



September 30, 2016

NGEx RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

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 November 10, 2016 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2016 and the Company's annual audited consolidated financial statements for the year ended December 31, 2015 and the related notes therein (collectively the "Financial Statements") and the MD&A for the fiscal year ended December 31, 2015. The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A focuses on significant factors that have affected the Company and its subsidiaries and such factors that may affect its future performance. All dollars amounts are presented in Canadian dollars, unless otherwise indicated. References to the "2016 period" and "2015 period" relate to the nine months ended September 30, 2016 and September 30, 2015, respectively.

The effective date of this MD&A is November 10, 2016.

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 and on the Company's website at www.ngexresources.com.

HIGHLIGHTS AND SIGNIFICANT EVENTS

The spin out of the Company's wholly-owned Filo del Sol property into Filo Mining Corp. through a Plan of Arrangement under the Canada Business Corporations Act (the "Arrangement") was completed on August 16, 2016. Filo Mining Corp. common shares began trading on the TSX Venture Exchange and the Nasdaq First North Exchange on August 26, 2016 and September 6, 2016, respectively under the trading symbol "FIL".

The Arrangement was designed to deliver greater value to shareholders by unlocking the value of the Filo del Sol Project and minimizing dilution of the Company's Constellation Project. With the spin out of Filo Mining complete, the Company is focused on advancing its 60% owned Project Constellation which includes the Los Helados and Josemaria deposits located, respectively, in Region III of Chile and in the adjacent San Juan Province of Argentina. Project Constellation is one of the largest undeveloped copper-gold projects in South America.

On September 19, 2016 NGEx provided an update on the Company's plans to advance Project Constellation and take advantage of 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; and reducing timelines to development by starting the process of acquiring water rights and continuing baseline environmental studies. The Company also plans to work up a number earlier stage exploration targets between Los Helados and Josemaria. During the third quarter of 2016, NGEx also secured the surface rights covering the Los Helados deposit, including areas for infrastructure and access, representing an important milestone in Project Constellation's development.

CORE BUSINESS AND BACKGROUND

The Company is principally engaged in the acquisition, exploration, and development of precious and base metal properties located in Chile and Argentina. The Company's common shares are listed on the Toronto Stock Exchange (the "TSX") and NASDAQ OMX Stockholm ("Nasdaq Stockholm") under the symbol "NGQ".

NGEx has built a strong portfolio of copper-gold projects in Chile and Argentina. The Company has an experienced management team and board with an extensive background 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 principal project is Project Constellation, a combination of the Los Helados and Josemaria Projects which are advanced exploration stage copper-gold projects located in Chile and Argentina, respectively.

The Company's long term view of the copper market is positive, with the expectation that tightening mine supply and growing demand, especially from developing countries, will 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.

PROJECTS

Project Constellation

The Integrated PEA contemplates combining the Los Helados and Josemaria projects, whereby material from both deposits would be processed at a centralized processing plant located in Argentina. Following the removal of an export retention tax that was applicable to copper concentrate exports in Argentina, the results of the Integrated PEA were updated on February 22, 2016, which resulted in an increase in Project Constellation's after-tax NPV and after-tax IRR to US\$2.61 billion and 16.6%, respectively.

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

Project Constellation is expected to produce a life-of-mine annual average of approximately 150,000 tonnes of copper, 180,000 ounces of gold and 1,180,000 ounces of silver over a project life of 48 years. Forecast annual metal production over the first five years of production is 185,000 tonnes of copper, 345,000 ounces of gold and 1,310,000 ounces of silver.

Integrated PEA Summary

Pre-Tax NPV (8%) & IRR	\$4.43 billion NPV 20.7% IRR	
After-Tax NPV (8%) & IRR	\$2.61 billion NPV 16.6% IRR	
Payback Period (undiscounted, after-tax cash flow)	3.6 years	
Metals Prices Assumed	\$3.00/lb Cu \$1,275/oz Au \$20.00/oz Ag	
Initial Capital Expenditures	\$3.08 billion	
LOM Sustaining Capital Expenditures	\$4.36 billion	
LOM C-1 Cash Costs (net of by-product credits)	\$1.05/lb Cu payable	
Nominal Mill Capacity	150,000 t/d	
Mine Life	48 years	
Average Annual Metal Production (rounded)	Life of Mine	First 5 years
	150,000 t Cu	185,000 t Cu
	180,000 oz Au	345,000 oz Au
	1,180,000 oz Ag	1,310,000 oz Ag
LOM Average Process Recovery	88.3% Cu 72.7% Au 61.4% Ag	

* All figures in the table above are in 2015 US dollars and on a 100% Project and 100% equity basis valuation.

Note: The reader is advised that the Integrated PEA results in this MD&A 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 the Integrated PEA results will be realized. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Both Los Helados and Josemaria are subject to separate Joint Exploration Agreements with joint exploration partners. The Company acts as the operator of both agreements and, in each case, both parties are required to contribute their pro-rata share of expenditures or dilute their interest in their respective projects.

Los Helados is subject to a Joint Exploration Agreement ("PPC JEA") with Pan Pacific Copper Ltd. ("PPC"), whereby the Company holds approximately a 61.17% interest and PPC holds approximately a 38.83% interest in the Los Helados Project. Effective September 1, 2015, PPC has elected not to fund its pro-rata share of expenditures and, as a result, has elected to dilute its interest pursuant to the PPC JEA. Accordingly, the Company has funded 100% of the Los Helados project starting September 1, 2015. As at September 30, 2016, PPC's interest in the Los Helados Project has been diluted by approximately 1.17%.

Josemaria is subject to a Joint Exploration Agreement with Japan Oil, Gas, and Metals National Corporation ("JOGMEC"), whereby the Company owns a 60% interest and JOGMEC holds a 40% interest in the Josemaria project. JOGMEC is currently funding its pro-rata share of expenditures.

