

## NEWS RELEASE

# NGEX PROVIDES CORPORATE UPDATE AND OUTLINES CORPORATE PLANS POST FILO MINING SPIN OUT

**September 19, 2016: NGEx Resources Inc. (TSX: NGQ, Nasdaq Stockholm: NGQ)** ("NGEx" or the "Company") is pleased to provide a review of the Company's projects and an update on the Company's plans following the successful spin out and listing of Filo Mining.

The Company's initial focus will be on advancing its 60% owned Project Constellation which includes its Los Helados and Josemaria Deposits located in Region III, Chile and adjacent San Juan Province, Argentina (see Figure 1). Project Constellation is one of the largest, undeveloped copper-gold projects in South America.

Lukas Lundin, Chairman of NGEx commented, "I am very excited about the potential for a disciplined and entrepreneurial approach to continue to create real value at NGEx. The NGEx projects are a strategic piece of a developing, new mining region. I particularly like the varied development options that these projects provide, as well as the exposure to both copper and precious metals. If we can demonstrate the potential for a lower cost, staged development option for Josemaria, that could be a game-changer. We have continued to advance the project through the very difficult markets of the last few years and I think the company will be uniquely well placed to benefit as the copper market recovers- which I think will be sooner than many pundits predict."

Wojtek Wodzicki, President and CEO of NGEx commented, "With the spin-out of Filo Mining, NGEx will focus on realizing the value potential of Los Helados and Josemaria. We see clear opportunities to add value at modest costs, by evaluating lower cost development options including: assessing the potential to initially develop Josemaria at a smaller scale; testing the heap leach potential of the oxide cap at Josemaria, working up regional exploration targets; and reducing timelines to development by starting the process of acquiring water rights and continuing baseline environmental studies. A recent surface rights acquisition at Los Helados is an example of this approach in action. There are very few large, junior controlled, copper projects in the world and our goal is to position NGEx as the premier play on a recovering copper market."

### Summary of Project Constellation

An Integrated Preliminary Economic Assessment (the "Integrated PEA")<sup>1</sup>, which evaluated the combined development of the Los Helados and Josemaria Deposits, was completed in January, 2016. The combined project is called Project Constellation. Project Constellation highlights include:

- Robust economics at long term metals prices of \$3.00 for copper and \$1275 for gold:
  - an after tax NPV<sub>(8)</sub> of US\$ 2.6 billion,
  - an IRR of 16.6%, and
  - a payback period of 3.6 years
  - forecast lowest quartile C-1 costs per pound of copper net of by-products;
- A large scale project that over a 48 year life would produce a projected average of:
  - 150,000 tonnes of copper per year
  - 180,000 ounces of gold per year
  - 1,180,000 ounces of silver per year
  - Life of mine production totals 7.1 million tonnes of copper (15.7 billion lbs), 8.5 million ounces of gold, and 55.6 million ounces of silver; Although primarily a copper project-

Project Constellation represents one of the largest undeveloped gold resources in South America

- Opportunities to expand production or increase mine life by optimizing the integrated mine plan to bring in significant resources that remain outside the current Integrated PEA production plan; (only 37% of the total Josemaría mineral resource is included in the Integrated PEA mine plan);
- Excellent metallurgy yielding a clean, 29% copper concentrate, with high precious metals content; Clean concentrates are expected to command a premium price as many of the world's largest copper mines transition to producing concentrate with high levels of impurities such as arsenic which many smelters cannot accept due to increasingly stringent environmental regulations. This trend is expected to intensify in the coming years increasing the value of Project Constellation concentrates.
- High-potential exploration targets within a few kilometers of the existing deposits and the proposed plant site.

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

### **Project Opportunities and Corporate Plan**

The Project Constellation Integrated PEA represents an important milestone in an ongoing process of value creation but it is by no means an end point. The Company continues to think creatively, and to evaluate alternative development scenarios, and to assess opportunities to further enhance the value of its projects. Ideas for further study include:

- Evaluation of the potential for a lower initial capex, scaled development of Josemaria. Josemaria has a zone of near surface, higher grade mineralization that, according to the Integrated PEA, could produce an average of 345,000 ounces of gold, 185,000 tonnes of copper, and 1.3 million ounces of silver in the first five years. This material allows Project Constellation to pay back its capital in 3.6 years and funds the development of Los Helados. The company plans an internal scoping study that would focus on the potential of this material to enable a lower initial capex, scaled development of Josemaria.
- Recovery of gold from the oxide cap at Josemaría, which contains approximately 450,000 ounces of gold. This material was considered as waste in the Integrated PEA mine plan, however, the limited leach test work completed to date showed good gold recoveries and further test work is planned to evaluate whether it could contribute to project economics.
- Further evaluation of opportunities to improve project economics by realizing potential synergies with nearby deposits. Innovative development concepts such as Teck-Goldcorp's Nueva Union Project open up the potential for sharing infrastructure on a regional scale by connecting deposits via long distance conveyor systems.
- Further fieldwork on the proposed water source for the project and initiation of the acquisition of water rights in Argentina.
- Continued environmental baseline studies

## Recent Progress

Recent advancements include:

- The acquisition of the surface rights covering the Los Helados deposit, including areas for infrastructure and access. This is another milestone for the project that reduces risk and timelines for potential development.
- A comprehensive review of earlier stage exploration targets within the large land package that surrounds Josemaria and Los Helados. This work has highlighted several potential targets for further work including, most notably, the Cerro Blanco target located less than 2 km from Los Helados. At one time, Cerro Blanco was ranked as a better exploration target than Los Helados. However, further exploration was deferred when the initial discovery holes were drilled at Los Helados. The Company is currently reviewing past work on Cerro Blanco and defining drill targets. All drill targets are within a few kilometers of the proposed processing plant and display coincident geological and geochemical signatures typical of porphyry systems (see Figure2).

