August 16, 2016, there were no provision and sharing of services between the related parties prior to that date.

The amounts due to/from Filo Mining by the Company, and the components of the consolidated balance sheets in which they are included, are as follows:

	June 30, 2017	December 31, 2016
Receivables and other assets	\$ 26,837	56,025
Trade payables and accrued liabilities	(281,254)	(222,049)

### b) Key management compensation

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

	Six months ended June 30, 2017	2016
Salaries and other payments	\$ 826,050	\$ 358,000
Employee benefits	13,425	30,688
Director fees	80,500	33,500
Share-based compensation	278,471	311,061
	\$ 1,198,446	\$ 733,249

## **CRITICAL ACCOUNTING ESTIMATES**

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

A detailed description of the Company's critical accounting estimates is provided in Note 4 of the audited Consolidated Financial Statements for the year ended December 31, 2016 and in the Critical Accounting Estimates section of the Company's 2016 annual MD&A.

## **OUTSTANDING SHARE DATA**

As at the date of this MD&A, the Company had 213,493,963 common shares outstanding and 6,435,000 share options outstanding under its stock-based incentive plans.

## **FINANCIAL INSTRUMENTS**

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

Credit risk 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 is minimized through the management of its capital structure and careful reviews of its expenditures and cash position on a monthly basis.

Foreign currency risk associated with the Company raising its capital in Canadian dollar while managing foreign operations in South America and incurring its major expenditures in foreign currencies is minimized by maintaining most of its cash in U.S. dollars. The Company does not enter into derivative financial instruments to manage its exposure.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Audit Committee is responsible for reviewing the contents of this document along with the interim quarterly financial statements to ensure the reliability and timeliness of the Company's disclosure while providing another level of review for accuracy and oversight.

## DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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 and 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.

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. However, due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements or fraud.

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.

There has not been any changes in the Company's disclosure controls and procedures and the internal control over financial reporting that occurred during the six months ended June 30, 2017 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

### *Limitations of controls and procedures*

The Company's management believes that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. 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.

## **RISKS AND UNCERTAINTIES**

The Company's operations are speculative due to the high-risk nature of its business which includes the acquisition, financing, exploration, and development of mining properties. The Company and its business are subject to a number of risks and other uncertainties, which should be taken into account in assessing the Company's activities, and include, but are not necessarily limited to, those discussed in the "Risk Factors" section of the 2016 Annual Information Form, which is available on SEDAR at [www.sedar.com](http://www.sedar.com). A detailed discussion of the Company's risk management process can be found in the "Risk and Uncertainties" section of the Company's 2016 Annual Information Form. There have been no material changes in the risks and uncertainties affecting the Company that were discussed in the Company's 2016 Annual Information Form, which was filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## **QUALIFIED PERSON**

The technical information in this MD&A has been reviewed 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. Technical disclosure related to the engineering studies has been reviewed by James Beck, P. Eng. (ON). Mr. Beck is the Company's Vice President of Corporate Development and Projects and a Qualified Person under National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101).

## **FINANCIAL INFORMATION**

The report for the nine months ended September 30, 2017 is expected to be published on November 9, 2017.

## **OFF BALANCE SHEET AGREEMENTS**

The Company has no off-balance sheet arrangements.

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

Certain statements made and information contained herein in the MD&A constitutes "forward-looking information" and forward-looking statements" within the meaning of applicable securities legislation (collectively, "forward-looking information"). The forward-looking information contained in this MD&A is based on information available to the Company as of the date of this MD&A. Except as required under applicable securities legislation, the Company does not intend, and does not assume any obligation, to update this forward-looking information. Generally, this forward-looking information can frequently, but not always, be identified by use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does

not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events, conditions or results "will", "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotations thereof.

All statements other than statements of historical fact may be forward-looking statements. Forward-looking information is necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks and uncertainties relating to, among other things, 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. uncertainties and other factors, including, without limitation, those referred to in the "Risks and Uncertainties" section of the MD&A, the Company's Annual Information Form for the year ended December 31, 2016, under the heading "Risks Factors", and elsewhere, which may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information.