Activities in the Current Quarter of 2016

During the quarter, the Company completed the spin-off of the Filo del Sol property into a new publicly traded vehicle, Filo Mining Corp. The Arrangement was designed to unlock the value of the Filo del Sol

Project while minimizing shareholder dilution of Project Constellation and will allow the Company to focus on its more advanced projects.

At Project Constellation, the Company signed an agreement with the owners of the surface rights covering the Los Helados project area, including areas for infrastructure and access. This agreement provides life-of-mine access to and use of the surface lands required for project construction and operation, and reduces risk and timelines for potential development.

A comprehensive review of earlier stage exploration targets within the large land package that surrounds Josemaría and Los Helados was completed during the third quarter of 2016. 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. All drill targets are within a few kilometers of the proposed processing plant and display coincident geological and geochemical signatures typical of porphyry systems.

Environmental baseline data collection in support Project Constellation remains ongoing.

Other Chilean and Argentinean Projects

The Company holds a number of early stage exploration projects in Chile and Argentina. In addition to its efforts on Project Constellation the Company continued with its ongoing project evaluation program through field visits and data reviews of a number of mineral projects during the 2016 period.

SELECTED QUARTERLY INFORMATION

Financial Data for 8 Quarters								
Three Months Ended	Sept-16	Jun-16	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14
	<i>(3rd qtr)</i>	<i>(2nd qtr)</i>	<i>(1st qtr)</i>	<i>(4th qtr)</i>	<i>(3rd qtr)</i>	<i>(2nd qtr)</i>	<i>(1st qtr)</i>	<i>(4th qtr)</i>
(In thousands \$ except for per share amounts)								
Exploration and project investigation expenses	1,880	1,052	2,275	2,740	1,965	2,765	12,367	6,900
Net income / (loss)	27,812	(2,113)	(3,371)	(1,701)	(2,674)	(4,434)	(12,568)	(7,788)
Total basic and diluted income / (loss) per share (i)	0.14	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)	(0.07)	(0.04)

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

The Company incurred \$1.9 million in exploration and project investigation expenses during the current quarter in 2016, which included the US\$0.5 million payment to secure land surface access rights in August 2016. Overall field related activities were minimal following the completion of the 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 mid 2015, resulting in higher costs for the conceptual study as well as consulting, geochemistry and geophysics work during the third quarter of 2015.

General and administration ("G&A") costs for the third quarter of 2016 totaled \$0.9 million, compared to \$0.6 million in G&A costs for the third quarter of 2015. The \$0.3 million increase in G&A costs for the current quarter is primarily attributable to additional professional and stock exchange related fees required in completing the Arrangement. Share-based compensation charges were also higher in the third quarter of 2016 compared to 2015, as the replacement option received by the option holders of the Company became fully vested with no further service obligations required after the effective date of the Arrangement.

The Company recorded a \$30 million gain for the current quarter as a result of accounting for the spin-out of Filo Mining as a distribution in kind to its shareholders. The distribution to shareholders must be

accounted for at fair value according to IFRS standards, with the difference between that value and the carrying amount of the net assets recognized in the statement of comprehensive income.

As a result of the \$30 million gain on the spin-out and a \$0.5 million gain on the disposition of investments, the Company reported a \$28 million net income for the current third quarter of 2016, compared to a net loss of \$2.7 million for the third quarter of 2015.

Net income for the nine months ended September 30, 2016 totaled \$22 million, compared to a net loss of \$20 million for the same period in 2015. The reporting of net income was primarily due to the \$30 million gain on the spin-off, a \$12 million reduction in exploration expenditures, and the recognition of a \$0.5 gain on disposition of investments. Exploration expenditures during the nine month period in 2016 were lower due to the reduction in the scale of exploration activities performed on its projects following the completion of its Integrated PEA in February 2016, compared to the work performed in 2015. As the 2015 exploration program for Project Constellation and Filo del Sol included 7,696 meters of drilling activities during the nine month period in 2015, the 2015 exploration and project investigation costs were significantly higher than the costs incurred for the current 2016 period. Cost savings from a devalued Argentine peso further contributed to the change in net income/loss between the 2016 period and the 2015 period.

The Company formalized a cost-sharing arrangement with Filo Mining as of the effective date of the Arrangement, upon which both NGEEx and Filo Mining would benefit from cost synergies of sharing certain corporate administrative and overhead costs going forward.

Net income / loss, quarter over quarter, is affected by the level of exploration and project investigation expenses incurred and write-off/down of mineral properties interests, and will vary accordingly. Net income / loss is also impacted by the recognition of share-based payments in each quarter, which depends on the number of stock options granted and vested. Exploration and project investigation expenditures are affected to some extent by seasonal factors, exploration results, share-based payments and availability of funds.

The Company's business is driven by: seasonal trends through increased exploration activity during the summer months in South America, as well as the achievement of project milestones such as the achievement of various technical, environmental, socio-economic and legal objectives, including obtaining the necessary permits, preparation of engineering designs, as well as receipt of financings to fund these activities.

As drilling activities are generally not conducted during the winter season in South America, exploration expenditures and net losses in the 2nd and 3rd quarter of each year are typically lower, compared to other quarters. Exploration programs are tailored and performed based on the level of cash resources available.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2016, the Company had cash and working capital of \$1.5 million and \$1.6 million, respectively, compared to cash and working capital of \$2.1 million and \$0.9 million, respectively, at December 31, 2015.

The \$10.5 million funds received from the two separate private placement financings completed earlier this year were primarily spent on operations and exploration activities for the nine months ended September 30, 2016. The Company also paid \$3 million to Filo Mining in connection with the spin-out and US\$0.5 million to secure the land surface access agreement in August 2016.

