NGEX RESOURCES

DECEMBER 31, 2017

This management's discussion and analysis ("MD&A") of the results of operations and financial condition for NGEx Resources Inc. ("the Company", "NGEx", "we" or "us") has been prepared as of February 21, 2018 and should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2017 and the related notes therein (collectively the "Financial Statements"). The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A focuses on significant factors that have affected the Company and its subsidiaries and such factors that may affect its future performance. All dollars amounts expressed throughout this report are in Canadian dollars, unless otherwise indicated.

The effective date of this MD&A is February 21, 2018.

This MD&A contains forward-looking statements that are subject to risk factors as set out in the "Cautionary Note Regarding Forward Looking Information and Statements" on Page 23. 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.

CORE BUSINESS

NGEx is a Canadian mineral exploration company with exploration projects in Chile and Argentina. The Company's shares are listed on the TSX and on Nasdaq Stockholm under the symbol "NGQ". The Company's focus is on advancing the development of its two, large copper-gold deposits, Los Helados and Josemaría, located in Chile's Region III and adjacent San Juan Province, Argentina (collectively "Project Constellation"). The Company currently owns a 100% interest in the Josemaría project and is the majority partner and operator for the Los Helados project. Los Helados is subject to a Joint Exploration Agreement with its partner Pan Pacific Copper Co., Ltd. ("PPC"). In addition to Project Constellation, the Company is evaluating projects with district scale exploration potential to add to its existing portfolio in Argentina.

The Company's long-term view of the copper market is positive, with the expectation that tightening mine supply, growing demand from developing countries such as China, and increasing world-wide consumer demand for electronic and clean energy technologies, will all contribute to stronger prices and require the development of new greenfield mining projects. The Company's strategy is to create value for its shareholders by expanding and increasing the quality of its resources through successful exploration and acquisitions and by 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.

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

2017 HIGHLIGHTS

- On November 13, 2017, the Company acquired the 40% interest in the Josemaría project held by its joint exploration partner Japan Oil, Gas and Metals National Corporation ("JOGMEC") for total cash consideration of US$21 million. The cash consideration is payable in three installments: US$3 million paid in December 2017, US$5 million payable upon a development decision being made, and US$13 million upon commencement of commercial production from the property. Additionally, JOGMEC retains an option to purchase up to 40% of the concentrate produced from the project based on the prevailing market terms at the time of exercise.

  With the acquisition completed, the Company holds a 100% interest in the Josemaría project in San Juan Province, Argentina. The acquisition of the Josemaria interest provides the Company with additional development options. In particular, studies are being planned for a stand-alone development option for the Josemaría project in Argentina focusing on a simple open pit scenario with a shallow, high-grade starter pit.

- In addition to work on the advanced Los Helados and Josemaría projects, the Company increased its focus on early-stage exploration by adding new high-quality copper-gold exploration projects, the Nacimientos and Acay properties, to its portfolio in Argentina.

- On January 3, 2018, the Company completed a $12.5 million private placement, selling an aggregate of 12,500,000 common shares for net proceeds of $12.1 million. Net proceeds of the private placement will be used towards ongoing work programs in Chile and Argentina as well as for general corporate purposes.

THE LOS HELADOS PROJECT & JOSEMARÍA PROJECT: PROJECT CONSTELLATION

The Company has two large copper-gold deposits: the Los Helados project and Josemaría project, located in Chile's Region III and adjacent San Juan Province, Argentina, respectively.

The Company evaluated the potential to develop these two copper-gold deposits together as one project ("Project Constellation") and completed a Preliminary Economic Assessment ("PEA") in early 2016. The PEA contemplates sequential production from an open pit mine at Josemaría (Argentina) followed by a block cave, underground mine at Los Helados (Chile). The two deposits are located approximately 10 kilometres apart, and the PEA contemplated that material from both deposits would be processed at a centralized facility. The results of the PEA indicate positive economics and position Project Constellation amongst the largest development projects in South America.

Highlights of the PEA include:

- Pre-tax $NPV_{8\%}$ of US$4.43 billion and an IRR of 20.7%
- After-tax $NPV_{8\%}$ of US$2.61 billion and an IRR of 16.6%
- Mine life of 48 years with average annual production totaling 150,000 tonnes of copper, 180,000 ounces of gold and 1,180,000 ounces of silver
- Average annual production in year 1-5 of 185,000 tonnes of copper, 345,000 ounces of gold and 1,310,000 ounces of silver
- Average recoveries of: 88% for copper, 73% for gold and 61% for silver
- Initial capital expenditures of US$3.08 billion
- Sustaining capital expenditures of US$4.36 billion
- Metal prices assumed: Copper at US$3/lb, gold at US$1,275/oz, and silver at US$20/oz
- Payback period of 3.6 years on an undiscounted, after-tax basis

For complete details of the PEA, please refer to the Technical Report titled "Project Constellation incorporating the Los Helados Deposit, Chile and the Josemaría Deposit, Argentina NI 43-101 Technical Report on Preliminary Economic Assessment" with an effective date of February 12, 2016 and an amended signature date of March 31, 2016 (the "Project Constellation Report"). The Project Constellation Report was prepared by Amec Foster Wheeler International Ingeniería y Construcción Limitada ("AMEC") and is available for review under the Company's profile on SEDAR (www.sedar.com) and on the Company's website (www.ngexresources.com).

NACIEMIENTOS

The Nacimientos property is located in San Juan Province, Argentina and covers several porphyry copper-gold and high-sulphidation epithermal gold targets. The Company began carrying out preliminary geochemical and geophysical surveys in addition to geological mapping and sampling program during the year. The property covers 14,415 hectares and in accordance with the option agreement signed on May 3, 2017, the Company can acquire a 100% interest through cash payments totalling US$1.65 million and completing an aggregate of US$2.5 million in expenditures over a five-year period. The Company paid US$0.1 million in option payments and incurred $0.8 million in exploration expenditures as at December 31, 2017.