The Company believes that the expectations reflected in the forward-looking statements and information included in this MD&A are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements and information should not be unduly relied upon. This statement and information speaks as of the date of the MD&A. In particular, this MD&A contains forward-looking statements or information pertaining to the potential development or sale to a third party of the Constellation Project; cost estimates and other assumptions used in the PEA and expectations from the PEA; assumptions used in the updated mineral resources estimates for the Los Helados and Josemaría projects; exploration and development expenditures; the timing and nature of any potential development scenarios; opportunities to improve project economics; potential regional synergies and cooperative development plans with other regional operators, exploration targets, the potential recovery of gold from the oxide cap at Josemaría, the potential acquisition of new copper-gold exploration projects, estimations for copper and other commodity prices, mineral resources, costs, success of exploration activities; expectations with regard to adding to mineral resources through exploration; permitting time lines; ability to obtain surface and water rights and property interests; currency exchange rate fluctuations; requirements for additional capital; government regulation of mining activities; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; and other risks and uncertainties.

Forward-looking information is based on certain assumptions that the Company believes are reasonable, including that the current price of and demand for commodities will be sustained or will improve, the supply of commodities will remain stable, that the general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed on reasonable terms and that the Company will not experience any material labour dispute, accident, or failure of plant or equipment. These factors are not, and should not be construed as being, exhaustive. Although the Company has attempted to identify important factors that would cause actual results to differ materially

from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. All of the forward-looking information contained in this document is qualified by these cautionary statements. Readers are cautioned not to place undue reliance on forward-looking information due to the inherent uncertainty thereof.

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

**NGEx Resources Inc.**

**Condensed Interim Consolidated Balance Sheets**

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

	<i>Note</i>	<b>June 30, 2017</b>	<b>December 31, 2016</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents		\$ 6,352,648	\$ 11,185,093
Investments		379,884	606,026
Due from joint exploration partner		101,701	-
Receivables and other assets		308,546	357,822
		7,142,779	12,148,941
Share consideration receivable		419,340	385,600
Equipment		97,656	111,729
Mineral properties	3	6,493,112	6,321,915
<b>TOTAL ASSETS</b>		<b>\$ 14,152,887</b>	<b>\$ 18,968,185</b>
<b>LIABILITIES</b>			
Current liabilities:			
Trade payables and accrued liabilities		\$ 1,311,988	\$ 1,345,105
Due to joint exploration partner		-	58,261
		1,311,988	1,403,366
Due to joint exploration partner		782,974	815,102
<b>TOTAL LIABILITIES</b>		<b>2,094,962</b>	<b>2,218,468</b>
<b>EQUITY</b>			
Share capital	4	231,929,386	231,912,760
Contributed surplus	5	10,116,450	9,673,280
Deficit		(221,489,200)	(216,526,131)
Accumulated other comprehensive loss		(8,498,711)	(8,310,192)
<b>TOTAL EQUITY</b>		<b>12,057,925</b>	<b>16,749,717</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 14,152,887</b>	<b>\$ 18,968,185</b>

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

ON BEHALF OF THE BOARD:

/s/William A. Rand  
Director

/s/Wojtek A. Wodzicki  
Director

**NGEx Resources Inc.**

**Condensed Interim Consolidated Statements of Comprehensive Loss**

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

	<i>Note</i>	Three months ended June 30,		Six months ended June 30,	
		2017	2016	2017	2016
<b>Expenses</b>					
Exploration and project investigation	6	864,500	1,052,171	2,801,189	3,327,171
General and Administration:					
Salaries and benefits	7	207,290	190,263	1,065,229	410,315
Share-based compensation	5	59,560	116,402	337,486	339,414
Management fees		47,700	93,000	95,400	176,000
Professional fees		61,709	292,207	164,633	435,558
Travel		6,633	14,379	20,634	34,254
Promotion and public relations		43,435	23,120	67,612	102,993
Office and general		119,006	72,287	225,971	246,124
<b>Operating loss</b>		<b>1,409,833</b>	<b>1,853,829</b>	<b>4,778,154</b>	<b>5,071,829</b>
<b>Other items</b>					
Interest income		(12,723)	(15,124)	(33,966)	(24,027)
Foreign exchange loss		106,200	22,815	26,479	211,686
Net worth tax and other expenses		-	289,417	-	299,861
Recognition of unrealized loss on investment		226,142	-	226,142	-
Accretion of share consideration receivable		(16,870)	(37,649)	(33,740)	(75,298)
<b>Net Loss</b>		<b>1,712,582</b>	<b>2,113,288</b>	<b>4,963,069</b>	<b>5,484,051</b>
<b>Other Comprehensive Loss</b>					
Items that may be reclassified subsequently to net loss:					
Change in fair value of available-for-sale securities		157,430	(525,150)	226,142	(688,479)
Recognition of unrealized loss on investments to P&L		(226,142)		(226,142)	-
Recycle gain on exchange of investments		-	48,000	-	48,000
Foreign currency translation adjustment		289,766	(22,905)	188,519	1,199,796
<b>Comprehensive Loss</b>		<b>1,933,636</b>	<b>\$ 1,613,233</b>	<b>\$ 5,151,588</b>	<b>\$ 6,043,368</b>
<b>Basic and diluted loss per common share</b>					
		\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.03
<b>Weighted average common shares outstanding</b>					
		213,484,732	205,063,733	213,479,377	199,593,836

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

**NGEx Resources Inc.**

**Condensed Interim Consolidated Statements of Cash Flows**

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

	<b>For the six months ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash flows used in operating activities</b>		
Net loss for the period	\$ (4,963,069)	\$ (5,484,051)
Items not involving cash and cash equivalents:		
Depreciation	13,381	14,530
Share-based compensation	447,596	471,958
Unrealized foreign exchange loss	27,841	198,225
Finance and other expenses	-	11,323
Unrealized loss on investments	226,142	-
Accretion of share consideration receivable	(33,740)	(75,298)
Net changes in working capital items:		
Receivables and other	125,453	(51,193)
Trade payables and accrued liabilities	229,438	(677,118)
Due to joint exploration partners	(192,090)	(191,905)
	<b>(4,119,048)</b>	<b>(5,783,529)</b>
<b>Cash flows from financing activities</b>		
Private placement	-	10,548,706
Proceeds from stock option exercise	12,200	-
	<b>12,200</b>	<b>10,548,706</b>
<b>Cash flows used in investing activities</b>		
Mineral properties and related expenditures	(530,140)	(896,084)
Proceeds from exchange of investments	-	14,294
	<b>(530,140)</b>	<b>(881,790)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(195,457)</b>	<b>(173,578)</b>
<b>(Decrease) / increase in cash and cash equivalents during the period</b>	<b>(4,832,445)</b>	<b>3,709,809</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>11,185,093</b>	<b>2,112,705</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 6,352,648</b>	<b>\$ 5,822,514</b>

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



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

	Number of shares issued and outstanding	Number of shares reserved for issuance	Share capital	Reserved for issuance	Contributed surplus	Accumulated other comprehensive loss	Accumulated Deficit	Total
<b>Balance, January 1, 2017</b>	213,473,963	-	\$ 231,912,760	\$ -	\$ 9,673,280	\$ (8,310,192)	\$ (216,526,131)	\$ 16,749,717
Share-based compensation	-	-	-	-	447,596	-	-	447,596
Exercise of stock option	20,000	-	16,626	-	(4,426)	-	-	12,200
Change in fair value of available-for-sale securities	-	-	-	-	-	(226,142)	-	(226,142)
Recognition of unrealized loss on investments to P&L	-	-	-	-	-	226,142	-	226,142
Foreign currency translation adjustment	-	-	-	-	-	(188,519)	-	(188,519)
Net loss for the period	-	-	-	-	-	-	(4,963,069)	(4,963,069)
<b>Balance, June 30, 2017</b>	213,493,963	-	\$ 231,929,386	\$ -	\$ 10,116,450	\$ (8,498,711)	\$ (221,489,200)	\$ 12,057,925
<b>Balance, January 1, 2016</b>	187,712,994	20,240	\$ 250,063,406	\$ 1,284	\$ 8,955,949	\$ (7,328,884)	\$ (237,861,437)	\$ 13,830,318
Private placement	17,333,333	-	10,548,706	-	-	-	-	10,548,706
Debenture financing consideration	17,406	-	10,444	-	-	-	-	10,444
Share-based compensation	-	-	-	-	471,958	-	-	471,958
Recycle gain on exchange of investments	-	-	-	-	-	(48,000)	-	(48,000)
Change in fair value of available-for-sale securities	-	-	-	-	-	688,479	-	688,479
Foreign currency translation adjustment	-	-	-	-	-	(1,199,796)	-	(1,199,796)
Net loss for the period	-	-	-	-	-	-	(5,484,051)	(5,484,051)
<b>Balance, June 30, 2016</b>	205,063,733	20,240	\$ 260,622,556	\$ 1,284	\$ 9,427,907	\$ (7,888,201)	\$ (243,345,488)	\$ 18,818,058