The remaining cash and working capital of the Company will be used to settle the remaining \$0.3 million obligations related to the completion of the Arrangement and to focus on exploring potential development scenarios for the Project Constellation assets. The transaction costs associated with the Arrangement totaled \$0.5 million and were incurred entirely by the Company.

The Company currently has a credit facility of US \$0.5 million as an additional source of liquidity to manage its cash flow. As at September 30, 2016, the Company had no outstanding balance due on the credit facility. During the current period, 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.

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 financings, 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.

OUTLOOK

The Company remains focused on the advancement of Project Constellation and on continued efforts to lay the groundwork for the development of this significant asset. Work is planned to explore the varied development options that these projects provide in this new mining region. Specifically, the Company sees clear opportunities to add value, at modest costs, by evaluating lower cost development options and identifying other opportunities to improve the project, including:

- Assessing the potential to initially develop Josemaria at a smaller scale. Josemaria has a zone of near surface, higher grade mineralization. The Company plans to complete an internal scoping study that would focus on the potential of this material to enable a lower initial capex, scaled development of Josemaria;
- Testing the recovery of gold from the oxide cap at Josemaria, which contains approximately 450,000 ounces of gold within an Indicated resource of 43 million tonnes at a grade of 0.32 g/t 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;
- Evaluating high potential regional exploration targets within a few kilometers of the existing deposits and the proposed plant site;
- Reducing timelines to development by starting the process of acquiring water rights to support the project. The proposed process plant location in Argentina greatly reduces the cost and risk of securing a water supply since water will be sourced from Argentina rather than from Chile;
- Continuing baseline environmental studies and community relations programs; and
- Exploring potential regional synergies and cooperative development plans with other regional operators to utilize spare capacity of processing plants and infrastructure, including port facilities. 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.

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

CORPORATE UPDATE

Mr. Paul Conibear, a Director of the Company, is retiring from his directorship with NGEx, after serving the Company and its predecessor companies for many years. Paul has been involved with the NGEx projects since they were first acquired in the late 1990s and played a key role in the management of the early work.

To fill Mr. Conibear's vacant position, and to add additional depth and diversity, the Company has appointed Mr. Jack Lundin and Ms. Cheri Pedersen to the Company's Board of Directors.

Mr. Jack Lundin received a Bachelor of Science degree in Business Administration from Chapman University and a Master of Engineering degree in Mineral Resource Engineering from the University of Arizona. He previously worked as an analyst for Lundin Petroleum and is currently employed with Lundin Gold Inc. on the construction of the world class Fruta del Norte gold project in Ecuador.

Ms. Pedersen holds a Bachelor of Commerce degree and a law degree, both from the University of British Columbia. Ms. Pedersen practiced securities law in Vancouver, British Columbia for over 30 years, retiring from law practice in April 2016.

COMMITMENTS

On August 25, 2016 the Company successfully reached an agreement with the owners of the surface rights covering the Los Helados Project. The agreement contemplates annual payments of between US \$0.5 million and US\$0.8 million depending on the amount of surface disturbance. The annual payment will increase to US\$1 million in 2024 and to US\$1.5 million from 2025 onwards. A one-time payment of US \$6 million is due upon approval of the Environmental Impact Study ("EIS") and a one time payment of US \$15 million is payable upon commercial production. The Company may terminate the agreement at any time by making a one time termination payment equal to the amount of the most recent annual payment. The first payment of US \$0.5 million was made on August 25, 2016 upon signing of the agreement.

	Minimum Payments due per period				
In USD	< 1 year	1 -3 years	3 – 5 years	5-7 years	Total
Land access rights payments	\$ 500,000	\$ 1,500,000	\$ 1,500,000	\$1,500,000	\$ 5,000,000

The Company is expected to fund this commitment through a combination of financing proceeds and disposition of its investment portfolio if existing working capital is not sufficient to meet the obligation.

RELATED PARTIES

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. Under the terms of this arrangement, NGEx also recovers certain of its support and administration costs from Filo Mining. These transactions were in the normal course of operations.

The transactions between the related parties, pertaining to the provision of support and administrative services to Filo Mining and the receiving of key management personnel services from Filo Mining following the completion of the spin-off on August 16, 2016, are as follows:

- The support and administrative services provided by the Company to Filo Mining for the nine months ended September 30, 2016 totaled \$122,930.

- The management and personnel services received from Filo Mining for the nine months ended September 30, 2016 totaled \$98,512.

All balances owing between the related parties for the rendering and receipt of services are outstanding as at September 30, 2016.

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.

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:

	Nine months ended September 30,	
	2016	2015
Salaries	\$ 493,700	\$ 502,938
Employee benefits	33,975	32,869
Director fees	50,250	50,250
Share-based compensation	523,396	768,441
	\$ 1,101,321	\$ 1,354,498

SUBSEQUENT EVENT

On November 10, 2016, the Company completed the sale of its interests in the 0.98% Net Smelter Return Royalty ("NSR") on the GJ Block and the 0.49% NSR royalty on the Northern Block, as well as transferring the common share consideration to be received from Skeena Resources Limited ("Skeena") by October 5, 2017 to Aurico Metals Canadian Royalty Partnership ("Aurico"). The GJ Block encompasses the area containing the GJ resource located within the Liard Mining Division, British Columbia, while the Northern Block covers the area to the north of the GJ Block. The Company retains the common share consideration to be received from Skeena by October 5, 2020. In accordance with the terms of the agreement, the Company received a cash payment of \$875,000.

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.

For a complete discussion of critical accounting estimates, refer to the Company's annual 2015 Management Discussion and Analysis.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had 205,373,963 common shares outstanding and 6,475,000 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.