ACAY

On November 22, 2017, the Company entered into an option agreement with Cosmos Minerals S.A. ("Cosmos") whereby it can acquire a 100% interest in the Acay property by making option payments totaling US$0.5 million in cash over a four-year period on or before November 22, 2021 and completing an aggregate of $1.4 million in expenditures, including a minimum of 1,500 metres of drilling over a four year period. The Company paid US$40,000 in option payments and incurred $0.2 million in exploration expenditures as at December 31, 2017.

The Acay property covers a large area of hydrothermal alteration, mineralized showings, and numerous historical workings extending over approximately 6 kilometers by 3 kilometers. The area has potential for both porphyry style copper mineralization and epithermal gold and silver mineralization. The Company plans an initial work program consisting of geological mapping and geochemical and geophysical surveys, all of which are designed to define targets for drill testing in 2018. The project is road accessible year-round by an Argentina national highway, which crosses it. The Acay property is located 80km northwest of the city of Salta in Salta Province, Argentina.

OUTLOOK

During 2018, the Company will assess future development options, continue to optimize and de-risk its projects and explore options to advance them toward eventual development, including more active engagement with potential development partners or acquirers.

Specifically, the Company will seek opportunities to add value, at modest costs, by:

- Evaluating a stand-alone development scenario for Josemaría;
- Continuing to look for opportunities to optimize the engineering studies;
- Continuing ongoing environmental baseline data collection surveys; and
- Exploring potential regional synergies and cooperative development plans with other regional operators to use spare capacity of processing plants and infrastructure, including port facilities. Innovative development concepts, such as those used at Teck & Goldcorp's NuevaUnión Project, open up the potential for sharing infrastructure on a regional scale by connecting deposits via long distance materials handling systems.

The Company continues to pursue these de-risking opportunities and will seek to engage with potential partners to lay the groundwork for either the eventual development by the Company and its partner or through a sale to a third party. The Company is also actively working on developing drill targets on its newly acquired Nacimientos and Acay projects for drilling later in 2018.

SELECTED ANNUAL FINANCIAL INFORMATION

The following financial data, presented below in Canadian dollars, has been derived from the Company's audited consolidated financial statements for the years ended December 31, 2017, 2016, and 2015 prepared in accordance with IFRS:

	Years ended December 31,		
	2017	2016	2015
Statement of Operations Data ($000's)			
Total revenue	NIL	NIL	NIL
Exploration expenditures:			
Los Helados (Project Constellation)	2,373	2,281	6,254
Josemaría (Project Constellation)	775	408	2,062
Naciemientos	857	-	-
Acay	218	-	-
Others	830	1,224	2,139
Filo del Sol *	-	2,104	9,382
Total exploration expenditures	5,053	6,017	19,837
General and administration ("G&A")	2,933	3,145	3,026
Operating loss	7,986	9,162	22,863
Net loss / (income) *(Note c)*	7,912	(21,335)	21,377
Cash used in operating activities	6,942	9,050	27,502
(* costs incurred up to the effective date of the Arrangement for the projects that were transferred to Filo Mining Corp.)			
Data per Common Share ($)			
Basic and diluted net loss / (income)	0.04	(0.11)	0.11
Balance Sheet Data ($000's)			
Total Assets *(Note a)*	18,299	18,968	17,008
Long Term Liability *(Note b)*	580	815	875

Note a –The primary assets of the Company are cash and cash equivalents and mineral properties. Fluctuations in the total assets at each fiscal year-end are directly affected by the availability and usage of cash as well as the acquisition of mineral properties during the year.

Note b –The long-term liability of the Company as at December 31, 2017 relates to the fair value of the remaining obligation due to its joint exploration partner Pan Pacific Copper Co., Ltd. ("PPC") on the initial acquisition of the Filo del Sol project. As further described in the Financial Statements, the liability has no predefined maturity date and will be drawn down and settled in the future as funding towards the exploration expenditures at the La Rioja Properties are met.

Note c – the Company completed the spin out of Filo Mining Corp. and recognized a $30 million gain on spin-off transaction during fiscal 2016.

The Company's net loss for the year ended December 31, 2017 totaled $7.9 million. The $30 million gain on the spin-off transaction in 2016 resulted in a net income of $21.3 million for the year ended December 31, 2016.

The reduction in exploration expenditures for the year ended December 31, 2017 compared to the prior year reflects the exclusion of Filo del Sol costs from the Company's 2017 results subsequent to the completion of the spin out of Filo Mining Corp. ("Filo Mining"), though it is partially offset by additional costs incurred on the Naciemientos and Acay projects.

General and administration ("G&A") costs for 2017 were lower than 2016 as the Company incurred additional professional and corporate costs during 2016 to execute and complete the spinout. Not only did the Company benefit from cost savings realized from sharing certain G&A corporate costs with Filo Mining during 2017, a new Argentine legislation exempting the Company from making net worth tax payments over a two-year period starting in 2017 brings an additional $0.3 million in cost savings for the Company. The reduction in G&A costs were partially offset by a $0.6 million performance incentive payment made to certain senior management and staff.