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

**NGEx Resources Inc.**

**Notes to Unaudited Condensed Interim Consolidated Financial Statements**

**June 30, 2017**

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

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## **1. NATURE OF OPERATIONS**

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

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

## **2. BASIS OF PRESENTATION**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting.

The interim financial statements should be read in conjunction with the audited consolidated financial statements for the fiscal year ended December 31, 2016. The accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2016.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on August 10, 2017.

**NGEx Resources Inc.**

**Notes to Unaudited Condensed Interim Consolidated Financial Statements**

**June 30, 2017**

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

**3. MINERAL PROPERTIES**

	South America					Total
	Project Constellation (Joint Exploration Agreement)		Projects transferred to Filo Mining pursuant to the Arrangement (Note a)		Other Projects	
	Los Helados (Chile)	Josemaria (Argentina)	Filo del Sol (Argentina)	Tamberias (Chile)	(Argentina)	
<b>January 1, 2016</b>	<b>\$ 3,136,996</b>	<b>\$ 3,592,359</b>	<b>\$ 4,042,212</b>	<b>\$ 1,998,910</b>	<b>\$ -</b>	<b>\$ 12,770,477</b>
Additions	264,098	-	-	756,519	-	1,020,617
Write-off of mineral property interests	-	-	(74,413)	-	-	(74,413)
Currency translation effect	50,966	(722,504)	(710,885)	(21,310)	-	(1,403,733)
Transferred to Filo Mining pursuant to the Arrangement (Note a)	-	-	(3,256,914)	(2,734,119)	-	(5,991,033)
<b>December 31, 2016</b>	<b>\$ 3,452,060</b>	<b>\$ 2,869,855</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,321,915</b>
Additions	393,353	-	-	-	136,787	530,140
Currency translation effect	(106,502)	(239,893)	-	-	(12,548)	(358,943)
<b>June 30, 2017</b>	<b>\$ 3,738,911</b>	<b>\$ 2,629,962</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 124,239</b>	<b>\$ 6,493,112</b>

Note a - The Filo del Sol project was transferred to Filo Mining on August 16, 2016 pursuant to the Plan of Arrangement under the CBCA (the "Arrangement") as described in the audited consolidated financial statements for the fiscal year ended December 31, 2016. Notwithstanding the transfer of the Filo del Sol mineral property to Filo Mining, the remaining obligation due to PPC and the subsequent settlement through future exploration expenditures on the La Rioja Properties resides with the Company and was not transferred to Filo Mining. The La Rioja Properties are held through a subsidiary of NGEx. As at June 30, 2017, the Company has incurred cumulatively expenditures totaling US\$36,292 at the La Rioja properties.

**4. SHARE CAPITAL**

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

NGEx Resources Inc.  
Notes to Unaudited Condensed Interim Consolidated Financial Statements  
June 30, 2017  
(All amounts expressed in Canadian Dollars, unless otherwise indicated.)