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 Interim 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 have not been any changes in the Company's disclosure controls and procedures and the internal control over financial reporting that occurred during the nine months ended September 30, 2016 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 operations of NGEx Resources Inc. involve certain significant risks, including but not limited to fluctuations in commodity prices, foreign exchange rates and various operational risks. The risk factors which should be taken into account in assessing the Company's activities, include, but are not necessarily limited to, those set out in the Annual Information Form for the year ended December 31, 2015, which is available on SEDAR at www.sedar.com.

FINANCIAL INFORMATION

The report for the nine months ended September 30, 2016 is expected to be published on November 10, 2016.

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, risks relating to the benefits of the Arrangement not being realized or as anticipated; 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 MD&A, 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 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 Company's expectations and estimates with respect to the availability of working capital for NGEx; benefits of the Arrangement, the potential development of the Constellation Project; 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 Joesemaria 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 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.

CAUTIONARY NOTE TO U.S. READERS

As a Canadian reporting issuer, the Company is subject to rules, policies and regulations issued by Canadian regulatory authorities and is required to provide detailed information regarding its properties including mineralization, drilling, sampling and analysis, security of samples and mineral resource and mineral reserve estimates. In addition, as a Canadian reporting issuer, the Company is required to describe mineral resources associated with its properties utilizing Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") definitions of "indicated" or "inferred", which categories of resources are recognized by Canadian regulations but are not recognized by the United States Securities and Exchange Commission ("SEC").

The SEC allows mining companies, in their filings with the SEC to disclose only those mineral deposits they can economically and legally extract or produce. Accordingly, information contained in this MD&A regarding our mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations of the Commission thereunder.

In particular, this MD&A uses the term "indicated" resources. U.S. readers are cautioned that while that term is recognized and required by Canadian regulations, the SEC does not recognize it. U.S. investors are cautioned not to assume that any part or all of mineral deposits in this category will ever be converted into mineral reserves.

This MD&A also uses the term "inferred" resources. U.S. readers are cautioned that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. U.S. readers are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.

NGEx Resources Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

#

	<i>Note</i>	September 30, 2016	December 31, 2015
ASSETS			
Current assets:			
Cash and cash equivalents		\$ 1,453,562	\$ 2,112,705
Due from related party	<i>10</i>	122,930	-
Investments	<i>4</i>	1,108,094	651,658
Receivables and other assets		278,485	467,493
		2,963,071	3,231,856
Share consideration receivable		973,484	860,537
Equipment		109,797	137,240
Mineral properties	<i>5</i>	6,177,528	12,770,477
Other non-current assets		8,000	8,000
TOTAL ASSETS		\$ 10,231,880	\$ 17,008,110
LIABILITIES			
Current liabilities:			
Trade payables and accrued liabilities		\$ 1,268,200	\$ 2,262,111
Due to related party		98,512	-
Due to joint exploration partner		-	40,140
		1,366,712	2,302,251
Due to joint exploration partner	<i>5</i>	802,902	875,541
TOTAL LIABILITIES		2,169,614	3,177,792
EQUITY			
Share capital	<i>6</i>	221,771,685	250,063,406
Reserved for issuance	<i>6c</i>	-	1,284
Contributed surplus	<i>7</i>	9,774,675	8,955,949
Deficit		(215,533,480)	(237,861,437)
Accumulated other comprehensive loss		(7,950,614)	(7,328,884)
TOTAL EQUITY		8,062,266	13,830,318
TOTAL LIABILITIES AND EQUITY		\$ 10,231,880	\$ 17,008,110

Nature of Operations and Liquidity (Note 1)

Commitment (Note 12)

Subsequent Event (Note 13)

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

ON BEHALF OF THE BOARD:

/s/William A. Rand
Director

/s/Wojtek A. Wodzicki
Director

NGEx Resources Inc.
Condensed Interim Consolidated Statements of Comprehensive (Income) / Loss
(Expressed in Canadian Dollars)
(Unaudited)

		Three months ended September 30,		Nine months ended September 30,	
	Note	2016	2015	2016	2015
Expenses					
Exploration and project investigation	8	1,879,595	1,965,669	5,206,766	17,098,203
General and Administration ("G&A"):					
Salaries and benefits		171,388	197,350	581,703	588,609
Share-based compensation	7	258,638	198,102	598,052	934,500
Management fees		74,000	78,000	250,000	329,000
Professional fees		239,532	28,952	675,090	211,773
Travel		2,892	27,270	37,146	153,521
Promotion and public relations		47,665	35,779	150,658	224,195
Office and general		132,481	47,914	378,605	334,356
Operating (income) / loss		2,806,191	2,579,036	7,878,020	19,874,157
Other (income) expenses					
Interest income		(7,415)	(5,201)	(31,442)	(28,264)
Finance expenses	9	-	-	10,444	-
Foreign exchange loss / (gain)		(27,682)	72,426	184,004	(452,118)
Other (income) / expenses		(39,407)	27,475	173,833	422,142
Write-off of Filo del Sol mineral property		12,032	-	77,468	-
Gain on exchange of investments	4	-	-	(64,557)	-
Gain on disposition of investments	4	(523,256)	-	(523,256)	-
Gain on spin-off transaction	2	(30,032,471)	-	(30,032,471)	-
Gain on disposition of mineral property interests		-	-	-	(165,000)
Unrealized loss on investments		-	-	-	25,000
Net (income) / loss		(27,812,008)	2,673,736	(22,327,957)	19,675,917
Other comprehensive (income)/loss					
Items that may be reclassified subsequently to net loss:					
Change in fair value of available-for-sale securities		(454,494)	144,000	(1,142,973)	260,000
Recycle gain on disposition of investments		526,000	-	526,000	-
Recycle gain on exchange of investments		-	-	48,000	-
Foreign currency translation adjustment		(9,093)	(432,215)	1,190,703	(723,237)
Comprehensive (income) / loss		\$ (27,749,595)	\$ 2,385,521	\$ (21,706,227)	\$ 19,212,680
Basic and diluted (income)/loss per common share					
		\$ (0.14)	\$ 0.01	\$ (0.11)	\$ 0.10
Weighted average common shares outstanding					
		205,078,626	187,712,994	201,435,444	187,712,994