SUMMARY OF QUARTERLY RESULTS

Financial Data for 8 Quarters								
Three Months Ended	Dec-17 *(4th qtr)*	Sept-17 *(3rd qtr)*	Jun-17 *(2nd qtr)*	Mar-17 *(1st qtr)*	Dec-16 *(4th qtr)*	Sept-16 *(3rd qtr)*	Jun-16 *(2nd qtr)*	Mar-16 *(1st qtr)*
(In thousands $ except for per share amounts)								
Exploration and project investigation expenses	1,384	868	864	1,937	810	1,880	1,052	2,275
Net loss / (income)	1,729	1,446	1,487(ii)	3,250	993	(27,812)	2,113	3,371
Cash flow used in operating activities	1,583	1,240	1,440	2,679	440	2,826	2,618	3,166
Total basic and diluted (income) / loss per share(i)	0.01	0.01	0.01	0.02	(0.00)	(0.14)	0.01	0.02

(i) As a result of rounding the sum of the quarterly amounts may differ from the year to date.
(ii) Revised from the amount reported at June 2017

Changes in net losses and cash flow used in operating activities for the quarter are primarily affected by the level of exploration activity during that period. As camp activities, including drilling, are generally not carried out during the winter season in South America, exploration expenditures and cash flow used in operations are typically lower during the second and third quarter of each year compared to other quarters. The amount of cash resources available and timing of financing also affect the extent of exploration programs and the costs incurred in a given period.

The completion of the spin out of Filo Mining during the third quarter of 2016 resulted in the recognition of a $30 million gain and $21 million net income for the fiscal 2016 year. Post spin-out exploration expenditures and cash flow used in operating activities were generally lower than the previous quarters as the results of operations excluded costs incurred on the Filo del Sol project. No significant drilling program has occurred since the completion of the PEA for Project Constellation in the first quarter of

2016, as the Company's focus during 2016 was the spin out of the Filo del Sol Project and adding value to Project Constellation at modest costs.

For the fourth quarter of 2017, the Company focused primarily on the acquisition of all remaining interests in the Josemaría project and investing in the Naciemiento and Acay projects, resulting in higher cash spent on operating and investing activities during the last quarter of 2017 compared to the same period in 2016.

LIQUIDITY AND CAPITAL RESOURCES

(In thousands $)	December 31, 2017	December 31, 2016
Cash	$ 6,789	11,185
Working capital	(986)	10,746

As the Company does not have any sources of revenue, it relies on funding from equity financing, disposition of mineral properties and investments, or short-term credit facilities to meet its existing obligations, commitments, fund ongoing exploration.

Financing:
The Company began the process of securing additional sources of financing for its exploration program and operations during the fourth quarter of 2017 and completed a $12.5 million non-brokered, private placement on January 3, 2018. A total of $6.5 million was received by the Company prior to the completion of the private placement and, as a result, was recorded as a current liability as at December 31, 2017. Net proceeds raised from the private placement totaled $12.1 million, which is expected to be adequate in funding forecasted expenditures for the following twelve months.

The decrease in cash and working capital from the prior year was attributable to ongoing exploration activities including mineral property acquisitions and corporate working capital expenditures during the year. The $0.9 million working capital deficiency as at December 31, 2017 was remediated upon completion of the private placement in January 2018.

Short-term credit facility
On November 9, 2017, the Company obtained an US$1,000,000 unsecured credit facility from an insider of the Company (the "Facility") to provide additional financial flexibility to fund general corporate purposes. As of the date of this MD&A, the Company has issued a total of 21,467 common shares to the lender as consideration for providing the Facility in lieu of fees to the Company. All amounts outstanding under the Debenture were repaid in full on January 4, 2018. The Facility remains available until August 9, 2018. All securities issued in conjunction with the Facility are subject to a four-month hold period under applicable securities law.

COMMITMENTS

The Company has the following contractual obligations as at December 31, 2017:

	Minimum Annual Payments in US dollars					
	2018	**2019**	**2020**	**2021**	**2022**	**thereafter**
Land access rights payments	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$500,000

The annual payments could be adjusted to US$0.8 million under certain surface disturbance conditions and will increase to US$1 million in 2024 and US$1.5 million from 2025 onwards. Additional milestone payments are required upon approval of the Environmental Impact Study and commercial production as described in Note 15 of the Financial Statements. The Company can terminate the agreement at any time upon making a termination payment equal to the amount of the most recent annual payment.

Based on its cash and working capital as of the date of this MD&A, the Company anticipates its working capital will be sufficient to meet the above annual contractual obligation.

RELATED PARTY TRANSACTIONS

a) Related party services and balances

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

	Year ended December 31,	
	2017	2016
Income from administrative services provided to Filo Mining	$ 142,815	58,131
Costs of executive management and personnel services received from Filo Mining	(1,296,827)	(325,186)

The amounts due to/from Filo Mining and the components of the consolidated statements of financial position in which they are included, are as follows:

	December 31, 2017	December 31, 2016
Receivables and other assets	$ 93,617	56,025
Trade payables and accrued liabilities	(366,446)	(222,049)

The Company obtained a US$1,000,000 Facility from an insider of the Company. Two insiders also participated as to $2.5 million in the January 2018 private placement which closed on January 3, 2018.

On January 11, 2018, the Company, through its wholly-owned subsidiaries, acquired a 100% interest in certain mining concessions (the "Primary Properties") with an option to acquire a 100% interest in additional mining concessions (the "Additional Properties") located in San Juan Province, Argentina from a wholly-owned subsidiary of Filo Mining for its Josemaria and the Naciemientos projects in exchange for the following considerations:

- Providing Filo Mining with the right to use its Batidero Camp facility in Argentina for a minimum period of two years, which right is automatically renewed unless terminated upon one year's prior notice;
- Granting a 3% net smelter return ("NSR") royalty on a portion of the mining concessions, 2% of which can be re-purchased by the Company at any time for $2,000,000; and
- Making total cash consideration of US $20,000 by March 31, 2018 with an additional US $39,000 payable upon completion of the transfer of the claims on the Additional Properties. While committed to transferring the claims on the Additional Properties to the Company, Filo Mining has agreed to grant surface access rights to the Company and support any applications made for the use of the surface area on the Additional Properties prior to such transfers being completed.