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## 5. 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 six months ended June 30, 2017, the Company granted a total of 2,010,000 (2016 – 2,060,000) share options to officers, employees, directors and other eligible persons at an exercise price of \$1.37 per share. Stock options have an expiry date of three 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 with weighted average assumptions and resulting values for grants as follows:

	June 30, 2017	December 31, 2016
Assumptions:		
Risk-free interest rate (%)	0.76	0.43
Expected life (years)	2.50	2.50
Expected volatility (%)	56.96	59.10
Expected dividend	Nil	Nil
Results:		
Weighted average fair value of options granted (per option)	\$ 0.47	\$ 0.22

The total share-based compensation for the six months ended June 30, 2017 totaling \$447,596 (2016 - \$471,958) was presented on the Statement of Comprehensive Loss as follows:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
General and administration	\$ 59,560	\$ 116,402	\$ 337,486	\$ 339,414
Exploration and project investigation	19,432	39,369	110,110	132,544
	\$ 78,992	\$ 155,771	\$ 447,596	\$ 471,958

**NGEx Resources Inc.**

**Notes to Unaudited Condensed Interim Consolidated Financial Statements**

**June 30, 2017**

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

**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:

	June 30, 2017		June 30, 2016	
	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 period	6,375,000	\$ 1.08	5,722,500	\$ 1.54
Granted	2,010,000	1.37	2,060,000	0.61
Exercised <sup>(1)</sup>	(20,000)	0.61	-	-
Forfeited	-	-	(83,334)	1.61
Expired	(1,930,000)	2.05	(711,666)	2.41
Balance at end of period	6,435,000	\$ 0.76	6,987,500	\$ 1.18

\* The weighted average exercise prices for all options granted prior to the completion of the Arrangement on August 16, 2016 are before the exercise price adjustment applied pursuant to the Arrangement as described in the 2016 Annual Report. The exercise prices were adjusted at the time of the Arrangement such that the aggregate In-the-Money amounts for the outstanding options remain the same after the Arrangement.

<sup>(1)</sup> The weighted average share price on the exercise date for the share options exercised during the six months ended June 30, 2017 was \$0.91.

The following table summarizes information about the outstanding and exercisable share options at June 30, 2017:

Range of exercise prices	Outstanding Options			Exercisable Options		
	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price
\$0.50 - \$0.70	1,865,000	1.55	\$ 0.61	1,865,000	1.55	\$ 0.61
\$0.71 - \$0.84	250,000	1.41	\$ 0.79	250,000	1.41	\$ 0.79
\$0.84 - \$0.95	2,310,000	0.82	\$ 0.89	2,310,000	0.82	\$ 0.89
\$0.96 - \$1.50	2,010,000	2.65	\$ 1.37	670,009	2.65	\$ 1.37
	6,435,000	1.63	\$ 0.76	5,095,009	1.36	\$ 0.73

**NGEx Resources Inc.****Notes to Unaudited Condensed Interim Consolidated Financial Statements****June 30, 2017****(All amounts expressed in Canadian Dollars, unless otherwise indicated.)****6. EXPLORATION AND PROJECT INVESTIGATION**

The Company expensed the following exploration and project investigation costs, all incurred for the South America operations:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Project Constellation (Los Helados)	\$ 327,821	\$ 326,273	\$ 1,663,926	\$ 849,741
Project Constellation (Josemaria)	189,895	40,697	557,219	214,321
Others	346,784	451,178	580,044	841,458
The Filo del Sol Project *	-	234,023	-	1,421,651
	<b>\$ 864,500</b>	<b>\$ 1,052,171</b>	<b>\$ 2,801,189</b>	<b>\$ 3,327,171</b>

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Land holding costs	\$ 120,405	\$ 183,534	\$ 1,025,114	\$ 274,477
Drilling, fuel, camp costs and field supplies	76,658	90,646	236,222	294,378
Roadwork, travel and transport	64,057	40,280	107,477	50,372
Engineering studies	26,033	-	49,413	48,075
Consultants, geochemistry and geophysics	16,853	2,295	38,033	9,122
Environmental and community relations	132,534	18,196	244,758	165,086
VAT, other taxes and fees	101,563	87,012	384,310	221,195
Office, field and admin salaries, overhead and other costs	306,965	364,809	605,752	766,905
Share-based compensation	19,432	31,376	110,110	75,910
	<b>864,500</b>	<b>818,148</b>	<b>2,801,189</b>	<b>1,905,520</b>
The Filo del Sol Project *	-	234,023	-	1,421,651
	<b>\$ 864,500</b>	<b>\$ 1,052,171</b>	<b>\$ 2,801,189</b>	<b>\$ 3,327,171</b>

\* These were costs, including share-based compensation, attributable to the Filo del Sol project during fiscal 2016 which were transferred to Filo Mining on August 16, 2016 pursuant to the Arrangement.