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

NGEx Resources Inc.
Condensed Interim Consolidated Statements of Changes in Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	<i>Note</i>	For the Nine Months Ended September 30,	
		2016	2015
Cash flows used in operating activities			
Net income / (loss) for the period		\$ 22,327,957	\$ (19,675,917)
Items not involving cash and cash equivalents:			
Depreciation		21,294	30,612
Finance expenses	9	10,444	-
Share-based compensation		818,726	1,255,481
Unrealized foreign exchange loss / (gain)		64,513	(352,506)
Gain on disposition of mineral property interest		-	(165,000)
Gain on spinoff	2	(30,032,471)	-
Unrealized gain on investment		-	25,000
Gain on disposition of investments	4	(523,256)	-
Gain on exchange of investments	4	(64,557)	-
Accretion of share consideration receivable		(112,947)	-
Net changes in working capital items:			
Receivables and other		100,053	743,970
Due from related party		(19,391)	-
Trade payables and accrued liabilities		(1,087,839)	(4,387,614)
Due to joint exploration partners		(112,780)	(3,043,455)
		(8,610,254)	(25,569,429)
Cash flows from financing activities			
Private placement, net	6	10,548,706	-
Share issuance from option exercise		113,767	-
Cash paid in connection with the Arrangement	2	(3,048,616)	-
		7,613,857	-
Cash flows from (used in) investing activities			
Mineral properties and related expenditures		(264,098)	(457,969)
Proceeds from disposition of mineral property interest		-	15,000
Proceeds from disposition of investments	4	686,056	-
Proceeds from exchange of investments	4	14,294	-
Acquisition of equipment and other assets		-	(24,195)
		436,252	(467,164)
Effect of exchange rate change on cash and cash equivalents		(98,998)	1,512,783
Decrease in cash and cash equivalents during the period		(659,143)	(24,523,810)
Cash and cash equivalents, beginning of period		2,112,705	28,480,133
Cash and cash equivalents, end of period		\$ 1,453,562	\$ 3,956,323

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
(Expressed in Canadian Dollars)
(Unaudited)

	Number of shares issued and outstanding	Number of shares reserved for issuance	Share capital	Reserved for issuance	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total
Balance, January 1, 2016	187,712,994	20,240	\$ 250,063,406	\$ 1,284	\$ 8,955,949	\$ (7,328,884)	\$ (237,861,437)	\$ 13,830,318
Private placement (Note 6)	17,333,333	-	10,548,706	-	-	-	-	10,548,706
Issuance of shares previously reserved (Note 6c)	20,230	(20,240)	1,284	(1,284)	-	-	-	-
Debenture financing consideration (Note 9)	17,406	-	10,444	-	-	-	-	10,444
Transfer of net assets pursuant to spin-out (Note 2)	-	-	(38,965,922)	-	-	-	-	(38,965,922)
Exercise of options	156,667	-	113,767	-	-	-	-	113,767
Share-based compensation	-	-	-	-	818,726	-	-	818,726
Recycle gain on investments	-	-	-	-	-	(574,000)	-	(574,000)
Change in fair value of available-for-sale securities	-	-	-	-	-	1,142,973	-	1,142,973
Foreign currency translation	-	-	-	-	-	(1,190,703)	-	(1,190,703)
Net income for the period	-	-	-	-	-	-	22,327,957	22,327,957
Balance, September 30, 2016	205,240,630	-	\$ 221,771,685	\$ -	\$ 9,774,675	\$ (7,950,614)	\$ (215,533,480)	\$ 8,062,266
Balance, January 1, 2015	187,712,994	20,240	\$ 250,063,406	\$ 1,284	\$ 8,006,453	\$ (5,537,171)	\$ (216,484,370)	\$ 36,049,602
Share-based compensation	-	-	-	-	1,255,481	-	-	1,255,481
Change in fair value of available-for-sale securities	-	-	-	-	-	(260,000)	-	(260,000)
Foreign currency translation	-	-	-	-	-	723,237	-	723,237
Net loss for the period	-	-	-	-	-	-	(19,675,917)	(19,675,917)
Balance, September 30, 2015	187,712,994	20,240	\$ 250,063,406	\$ 1,284	\$ 9,261,934	\$ (5,073,934)	\$ (236,160,287)	\$ 18,092,403

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
September 30, 2016
(Expressed in Canadian Dollars, unless otherwise stated.)

1. NATURE OF OPERATIONS AND LIQUIDITY

NGEx Resources Inc. and its subsidiaries (collectively referred to as “NGEx” or 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 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 OMX Stockholm Stock Exchange (Stock symbol “NGQ”).

While the condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that it will be able to meet commitments, continue operations, realize assets and discharge liabilities in the normal course of business for the foreseeable future, further funding is required in order for the Company to meet its existing obligations, commitments and fund ongoing exploration. Factors that could affect the availability of financing include the progress and results of our exploration properties, the state of international debt and equity markets, investor perceptions and expectations and the global financial and copper markets. Historically, operating, capital and exploration requirements have been funded primarily from equity financing, joint ventures, disposition of mineral properties and investments. There can be no assurance that such financing will be available in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. Based on the amount of funding raised, the Company’s exploration program may be tailored accordingly.