## Management

NGEx will continue to be managed by the successful NGEx team led by Chairman Lukas Lundin, President and CEO Wojtek Wodzicki, Interim CFO Joyce Ngo, VP Exploration Bob Carmichael, General Manager South America Alfredo Vitaller, and Director Corporate Development and Projects Jamie Beck. All members of the team have extensive South American experience. The senior management team is complemented by a highly experienced and successful exploration team based in Argentina.

## Qualified Persons

*The technical disclosure included in this press release has been reviewed and approved by Bob Carmichael, P. Eng. (BC), NGEx's Vice-President of Exploration and Mr. Jamie Beck, B.A.Sc., P. Eng., MBA, a mechanical engineer and project manager for the Company's engineering studies. Both are Qualified Persons ("QP's") under National Instrument 43-101 Standards of Disclosure for Mineral Projects.*

## About NGEx

NGEx is a Canadian mineral exploration company with exploration projects in Chile and Argentina. The Company's shares are listed on the Toronto Stock Exchange 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, the Los Helados and the Josemaria deposits, located in Chile's Region III and adjacent San Juan Province, Argentina. Los Helados is part of a joint venture in which the Company holds approximately a 60.78% interest and Pan Pacific Copper Co., Ltd. holds approximately a 39.22% interest. Josemaria is part of a joint venture in which the Company holds 60% and Japan Oil, Gas, and Metals National Corporation (JOGMEC) owns 40%.

## Additional Information

<sup>1</sup>For further details with regards to the Integrated PEA, 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 was submitted by NGEEx Resources Inc. for publication, through the agency of the contact person set out below, on September 19, 2016 at 2:00 a.m. Toronto 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 constitute "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, forward-looking information can be identified by the 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 state that certain actions, events or results "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.

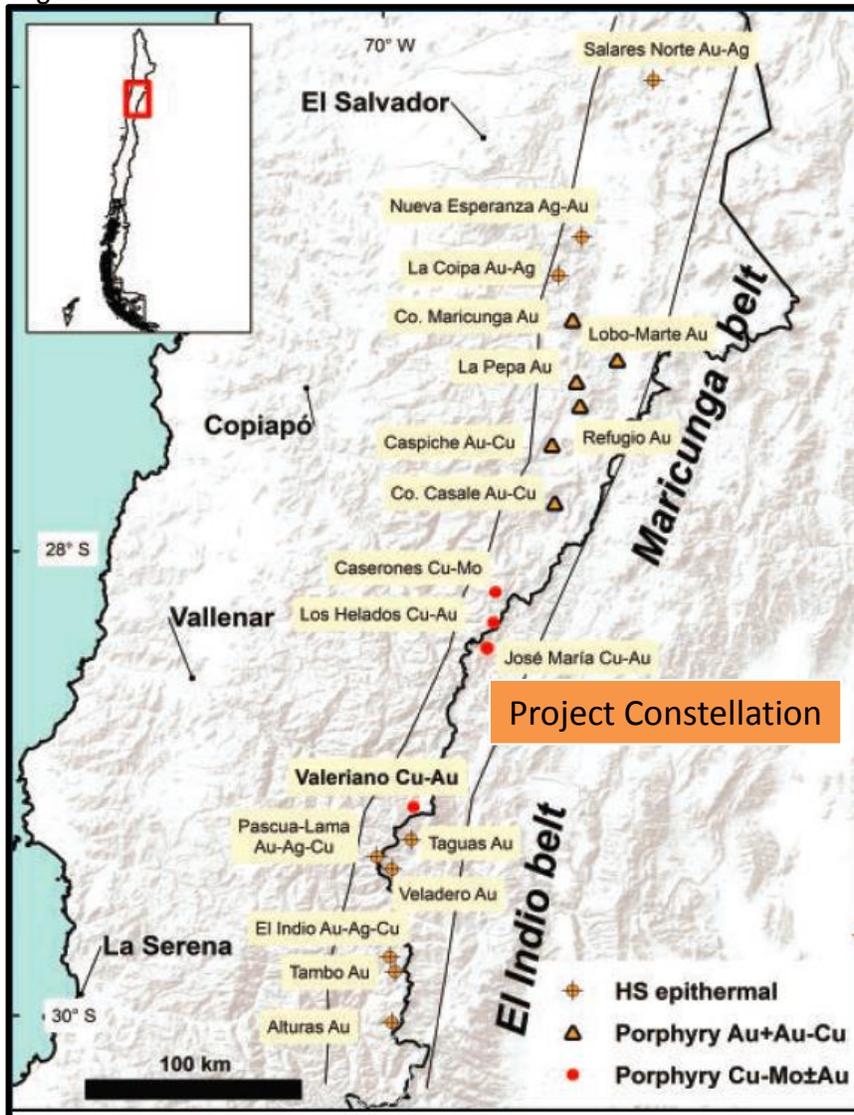
The Company believes that the expectations reflected in the forward-looking statements and information included in this press release are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements and information should not be unduly 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 Company's expectations and estimates with respect to cost estimates and other assumptions used in the Integrated PEA and expectations from the Integrated PEA; assumptions used in the updated mineral resources estimates for the Los Helados and Josemaria projects; exploration and development expenditures; the timing and nature of any potential development scenarios; opportunities to improve project economics; estimation of commodity prices, mineral resources, costs and the success of exploration activities; expectations with regard to adding to mineral resources through exploration; permitting time lines; ability to obtain surface rights and property interests; currency exchange rate fluctuations; requirements for additional capital; government regulation

of mining activities; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; and other risks and uncertainties.

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

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

Figure 1



Sillitoe, Burgoa and Hopper; SEG Newsletter, July 2016

Figure 2