The Company has agreed to reimburse Filo Mining for costs directly related to the transfer of the mining concessions as contemplated in the agreement.

b) Key management compensation

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

	Year ended December 31, 2017	2016
Salaries and other payments	$ 827,183	$ 496,704
Employee benefits	21,271	37,169
Director fees	167,179	69,079
Share-based compensation	376,749	523,396
	$ 1,392,382	$ 1,126,348

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.

Due to joint exploration partner – The Company has a remaining contractual obligation due to its joint exploration partner relating to the acquisition of the Filo del Sol project, which was subsequently transferred to Filo Mining Corp. in connection with the NGEx Arrangement on August 16, 2016. As the Company intends to settle the remaining obligation by funding an alternative exploration project without a predetermined maturity date, in lieu of direct cash outflow, in accordance with the terms of the agreement, the provision will be measured at the best estimate of the expenditures required to settle the liability, taking into account the nature and timing of the exploration activities that are expected to be conducted on the project in its measurement. The Company discounts the provision to its present value using a pre-tax, discount rate.

As at December 31, 2017, the Company reviewed the nature and timing of future expenditures at the La Rioja Properties and lowered its expected annual funding of PPC's share of future exploration expenditures from $52,000 to $38,000 based on its best estimate of exploration activities to be conducted on the project. This revision extends the estimated timeframe in settling the obligation with PPC. The effect of this change in future estimated expenditures at the La Rioja properties is a reduction in due to joint exploration partner by $174,000, with a corresponding income recognized on the statement of loss for the fiscal year ended December 31, 2017.

Share consideration receivable – The Company expects to receive common shares of Skeena Resources Ltd. ("Skeena") with a value of $735,000 by November 3, 2020. Share consideration receivable in the future is discounted using the discount rate that approximates the risk profile for the entity issuing the shares based on financial information that is publicly available at its inception. The value of the share consideration receivable could be impacted if the actual risk assessment turns out to be different from the estimate applied by the Company in its valuation of the share consideration receivable.

RECENT ACCOUNTING PRONOUNCEMENTS

The IASB and IFRIC have issued standards and amendments or interpretations to existing standards that were not yet effective and not applied as at December 31, 2017. Below is a summary of the new standards and interpretations that the Company will adopt for the annual period beginning on or after January 1, 2018:

Financial instruments:
The new standard includes a model for the classification and measurement of financial instruments, a single forward-looking "expected loss" impairment model and a reformed approach to hedge accounting. IFRS 9, Financial Instruments, will be effective for the annual periods beginning on January 1, 2018. Based on the current facts and circumstances, the Company does not expect its financial performance or disclosure to be materially affected by the application of the standard.

Foreign currency transactions and advance consideration:
In December 2016, the IFRS Interpretations Committee of the IASB issued IFRIC 22, *Foreign Currency Transactions and Advance Consideration* (IFRIC 22) to address how to determine the date of the

transaction when applying IAS 21, *The Effects of Changes in Foreign Exchange Rates*. The date of transaction determines the exchange rate to be used on initial recognition of the related asset, expense or income. The Company intends to adopt IFRIC 22 in its financial statements for the annual period beginning on January 1, 2018. Based on the current facts and circumstances, the Company does not expect the interpretation to have a material impact on its financial statements or accounting policy.

Leases:
In January 2016, the IASB issued IFRS 16, Leases (IFRS 16), which replaces the existing lease accounting guidance. IFRS 16 requires all leases to be reported on the balance sheet unless certain criteria for exclusion are met. The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The Company does not expect this new standard to have a material impact on its financial statements as the Company does not currently have any material leases.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had 226,281,153 common shares outstanding and 5,970,000 share options outstanding under its stock-based incentive plans.

FINANCIAL INSTRUMENTS

The Company classifies its financial instruments as available-for-sale, loans and receivables or other financial liabilities as disclosed on Note 3e of the Financial Statements. The Company's financial instruments consist of cash, receivables and other assets, investments, share consideration receivable, trades payable and accrued liabilities, amounts due to its joint exploration partner, and amounts due to/from related party. The carrying value of these financial investments other than cash approximates their fair value due to the short-term nature of these instruments. The fair value of investments is determined directly by reference to quoted market prices in active markets.

The Company's financial instruments are exposed to certain financial risks, including credit, liquidity and currency risks.

Credit risk
Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. The Company closely monitors its financial assets to ensure it does not have significant concentration of credit risk. Credit risk is primarily associated with trade receivables but could also arise on cash equivalents. Credit risks associated with cash and cash equivalents is minimal as the Company deposits the majority of its cash with a large Canadian financial institution that has been accorded a strong investment grade rating by a primary rating agency.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities and is minimized through the management of its capital structure. The Company also closely monitors and reviews its costs to date and actual cash flows against the approved budget on a monthly basis to ensure funds are adequate to support the Company's operations on an ongoing basis. Accounts payable and accrued liabilities are due within the current operating period. With the completion

of the $12.5 million private placement in January 2018, the Company is expected to have sufficient cash and working capital to manage and fund ongoing exploration activities and corporate working capital purposes for the next 12 months.

Currency risk

Currency risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risks as its operations are primarily conducted in Argentina and Chile. Exploration and project investigation costs are primarily denominated in Argentina pesos, Chilean pesos and the US dollar. As the functional and presentation currency is the Canadian dollar, significant changes in these foreign exchange rates would have a direct impact to the Company's other comprehensive loss/income, financial position and cash flow.

The official Argentina currency continued to devalue relative to the Canadian dollar during fiscal 2017 following the lifting of currency controls by the Argentina government in 2015. This Argentina peso devaluation effectively reduced the costs of conducting exploration activities in Argentina. While the Company has not used any hedging strategies to manage its exposure to currency fluctuations, management strives to minimize currency risks by maintaining most of its cash in U.S. dollars. Based on the Company's net exposures at December 31, 2017, a 10% depreciation or appreciation in the Argentina and Chilean pesos relative to the Canadian dollar would have resulted in an approximate $0.4 million increase or decrease in the Company's net loss, respectively.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

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

Management, including the CEO and CFO, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. As of December 31, 2017, the CEO and CFO have each concluded that the Company's disclosure controls and procedures, as defined in NI 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to achieve the purpose for which they have been designed.