NGEx Resources Inc.  
Notes to Unaudited Condensed Interim Consolidated Financial Statements  
June 30, 2017  
(All amounts expressed in Canadian Dollars, unless otherwise indicated.)

## 7. RELATED PARTY TRANSACTIONS

### a) Related party services and balances

NGEx has a cost sharing arrangement with Filo Mining, a related party by way of providing key management personnel services to the Company. Filo Mining was incorporated during 2016 and spun out of the Company as a separate legal entity pursuant to the Arrangement. Under the terms of this arrangement, Filo Mining provided executive management and personnel services to NGEx, while NGEx provided administrative services to Filo Mining. These transactions were in the normal course of operations.

		Six months ended June 30, 2017	2016
Administrative services provided to Filo Mining	\$	20,613	-
Executive management and personnel services received from Filo Mining		(719,962)	-

Due to the fact that Filo Mining was not incorporated until May 12, 2016, and the Arrangement was not completed until August 16, 2016, there were no provision and sharing of management services between the related parties prior to that date.

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:

	June 30, 2017	December 31, 2016
Receivables and other assets	\$ 26,837	\$ 56,025
Trade payables and accrued liabilities	(281,254)	(222,049)

### 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, and the composition thereof, is as follows:

	Six months ended June 30, 2017	2016
Salaries and other payments	\$ 826,050	\$ 358,000
Employee benefits	13,425	30,688
Director fees	80,500	33,500
Share-based compensation	278,471	311,061
	\$ 1,198,446	\$ 733,249

NGEx Resources Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

June 30, 2017

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

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## 8. SEGMENTED INFORMATION

The Company is principally engaged in the acquisition, exploration and development of mineral properties in South America. The segments presented below together with the mineral property information presented in Note 3 and Note 6 reflects the way in which management reviews its business performance. Operating segments are reported in a manner consistent with internal reporting provided to executive management who act as the chief operating decision-makers. The Chief Executive Officer is responsible for allocating resources and assessing performance of the operating segments.

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

	At June 30, 2017		At December 31, 2016	
	Equipment and other assets	Mineral properties	Equipment and other assets	Mineral properties
Canada	\$ 84,250	\$ -	\$ 93,400	\$ -
South America	13,406	6,493,112	18,329	6,321,915
	<u>\$ 97,656</u>	<u>\$ 6,493,112</u>	<u>\$ 111,729</u>	<u>\$ 6,321,915</u>



## **Corporate Directory**

### **Company Head Office**

Suite 2000 - 885 West Georgia Street  
Vancouver, British Columbia V6C 3E8  
Canada  
Phone: (604) 689-7842  
Fax: (604) 689-4250

### **Registered and Records Office**

2200-885 West Georgia St.  
Vancouver, British Columbia  
Canada, V6C 3E8

### **Auditors - Pricewaterhouse Coopers LLP**

Vancouver, British Columbia  
Canada

### **Registrar and Transfer Agent**

**Computershare Trust Company of Canada**  
Vancouver, British Columbia  
Canada  
Phone: (604) 661-9400

### **Officers**

Dr. Wojtek Wodzicki, President and CEO  
Bob Carmichael, Vice President Exploration  
Jamie Beck, Vice President Corporate  
Development and Projects  
Joyce Ngo, Chief Financial Officer  
Julie Kemp, Corporate Secretary

### **Directors**

Lukas H. Lundin, Chairman (non-executive)  
Jack Lundin  
David Mullen  
Cheri Pedersen  
William Rand, Lead Director  
Dr. Wojtek Wodzicki

### **Solicitors - Cassels Brock**

Vancouver, British Columbia  
Canada

### **Share Listing**

TSX - (NGQ)  
CUSIP number 65339B100  
Nasdaq Stockholm - (NGQ)  
ISIN number CA65339B1004