

## NEWS RELEASE

### NGEX REPORTS SECOND QUARTER 2016 RESULTS

**August 12, 2016: 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, 2016.

#### HIGHLIGHTS

On August 11, 2016 the Company received approval from its shareholders to spin out its wholly-owned Filo del Sol property (the "Filo del Sol Project"), together with \$3 million in cash, into a wholly-owned subsidiary of NGEx, Filo Mining Corp. ("Filo Mining"), through a Plan of Arrangement under the Canada Business Corporations Act (the "Arrangement"). The Arrangement is designed to deliver greater value to shareholders by unlocking the value of the Filo del Sol Project and minimizing dilution of the Constellation Project. Project Constellation is a combination of the Los Helados and Josemaria Projects which are advanced exploration stage copper-gold projects located in Chile and Argentina, respectively. Upon completion of the Arrangement, NGEx will retain and focus on the advancement of its 60% owned Constellation Project and Filo Mining will focus on the advancement of its 100% owned Filo del Sol Project. Filo Mining holds other early stage exploration projects and over time it is expected that Filo Mining may also add new exploration stage projects to its portfolio.

Pursuant to the Arrangement NGEx intends to distribute 100% of the common shares of Filo Mining that it receives to NGEx shareholders on a pro-rata basis. NGEx shareholders will be entitled to receive one common share of Filo Mining for every four common shares of NGEx held as of August 23, 2016, the record date of the Arrangement. There will be no change in shareholders' holdings in NGEx as a result of the Arrangement. Filo Mining has applied for a listing of the shares of Filo Mining on the TSX Venture Exchange ("TSX-V") and Nasdaq First North Exchange under the trading symbol "FIL". Any such listing will be subject to Filo Mining fulfilling all of the requirements of the TSX-V and the Nasdaq First North Exchange. NGEx expects the shares of Filo Mining to commence trading prior to the end of August, 2016 and will provide further guidance on the effective date of the Arrangement and any listing of the common shares of Filo Mining on the TSX-V and Nasdaq First North Exchange

Mr. Wojtek Wodzicki, President and CEO commented, "The spin out of Filo Mining creates a focused exploration vehicle that will provide investors with exposure to the upside potential that we see at Filo del Sol and to the proven ability of our exploration team to add value. At the same time this transaction will allow NGEx to focus on advancing the Constellation Project and laying the groundwork for a future transaction, while minimizing future stock dilution. During the coming year we plan targeted work add value to the Constellation project including leach test work on the oxide gold zone at Josemaria, targeted exploration on some of the earlier stage prospects between Los Helados and Josemaria, as well as continued environmental baseline studies."

#### FINANCIAL RESULTS

<i>(in thousands, except per share amounts)</i>	Three months ended		Six months ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Exploration expenses	1,052	2,765	3,327	15,132
General and administration ("G&A")	802	1,171	1,745	2,163
Net loss	(2,113)	(4,434)	(5,484)	(17,002)
Basic and diluted loss per share	(0.01)	(0.02)	(0.03)	(0.09)

## SELECTED FINANCIAL INFORMATION

<i>(in thousands)</i>	June 30, 2016	December 31, 2015
Cash	5,823	2,113
Working capital	6,290	930
Mineral properties	12,272	12,770
Total assets	21,063	17,008
Long-term liabilities	805	875

The \$1.7 million decrease in exploration and project investigation costs for the current quarter in 2016 compared to the second quarter of 2015 was reflective of the reduction in the scale of exploration activities performed on its projects during 2016 following the completion of its Integrated PEA in February 2016, compared to the work performed in 2015. The scoping level study to evaluate the potential of combining the Los Helados and Josemaria operations began in April 2015, resulting in higher costs of conceptual study as well as consulting, geochemistry and geophysics work during the second quarter of 2015. In addition to a reduction in level of exploration activities, the decrease in exploration and project investigation costs was also attributed to the impact of a devalued Argentine peso in 2016 compared to 2015, which resulted in cost savings of conducting exploration activities in Argentina for the current quarter of 2016.