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

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

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

Management, including the CEO and CFO, has evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting. As of December 31, 2017, the CEO and CFO have each concluded that the Company's internal controls over financial reporting, as defined in NI 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to achieve the purpose for which they have been designed.

RISKS AND UNCERTAINTIES

There are a number of factors that could negatively affect the Company's business and the value of its common shares, including the factors listed below. The following information pertains to the outlook and conditions currently known to NGEx Resources Inc. that could have a material impact on the financial condition of the Company. Other factors may arise that are not currently foreseen by management of NGEx Resources Inc. that may present additional risks in the future. Current and prospective security holders of NGEx Resources Inc. should carefully consider these risk factors.

Exploration and Development Risk

The Company's properties and projects are in the exploration and preliminary economic assessment stage and are without a known body of commercial ore. Exploration for Mineral Resources involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The risks and uncertainties inherent in exploration activities include but are not limited to: legal and political risk arising from operating in certain developing countries; civil unrest; general economic; market and business conditions; the regulatory process and actions; failure to obtain necessary permits and approvals; technical issues; new legislation; competitive and general economic factors and conditions; the uncertainties resulting from potential delays or changes in plans; the occurrence of unexpected events; and management's capacity to execute and implement its future plans. Discovery of mineral deposits is dependent upon a number of factors, not the least of which are the technical skills of the exploration personnel involved and the capital required for the programs. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. There is no assurance that the Company's mineral exploration activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that even if commercial quantities of ore are discovered that a new ore body would be developed and brought into commercial production. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which are the particular attributes of the deposit (such as size, grade, metallurgy and proximity to infrastructure and labour), the interpretation of geological data obtained from drilling and sampling, feasibility studies, the cost of water and power; anticipated climatic conditions; cyclical metal prices; fluctuations in inflation and currency exchange rates; higher input commodity and labour costs, commodity prices, government regulations, including regulations relating to prices, taxes, royalties, land tenure and use, allowable production, importing and exporting of minerals, and environmental protection. Most of the above factors are beyond the control of the Company. Development projects will also be subject to the successful completion of final feasibility studies, issuance of necessary permits and other governmental approvals and receipt of adequate financing. The exact effect of these factors cannot be accurately predicted, but the combination of any of these factors may adversely affect the Company's business. The Company attempts to mitigate its exploration risk by maintaining a diversified portfolio that includes several metal commodity targets in a number of geologic and political environments. Management also balances the exploration risks through joint ventures and option agreements with other companies.

Mineral Resource Estimates

The Company's reported Mineral Resources are estimations only. No assurance can be given that the estimated Mineral Resources will be recovered. By their nature Mineral Resource estimations are imprecise and depend, to a certain extent, upon statistical inferences that may ultimately prove unreliable because, among other factors, they are based on limited sampling, and, consequently, are uncertain because the samples may not be representative. Mineral Resource estimations may require revision (either up or down). Market fluctuations in the price of metals, as well as increases in estimated production costs or reductions in estimated recovery rates, may render certain Mineral Resources uneconomic and may ultimately result in a restatement of Mineral Resource estimations.

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability and there is no assurance that they will ever be mined or processed profitably. Due to the uncertainty which may attach to Mineral Resources, there is no assurance that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves; and no assurance that all or any part of an Inferred Mineral Resources exists, or is economically or legally mineable.

Title Risk

The Company has investigated its right to explore and exploit its properties and, to the best of its knowledge, those rights are in good standing except for anti-mining legislation affecting all mineral exploration in the Mendoza province of Argentina. The results of the Company's investigations should not be construed as a guarantee of title. Other parties may dispute the title to a property, or the property may be subject to prior unregistered agreements or liens and transfers or land claims by aboriginal, native, or indigenous peoples. The title may be affected by undetected encumbrances or defects or governmental actions. The Company has not conducted surveys of all of its properties, and the precise area and location of claims or the properties may be challenged and no assurances can be given that there are no title defects affecting such properties. The rules governing mining concessions in Chile and Argentina are complex and any failure by the Company to meet requirements would have a material adverse effect on the Company. Any defects in the title to the Company's properties could have a material and adverse effect on the Company.

No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining authorizations nor that such exploration and mining authorizations will not be challenged or impugned by third parties. Although the Company has not had any problem renewing its licenses in the past there is no guarantee that it will always be able to do so. Inability to renew a license could result in the loss of any project located within that license.

The Company is earning an interest in certain of its properties through option agreements and acquisition of title to the properties is completed only when the option conditions have been met. These conditions include making property payments, incurring exploration expenditures on the properties and satisfactory completion of certain pre-feasibility studies and third-party agreements.

If the Company does not satisfactorily complete these option conditions in the period laid out in the option agreements, the Company's title to the related property will not vest and the Company will have to write down its previously capitalized costs related to that property.

Environmental and Socio-Political Risks

The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the countries in which the Company conducts activities. The Company also aims to conduct its activities in accordance with high corporate social responsibility principles. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines. The Company is subject to environmental regulation in the various jurisdictions in which it operates. Failure to comply with these laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may also be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Furthermore, environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Programs may also be delayed or prohibited in some areas due to technical factors, new legislative constraints, social opposition or local government capacity or willingness to issue permits to explore in a timely manner.

In parts of Argentina, there is significant environmental opposition to both mineral exploration and mining. This has affected properties in some of the provinces where the Company works, in particular in Mendoza where the Company has an exploration project that it is unable to work on. In certain other Argentine provinces where the Company has projects, there may be a certain degree of anti-mining sentiment that could potentially affect the risk of successfully exploring and developing the Company's assets in those provinces.