2. PLAN OF ARRANGEMENT

On August 16, 2016, the Company completed a Plan of Arrangement (the “Arrangement”) under the Canada Business Corporation Act pursuant to which NGEx transferred its wholly owned subsidiaries that directly or indirectly hold the Filo del Sol project in Argentina and the Tamberias project in Chile including \$3,048,616 in cash and cash equivalent to Filo Mining Corp. (“Filo Mining”) in exchange for the 51,270,950 Filo Mining common shares, and subsequently distributed the shares to the shareholders as a return of capital. Filo Mining began trading on the Toronto Stock Venture Exchange (“TSXV”) on August 26, 2016.

The carrying value of the net assets transferred to Filo Mining, pursuant to the Arrangement consisted of the following:

Assets:	
Cash and cash equivalents	\$ 3,048,613
Receivables and other assets	100,980
Mineral properties	5,991,033
Total assets	9,140,626
Liabilities:	
Trade payables and accrued liabilities	(207,175)
Carrying value of net assets	8,933,451
Fair value of net assets	38,965,922
Gain on distribution of net assets to shareholders	\$ 30,032,471

NGEx Resources Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
September 30, 2016
(Expressed in Canadian Dollars, unless otherwise stated.)

In accordance with *IFRIC 17, Distributions of Non-cash Assets to Owners*, the Company recognized the distribution of net assets to its shareholders at fair value with the difference between that value and the carrying amount of the net assets recognized in the statement of comprehensive income. Upon completion of the Arrangement, the Company recorded a gain of \$30 million on the spin out of Filo Mining.

3. BASIS OF PRESENTATION

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

The interim financial statements should be read in conjunction with the most recently issued Annual Report of NGEx which includes information necessary or useful to understanding the Company's businesses and financial statement presentation. In particular, the Company's significant accounting policies were presented as Note 3 to the audited consolidated financial statements for the fiscal year ended December 31, 2015 included in that report, and have been consistently applied in the preparation of these interim financial statements.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 10, 2016.

NGEx Resources Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
September 30, 2016
(Expressed in Canadian Dollars, unless otherwise stated.)

4. INVESTMENTS

	<i>Note</i>	September 30, 2016	December 31, 2015
Goldgroup Mining Inc.	<i>a</i>	\$ 58,000	\$ 220,000
Legend Gold Corp.		25,000	15,000
VMS Ventures Inc.	<i>b</i>	-	36,000
RNC Minerals (formerly Royal Nickel Corp.)	<i>b</i>	63,626	-
North American Nickel Inc.	<i>b</i>	9,824	-
Skeena Resources Ltd.		951,644	380,658
		\$ 1,108,094	\$ 651,658

Note a - The Company recognized a \$523,256 gain on disposition of investments from the sale of 2,000,000 common shares of Goldgroup Mining Inc. during the nine months ended September 30, 2016.

Note b - The acquisition of VMS Venture Inc ("VMS") by RNC Minerals, formerly Royal Nickel Corporation, ("RNC") under a previously announced plan of arrangement ("RNC Arrangement") was completed on April 27, 2016. Pursuant to the terms of the RNC Arrangement, the 600,000 common shares of VMS previously held by the Company were exchanged for the following:

- 147,968 common shares of RNC,
- 122,794 common shares of North American Nickel Inc. ("NAN") as a dividend in kind, and
- \$14,294 in cash consideration.

The common shares of RNC and NAN received in connection with the RNC Arrangement have been classified as available for sale investments, and a gain on exchange of investment totaling \$64,557 was recorded as a result of the share exchange as described above.

NGEx Resources Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
September 30, 2016
(Expressed in Canadian Dollars, unless otherwise stated.)

5. MINERAL PROPERTIES

	South America				North America	Total
	Project Constellation (Joint Exploration Agreement)		Projects transferred to Filo Mining pursuant to the Arrangement (Note 2)		GJ / Kinaskan	
	Los Helados	Josemaria	Filo del Sol (Note a)	Tamberias		
January 1, 2015	\$ 2,873,619	\$ 4,611,377	\$ 8,840,154	\$ 1,667,092	\$ 136,997	\$ 18,129,239
Additions	153,388	-	-	304,581	-	457,969
Disposition	-	-	-	-	(136,997)	(136,997)
Adjustment to acquisition consideration for Filo del Sol from PPC	-	-	(2,881,858)	-	-	(2,881,858)
Currency translation effect	109,989	(1,019,018)	(1,916,084)	27,237	-	(2,797,876)
December 31, 2015	\$ 3,136,996	\$ 3,592,359	\$ 4,042,212	\$ 1,998,910	\$ -	\$ 12,770,477
Additions	264,098	-	-	756,519	-	1,020,617
Write-off of mineral property interests	-	-	(74,413)	-	-	(74,413)
Currency translation effect	(86,700)	(729,225)	(710,884)	(21,310)	-	(1,548,119)
Transferred to Filo Mining pursuant to the Arrangement (Note 2)	-	-	(3,256,915)	(2,734,119)	-	(5,991,034)
September 30, 2016	\$ 3,314,394	\$ 2,863,134	\$ -	\$ -	\$ -	\$ 6,177,528

Note a - In October 2014, the Company acquired the 40% interest in Filo del Sol held by its joint exploration partner Pan Pacific Copper Ltd. ("PPC") in exchange for cash consideration of US\$3.5 million and by assuming the obligation to fund US\$3.5 million of PPC's share of expenditures on the remaining joint exploration properties (the "La Rioja Properties"). The Company considered the estimated timeframe required to expend US\$3.5 million on behalf of PPC at the La Rioja properties and has presented the US\$3.5 million due to PPC as a non-current liability, discounted to its present value at an annual effective rate of 8%.

While the Filo del Sol mineral property was transferred to Filo Mining in connection with the Arrangement (Note 2), the remaining obligation due to PPC and the subsequent settlement through future exploration expenditures on the La Rioja Properties as described above resides with the Company and was not transferred to Filo Mining. As at September 30, 2016, the La Rioja Properties are held through a subsidiary of NGEx.