The \$0.3 million reduction in G&A costs for the current period, compared to the second quarter of 2015, was reflective of a conscious effort by management to minimize corporate overhead spending and incurring a lower share-based compensation charge. With the execution of the Arrangement to spin out the Filo del Sol project in 2016, there were higher professional fees included in the current quarter, which offset some of the G&A reduction during the current quarter. The Company will be formalizing a cost-sharing arrangement with Filo Mining as of the effective date of the Arrangement, upon which both NGEEx and Filo Mining will benefit from cost synergies of sharing certain corporate administrative and overhead costs.

The Company's net loss for the current quarter totaled \$2.1 million, which was lower than the \$4.4 million net loss reported during the second quarter of 2015. The decrease in net loss was primarily due to a reduction in exploration expenditures and G&A costs as described above. The Company also recorded a lower foreign exchange loss during the current quarter as the Company reduced its holdings of USD dollars in 2016.

The reduction in net loss reported for the first half of 2016 compared to the first half of 2015 was the result of conducting fewer exploration activities on its projects, applying cost saving measures to minimize corporate

overhead costs, and realizing the positive impact of a devalued Argentine peso on the costs of its Argentina operations, as described above.

## **LIQUIDITY AND CAPITAL RESOURCES**

At June 30, 2016, the Company had cash and working capital of \$5.8 million and \$6.3 million, respectively, as compared to cash and working capital of \$2.1 million and \$0.9 million, respectively, at December 31, 2015. The increase in cash and working capital is due to funds received from two separate private placement financings during the 2016 period. The net cash received from these financing totaled \$10.5 million, of which \$5.8 million has been used to fund ongoing exploration activities at Project Constellation and Filo del Sol as well as for corporate working capital purposes. An additional \$0.9 million was spent on mineral property option payments in South America.

As of the effective date of the Arrangement, \$3 million in cash will be transferred to Filo Mining to enable the newly incorporated entity to conduct exploration programs on the Filo del Sol project for the next twelve months. The remaining cash and working capital of the Company will be used to complete the Arrangement and to focus on exploring all potential development scenarios for the Project Constellation assets.

The Company currently has a credit facility of US\$525,000 as an additional source of liquidity to manage its cash flow. As at June 30, 2016, the Company had no outstanding balance due on the credit facility. Subsequent to June 30, 2016, the Company amended the terms of the agreement to extend the maturity date of the debenture to the earlier of January 20, 2017 and the completion date of the next equity financing.

## **OUTLOOK**

The Arrangement and the listing the shares of Filo Mining on the TSXV and Nasdaq First North are expected to be complete during the third quarter of 2016, at which time the Company will be able to solely focus on the advancement of Project Constellation and on continued efforts to lay the groundwork for the development of this significant asset.

The Integrated PEA identified additional opportunities to de-risk and add value to Project Constellation, including:

- Land acquisition to secure surface access rights;
- Continued environmental baseline studies;
- Ongoing community relations programs;
- Updating and renewing required permits;
- Exploring potential regional synergies and cooperative development plans with other regional operators to utilize spare capacity of processing plants and infrastructure, including desalination plants, water pipeline routes and ports; and
- Defining the exploration potential on the remainder of the land package.

The Company continues to pursue these de-risking opportunities and will seek to engage with potential partners to lay the groundwork for an eventual transaction. Efforts will be focused on exploring all potential development scenarios for the Project Constellation assets while keeping costs to a minimum.

## **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 Project Manager 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 Toronto Stock Exchange and on NASDAQ Stockholm under the symbol "NGQ". The Company's focus is on the Constellation Project, which are advanced exploration stage copper-gold systems located on a contiguous land package that the Company holds 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 60.72% interest and Pan Pacific Copper Co., Ltd. holds approximately a 39.28% 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**

This information is information that NGEx is obliged to make public pursuant to the Swedish Securities Market Act and/or the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, on August 12, 2016 at 2:00pm 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 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 prices, currency fluctuation, financing, unanticipated resource grades, infrastructure, results of exploration activities, cost overruns, availability of materials and equipment, timeliness of government approvals, taxation, political risk and related economic risk and unanticipated environmental impact on operations as well as other risks. uncertainties and other factors, including, without limitation, those referred to in the "Risks and Uncertainties" section of the press release, the Company's Annual Information Form for the year ended December 31, 2015, 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 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, Josemaria, and Filo del Sol 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.