The Argentine Congress has passed legislation designed to protect the country's glaciers. This law would restrict development on and around glaciers. The detailed regulations that will govern implementation of the law have not yet been written but this legislation could affect the Company's ability to develop parts of the Company's properties in Argentina including the Josemaría Project. The Chilean Congress is also considering legislation designed to protect the country's glaciers. This legislation has not yet been approved but, depending on its final language, could affect the Company's ability to develop the Los Helados Project.

Uncertainty of Funding and Dilution of Shareholders' Interests in the Company

The exploration and development of mineral properties requires a substantial amount of capital and may depend on the Company's ability to obtain financing through joint ventures, debt financing, equity financing or other means. General market conditions, volatile metals prices, a claim against the Company, a significant disruption to the Company's business, or other factors may make it difficult to secure the necessary financing. There is no assurance that the Company will be successful in obtaining required financing as and when needed on acceptable terms. Failure to obtain any necessary additional financing may result in delaying or indefinite postponement of exploration or development or even a loss of property interest. If the Company needs to raise additional funds, such financing may substantially dilute the economic and voting rights of the Company's shareholders and reduce the value of their investment. Since the Company's capital needs depend on market conditions and other factors beyond its control, it cannot predict or estimate the amount, timing or nature of any such future offering of securities. Thus, holders of common shares of the Company bear the risk of any future offerings reducing the market price of the common shares and diluting their shareholdings in the Company.

Foreign Operations Risk

The Company conducts exploration activities in foreign countries, including Argentina and Chile. Each of these countries exposes the Company to risks that may not otherwise be experienced if all operations were located in Canada. The risks vary from country to country and can include, but are not limited to: civil unrest or war, terrorism, illegal mining, changing political conditions, fluctuations in currency exchange rates, expropriation or nationalization without adequate compensation, changes to royalty and tax regimes, high rates of inflation, labour unrest and difficulty in understanding and complying with the regulatory and legal framework respecting ownership, and maintenance of mineral properties. Changes in mining or investment policies or shifts in political attitudes may also adversely affect Company's existing assets and operations. Real and perceived political risk may also affect the Company's ability to finance exploration programs and attract joint venture or option partners, and future mine development opportunities.

Numerous countries have introduced changes to mining regimes that reflect increased government control or participation in the mining sector, including, but not limited to, changes of law affecting foreign ownership, mandatory government participation, taxation and royalties, exploration licensing, export duties, and repatriation of income or return of capital. There can be no assurance that industries that are deemed of national or strategic importance in countries, in which the Company has assets, including mineral exploration, will not be nationalized. There is a risk that further government limitations, restrictions or requirements, not presently foreseen, will be implemented. Changes in policy that alter laws regulating the mining industry could have a material adverse effect on the Company. There can be no assurance that the Company's assets in these countries will not be subject to nationalization, requisition or confiscation, whether legitimate or not, by an authority or body.

The Josemaria Project and the Naciemientos Project are located in San Juan Province, Argentina. There are risks relating to an uncertain or unpredictable political and economic environment in Argentina, especially as there is social opposition to mining operations in certain parts of the country. During an economic crisis in 2001 to 2003 and again in 2014, Argentina defaulted on foreign debt repayments and on the repayment on a number of official loans to multinational organizations. In addition, the government has renegotiated or defaulted on contractual arrangements. The previous Argentinean government placed currency controls on the ability of companies and its citizens to obtain United States dollars, in each case requiring Central Bank approval (resulting in, at times, a limitation on the ability of multi-national companies to distribute dividends abroad in United States dollars) and revoked exemptions previously granted to companies in the oil and gas and mining sectors from the obligation to repatriate 100% of their export revenues to Argentina for conversion in the local foreign exchange markets, prior to transferring funds locally or overseas. Similarly, the government adopted a requirement that importers provide notice to the government and obtain approval for importation before placing orders for certain goods. These measures have been lifted by the new government that took office in December 2015. However, the past actions indicate that the Argentinean government may from time to time alter or impose additional requirements or policies that may adversely affect the Company's activities in Argentina or in its ability to attract joint venture partners or obtain financing for its projects in the future.

In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Company also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for the Company to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on the Company.

Indigenous Peoples

The Company operates in some areas including parts of the Los Helados area presently or previously inhabited or used by indigenous peoples. Various international and national laws, codes, resolutions, conventions, guidelines, and other material relate to the rights of indigenous peoples. Many of these materials impose obligations on government to respect the rights of indigenous people. Some mandate that government consult with indigenous people regarding government actions that may affect indigenous people, including actions to approve or grant mining rights or permits. ILO Convention 169, which has been ratified by Argentina and Chile, is an example of such an international convention. The obligations of government and private parties under the various international and national materials pertaining to indigenous people continue to evolve and be defined. Examples of recent developments in this area include the United Nations Declaration of the Rights of Indigenous People and the International Finance Company's revised Performance Standard 7, which requires governments to obtain the free, prior, and informed consent of indigenous peoples who may be affected by government action, such as the granting of mining concessions or approval of mine permits. The Company's current and future operations are subject to a risk that one or more groups of indigenous people may oppose continued operation, further development, or new development of the Company's projects or operations. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations such as protests, roadblocks or other forms of public expression against the Company's activities. Opposition by indigenous people to the Company's operations may require modification of, or preclude operation or development of, the Company's projects or may require the Company to enter into agreements with indigenous people with respect to the Company's projects.