NGEx Resources Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
September 30, 2016
(Expressed in Canadian Dollars, unless otherwise stated.)

6. SHARE CAPITAL

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

a) Private placements:

The Company completed a private placement of 13,333,333 common shares of the Company for gross proceeds of \$8.0 million on February 19, 2016. An additional private placement of 4,000,000 common shares of the Company was completed on March 22, 2016 for gross proceeds of \$2.9 million. Share issuance costs totaling \$0.4 million were paid in relation to the two private placements. The net proceeds received by the Company upon completion of the private placements totaled \$10.5 million.

b) The Arrangement:

Pursuant to the Arrangement, NGEx distributed all of the common shares of Filo Mining (the "Filo Common Shares") to its shareholders on the basis of one Filo Common Share for every four NGEx common shares held by way of a reduction and return of share capital. Filo Mining was a wholly owned subsidiary of NGEx Resources Inc. prior to the effective date of the Arrangement.

c) Issuance of shares previously reserved:

Prior to the completion of the Arrangement, the Company issued common shares that were previously reserved for a predecessor company.

NGEx Resources Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
September 30, 2016
(Expressed in Canadian Dollars, unless otherwise stated.)

7. SHARE OPTIONS

a) Share Option Plan

The Company has a rolling share option plan approved and ratified by shareholders on May 6, 2016, reserving an aggregate of 10% of the issued and outstanding shares of the Company for issuance upon the exercise of options granted.

During the nine months ended September 30, 2016, the Company granted a total of 2,060,000 (2015 – 2,625,000) share options to officers, employees, directors and other eligible persons at exercise price of \$0.61 per share, which was subsequently adjusted as a result of the Arrangement as described below.

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:

Assumptions:	
Risk-free interest rate (%)	0.43
Expected life (years)	2.50
Expected volatility (%)	59.10
Expected dividend	Nil
Results:	
Weighted average fair value of options granted (per option)	\$ 0.22

Pursuant to the Arrangement (Note 2), all share options outstanding as at August 16, 2016 were exchanged for one fully-vested replacement NGEx option (“NGEx replacement option”) and one-quarter of one fully-vested option of Filo Mining. The NGEx replacement options are governed by the NGEx share option plan and the exercise prices were adjusted based on the market value of the two companies after completion of the Plan of Arrangement (Note 7b). As all the NGEx replacement options became fully-vested, with no further service obligations required by the participants upon the completion of the Arrangement, the Company recognized all remaining share-based compensation for the NGEx replacement options as at September 30, 2016.

The total share-based compensation for the three months ended September 30, 2016 was \$346,768 (2015 - \$270,273) of which \$258,638 (2015 - \$198,102) has been allocated to general and administration expenses, and \$88,130 (2015 - \$72,171) to exploration and project investigation expenses.

The total share-based compensation for the nine months ended September 30, 2016 was \$818,726 (2015 - \$1,255,481) of which \$598,052 (2015 - \$934,500) has been allocated to general and administration expenses, and \$220,674 (2015 - \$320,981) to exploration and project investigation expenses.

NGEx Resources Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
September 30, 2016
(Expressed in Canadian Dollars, unless otherwise stated.)

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:

	September 30, 2016		September 30, 2015	
	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	5,722,500	\$ 1.54	4,812,500	\$ 1.95
Granted	2,060,000	0.61	2,625,000	0.95
Exercised (*)	(156,667)	0.75	-	-
Forfeited	(83,334)	1.61	(54,168)	1.37
Expired	(896,666)	2.30	(1,784,166)	1.69
Balance at end of period	6,645,833	\$ 1.17	5,599,166	\$ 1.57

* The weighted average share price on the exercise date for the stock options exercised during the nine months ended September 30, 2016 was \$1.29.

** The weighted average exercise prices are before the exercise price adjustment applied pursuant to the Arrangement (Note 2). The exercise prices were adjusted such that the aggregate In-the-Money amounts for the outstanding options remains the same before and after the Arrangement.

The following table summarizes information about the fully vested share options outstanding at September 30, 2016:

Post-Arrangement Adjusted Exercise Price	Pre-Arrangement Exercise Price	Vested options outstanding	Expiry date
\$1.80	\$2.05	1,967,500	May 7, 2017
\$0.89	\$0.95	2,460,000	May 11, 2018
\$0.79	\$0.83	250,000	Nov 25, 2018
\$0.61	\$0.61	1,928,333	Feb 24, 2019
\$0.68	\$0.70	40,000	Mar 31, 2019
		6,645,833	

NGEx Resources Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
September 30, 2016
(Expressed in Canadian Dollars, unless otherwise stated.)

8. EXPLORATION AND PROJECT INVESTIGATION

The Company expensed the following exploration and project investigation costs, all incurred in South America, for the nine months ended September 30, 2016:

	Project Constellation		Projects transferred to Filo Mining pursuant to the Arrangement *			Total
	Los Helados Joint Exploration Agreement	Josemaria Joint Exploration Agreement	Filo del Sol	Tamberias	Others	
Land holding costs	\$1,014,132	\$ 50,360	\$ 16,118	\$ 100,438	\$ 70,911	\$ 1,251,959
Drilling, fuel, camp costs and field supplies	273,396	32,657	195,464	26,582	16,934	545,033
Roadwork, travel and transport	40,169	6,123	313,222	1,634	52,677	413,825
Conceptual studies	48,486	-	31,535	-	-	80,021
Consultants, geochemistry and geophysics	20,361	53,477	235,022	-	74,367	383,227
Environmental and community relations	138,594	50,371	15,853	-	-	204,818
VAT and other taxes	75,923	-	218,040	997	49,061	344,021
Office, field and admin salaries, overhead and other administrative costs	238,952	85,987	833,134	6,322	598,793	1,763,188
Share-shared compensation	68,205	10,285	102,852	7,525	31,807	220,674
Total for the period	\$ 1,918,218	\$ 289,260	\$ 1,961,240	\$ 143,498	\$894,550	\$ 5,206,766

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

The Company expensed the following exploration and project investigation costs, all incurred in South America, for the nine months ended September 30, 2015:

	Project Constellation		Filo del Sol	Tamberias	Others	Total
	Los Helados Joint Exploration Agreement	Josemaria Joint Exploration Agreement				
Land holding costs	\$ 140,831	\$ 60,520	\$ 464,720	\$ 52,005	\$ 548,015	\$ 1,266,091
Drilling, fuel, camp costs and field supplies	1,758,531	123,638	2,989,569	546,255	54,716	5,472,709
Roadwork, travel and transport	429,396	85,385	902,261	247,428	117,285	1,781,755
Conceptual studies	1,046,888	232,520	-	-	-	1,279,413
Consultants, geochemistry and geophysics	98,071	48,373	374,270	93,135	23,197	637,046
Environmental and community relations	1,164,270	769,077	118,791	27,399	-	2,079,537
VAT and other taxes	498,244	226,603	698,987	193,738	213,230	1,830,802
Field and admin salaries, overhead and other administrative costs	523,641	31,745	1,110,996	79,148	684,344	2,429,869
Share-shared compensation	102,047	30,188	116,730	21,215	50,801	320,981
Total for the period	\$ 5,761,919	\$ 1,608,049	\$ 6,776,324	\$ 1,260,323	\$1,691,588	\$ 17,098,203

NGEx Resources Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
September 30, 2016
(Expressed in Canadian Dollars, unless otherwise stated.)

9. DEBENTURE

On January 20, 2016, the Company secured a US\$525,000 credit facility evidenced by a debenture to provide additional financial flexibility to fund general corporate purposes. The debenture was unsecured and had a maturity date of July 20, 2016 (the "Maturity Date"). The terms of the credit facility included the Company issuing to the lender an aggregate of 10,000 common shares and an additional 700 common shares per month for each US\$50,000 drawn under the credit facility and outstanding from time to time up to the Maturity Date.

During the nine months ended September 30, 2016, the Company amended the terms of the agreement to extend the maturity date from July 20, 2016 to the earlier of January 20, 2017 and the completion date of the next equity financing.

As at September 30, 2016, the Company had no outstanding balance due on the debenture. The amount previously drawn under the credit facility had been repaid in full during the period. A total of 17,406 common shares were issued to the lender as consideration for providing the credit facility to the Company.

10. RELATED PARTY TRANSACTIONS

a) Related party services

The Company has a cost sharing arrangement with Filo Mining, a related party by way of providing key management personnel services to the Company. Under the terms of this arrangement, NGEx also recovers certain of its support and administration costs from Filo Mining. These transactions were in the normal course of operations.

The transactions between the related parties, pertaining to the provision of support and administrative services to Filo Mining and the receiving of key management personnel services from Filo Mining following the completion of the spin-off on August 16, 2016, are as follows:

- The support and administrative services provided by the Company to Filo Mining for the nine months ended September 30, 2016 totaled \$122,930.
- The management and personnel services received from Filo Mining for the nine months ended September 30, 2016 totaled \$98,512.

All balances owing between the related parties for the rendering and receipt of services are outstanding as at September 30, 2016.

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.

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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:

	Nine months ended September 30,	
	2016	2015
Salaries	\$ 493,700	\$ 502,938
Employee benefits	33,975	32,869
Director fees	50,250	50,250
Share-based compensation	523,396	768,441
	\$ 1,101,321	\$ 1,354,498

11. SEGMENTED INFORMATION

The Company is principally engaged in the acquisition, exploration and development of the mineral properties in South America. The segments presented below together with the mineral property information presented in Note 5 and Note 8 reflects the way in which management reviews its business performance. Operating segments are reported in a manner consistent with the internal reporting provided to executive management who act as the chief operating decision-maker. 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 September 30, 2016			At December 31, 2015		
	Equipment, net	Mineral properties	Others	Equipment , net	Mineral properties	Others
South America	\$ 19,822	\$ 6,177,528	\$ -	\$ 33,540	\$ 12,770,477	\$ -
Canada	89,975	-	8,000	103,700	-	8,000
	\$ 109,797	\$ 6,177,528	\$ 8,000	\$ 137,240	\$ 12,770,477	\$ 8,000

12. COMMITMENT

On August 25, 2016 the Company successfully reached an agreement with the owners of the surface rights covering the Los Helados Project. The agreement contemplates annual payments of between US \$0.5 million and US \$0.8 million depending on the amount of surface disturbance. The annual payment will increase to US \$1 million in 2024 and to US \$1.5 million from 2025 onwards. A one-time payment of US \$6 million is due upon approval of the Environmental Impact Study ("EIS") and a one-time payment of US \$15 million is payable upon commercial production. The Company may terminate the agreement at any time by making a one-time termination payment equal to the amount of the most recent annual payment. The first payment of US \$0.5 million was made on August 25, 2016 upon signing of the agreement.

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13. SUBSEQUENT EVENT

On November 10, 2016, the Company completed the sale of its interests in the 0.98% Net Smelter Return Royalty ("NSR") on the GJ Block and the 0.49% NSR royalty on the Northern Block, as well as transferring the common share consideration to be received from Skeena Resources Limited ("Skeena") by October 5, 2017 to Aurico Metals Canadian Royalty Partnership ("Aurico"). The Company retains the common share consideration with a value of \$735,000 to be received from Skeena by October 5, 2020. In accordance with the terms of the agreement, the Company received a cash payment of \$875,000.

The Company's interest in the NSR royalties, retained from the disposition of the GJ project in October 2015, were not previously recorded on the financial statements, due to the difficulty of assignment a fair value to the royalties.