Dependence on Key Personnel

The Company's success will largely depend on the efforts and abilities of certain senior officers and key employees. In addition, the Company is dependent on the services of key executives including its President and Chief Executive Officer and other highly skilled and experienced executives and personnel. Certain of these individuals have significant experience in the mining industry and, in particular the mining industry in South America. While the Company does not foresee any reason why such officers and key employees will not remain with the Company, if for any reason they do not, the Company could be adversely affected. In addition, certain of these individuals are also senior officers and key employees of Filo Mining and, pursuant to the terms of a services agreement between the Company and Filo Mining dated September 11, 2017 (the "Services Agreement"), the employment costs associated with these individuals are shared between the Company and Filo Mining on a pro-rata basis. If such officers and key employees do not remain employed with Filo Mining then the ability of the Company to share employee costs with Filo Mining would be adversely affected. The Company has not purchased key man life insurance for any of these individuals.

Metal Price Risk

The Company's portfolios of properties and investments have exposure to predominantly copper, gold, and silver. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control, such as the sale or purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major metals-producing and metals-consuming countries throughout the world. The prices of these metals greatly affect the value of the Company, the price of the common shares of the Company and the potential value of its properties and investments. This, in turn, greatly affects its ability to form joint ventures, option agreements and the structure of any joint ventures formed. This is due, at least in part, to the underlying value of the Company's assets at different metals prices.

Information Systems and Cyber Security

The Company's operations depend on information technology ("IT") systems. These IT systems could be subject to network disruptions caused by a variety of sources, including computer viruses, security breaches and cyber-attacks, as well as disruptions resulting from incidents such as cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

Although to date the Company has not experienced any material losses relating to cyber attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Market Price of Shares

Securities of mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic conditions in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Company's securities is also likely to be significantly affected by short-term changes in commodity prices, other mineral prices, currency exchange fluctuation, or in its financial condition or results of exploration on its projects. Other factors unrelated to the performance of the Company that may have an effect on the price of the securities of the Company include the following: the extent of analytical coverage available to investors concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of securities of the Company; the size of the Company's public float and its inclusion in market indices may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the securities of the Company that persists for a significant period of time could cause the Company's securities to be delisted from an exchange, further reducing market liquidity. If an active market for the securities of the Company does not continue, the liquidity of an investor's investment may be limited and the price of the securities of the Company may decline. If an active market does not exist, investors may lose their entire investment in the Company. As a result of any of these factors, the market price of the securities of the Company at any given point in time may not accurately reflect the long-term value of the Company. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Surface Access

The Company has signed a life of project lease agreement with the owners of the surface rights covering 20,000 hectares over the Los Helados Project area. This agreement secures the surface rights needed for all future exploration, development and mining to secure the surface rights needed for all of the infrastructure and access required for future exploration, development and mining.

The Company has surface access rights but does not own any surface rights at the Josemaría Project. The owners of the surface rights are in agreement with Deprominsa conducting exploration activities on their ground.

From time to time, a land possessor may dispute the Company's surface access rights and, as a result, the Company may be barred from its legal temporary occupation rights. Surface access issues have the potential to result in the delay of planned exploration programs, and these delays may be significant. Such delays may have a material adverse effect on the Company.
The Company may require additional surface rights and property interests to further develop or exploit the resources on its properties, which will require negotiations with private landowners for the additional ownership and/or surface rights in order for the Company to operate fully. Surface rights may also be regulated and restricted by applicable law. There is no assurance that the Company will be able to obtain the required surface rights or negotiate successfully with private landowners to allow it to develop its properties and establish commercial mining operations on a timely basis. To the extent additional surface rights are available, they may only be acquired at significantly increased prices, potentially adversely impacting financial performance of the Company.

Joint Exploration Properties
The Los Helados Project is subject to a joint exploration agreement. While the Company continues to be the operator of the joint project, it is nonetheless subject to the risks normally associated with the conduct of joint exploration partners, such as: disagreement with its joint exploration partner regarding how to explore, develop, and operate the projects efficiently; inability to exert influence over certain strategic decisions made; inability of the joint exploration partner to meet its obligations; and litigation between joint exploration partners regarding joint exploration matters. The existence of any of these circumstances may have a material adverse impact on the Company.

Application of Anti-Corruption and Anti-Bribery Laws
The Company is required to comply with anti-corruption and anti-bribery laws, including the Extractive Sector Transparency Measures Act, the Canadian Corruption of Foreign Public Officials Act and the U.S. Foreign Corrupt Practices Act, as well as similar laws in the countries in which the Company conducts its business. If the Company finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Company resulting in a material adverse effect on the Company.

Internal Controls
Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Infrastructure
Development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power and water supplies are important determinants that affect costs. The Company's ability to obtain a secure supply of power and water at a reasonable cost depends on many factors, including: global and regional supply and demand; political and economic conditions; problems

that can affect local supplies; delivery; and relevant regulatory regimes. Power and water are currently in short supply throughout Northern Chile and this may adversely affect the ability of the Company to explore and develop its Chilean projects. Unusual or infrequent weather phenomena, sabotage or government, and other interference in the maintenance or provision of such infrastructure could adversely affect the activities and profitability of the Company.

Establishing such infrastructure will require significant resources, identification of adequate sources of raw materials and supplies and necessary cooperation from national and regional governments, none of which can be assured. There is no guarantee that the Company will secure these power, water and access rights going forward or on reasonable terms.

Currency Risk

The Company will transact business in a number of currencies including but not limited to the US Dollar, the Argentine Peso and the Chilean Peso. The Argentine Peso in particular has had significant fluctuations in value relative to the US and Canadian dollars. Ongoing economic uncertainty in Argentina as well as unpredictable changes to foreign exchange rules may result in fluctuations in the value of the Argentine Peso that are greater than those experienced in the recent past. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or a negative direction. The Company does not currently engage in foreign currency hedging activities.

Conflicts of Interest

Some of the directors and employees/officers of the Company are also directors and employees/officers of other companies that are similarly engaged in the business of acquiring, exploring and developing natural resource properties. In addition, certain individuals also serve as officers of Filo Mining and are subject to the Services Agreement. Such associations may give rise to conflicts of interest from time to time. In particular, one of the consequences will be that corporate opportunities presented to a director or employee/officer of the Company may be offered to another Company or companies with which the director or employee/officer is associated, and may not be presented or made available to the Company. The directors and employees/officers of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company, to disclose any interest that they may have in any project or opportunity of the Company, and to abstain from voting on such matter. Conflicts of interest that arise will be subject to and governed by the procedures prescribed by the Company's Code of Business Conduct and Ethics and the CBCA.

Current Global Financial Condition

Market events and conditions can cause significant volatility to commodity prices. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions can increase the levels of volatility in the global stock markets, which can adversely affect the Company's operations and the value and price of the NGEx Common Shares. The Company is dependent on the equity markets as its main source of operating working capital and the Company's capital resources are largely determined by the strength of the resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects. Access to public financing has been negatively impacted by concerns over global growth rates and conditions. Consequently, equity financing may not be available to the Company in the amount required at any time or for any period or, if available, it may not be obtained on terms satisfactory to the Company.

Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential, as well as the necessary labour and supplies required to develop such properties. The Company competes with other exploration and mining companies, many of which have greater financial resources, operational experience and technical capabilities than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. The Company may not be able to maintain or acquire attractive mining properties on terms it considers acceptable, or at all. Consequently, its financial condition could be materially adversely affected.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, as well as political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company. The Company does not maintain insurance against political risks.

Tax

The Company runs its business in different countries and strives to run its business in as tax efficient a manner as possible. The tax systems in certain of these countries are complicated and subject to changes. For this reason, future negative effects on the result of the Company due to changes in tax regulations cannot be excluded. Repatriation of earnings to Canada from other countries may be subject to withholding taxes. The Company has no control over withholding tax rates.

QUALIFIED PERSON

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

FINANCIAL INFORMATION

The report for the three months ended March 31, 2018 is expected to be published on May 9, 2018.

OFF BALANCE SHEET AGREEMENTS

During the fiscal 2017 and fiscal 2016 year, there were no material off-balance sheet transactions. The Company has not entered into any specialized financial arrangements to minimize its currency risk.

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION AND STATEMENTS

Certain statements made and information contained 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 statements and information contained in this MD&A are 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. By their nature, forward-looking statements and information are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks and uncertainties relating to, among other things, inherent uncertainties regarding cost estimates, changes in commodity and metal prices, currency fluctuation, financing, unanticipated resource grades and recoveries, infrastructure, results of exploration activities, cost overruns, availability of materials and equipment, timeliness of government approvals, taxation, political risk and related economic risk and unanticipated environmental impact on operations as well as other risks, uncertainties and other factors 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 with respect to the anticipated use of proceed from the Facility, and the timing and success in obtaining requisite regulatory approvals, the evaluation of additional properties for potential acquisitions; terms and conditions of a credit Facility; the potential development or sale to a third party of Project Constellation; cost estimates and other assumptions used in the PEA and expectations from the PEA; the Company's expectations and estimates with respect to cost estimates and other assumptions used in the PEA and expectations from the PEA; the assumptions used in the updated mineral resources estimates for the Los Helados and Josemaría projects; exploration and development expenditures; the timing and nature of any potential development scenarios; opportunities to improve project economics; potential regional synergies and cooperative development plans with other regional operators, exploration targets, the potential recovery of gold from the oxide cap at Josemaría, the potential acquisition of new copper-gold exploration projects, estimations for copper and other commodity prices, mineral resources, costs, success of exploration activities; expectations with regard to adding to mineral resources through exploration; permitting time lines; ability to obtain surface and water rights and property interests; currency exchange rate fluctuations; requirements for additional capital; government regulation of mining activities; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; and other risks and uncertainties.

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

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

February 21, 2018

Independent Auditor's Report

To the Shareholders of NGEx Resources Inc.

We have audited the accompanying consolidated financial statements of NGEx Resources Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016 and the consolidated statements of comprehensive loss/(income), cash flows and changes in equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles and policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of NGEx Resources Inc. as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) “PricewaterhouseCoopers LLP”

Chartered Professional Accountants

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

	Note		December 31, 2017		December 31, 2016
ASSETS					
Current assets:					
Cash and cash equivalents	18a	$	6,788,712	$	11,185,093
Investments	5		511,058		606,026
Receivables and other assets	6		407,503		357,822
			7,707,273		12,148,941
Share consideration receivable			453,079		385,600
Equipment			82,286		111,729
Mineral properties	7		10,056,146		6,321,915
TOTAL ASSETS		$	18,298,784	$	18,968,185
LIABILITIES					
Current liabilities:					
Trade payables and accrued liabilities		$	1,684,651	$	1,345,105
Advances	18a		6,500,000		-
Debenture	10		508,904		-
Due to joint exploration partner			-		58,261
			8,693,555		1,403,366
Due to joint exploration partner	7e		579,949		815,102
TOTAL LIABILITIES			9,273,504		2,218,468
EQUITY					
Share capital	8		232,188,933		231,912,760
Contributed surplus	9		10,211,218		9,673,280
Deficit			(224,437,823)		(216,526,131)
Accumulated other comprehensive loss			(8,937,048)		(8,310,192)
TOTAL EQUITY			9,025,280		16,749,717
TOTAL LIABILITIES AND EQUITY		$	18,298,784	$	18,968,185

Commitment (Note 15)
Subsequent events (Note 18)

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

ON BEHALF OF THE BOARD:

/s/William A. Rand
Director

/s/Wojtek A. Wodzicki
Director

NGEx Resources Inc.
Consolidated Statements of Comprehensive Loss / (Income)
(All amounts expressed in Canadian Dollars, unless otherwise indicated.)

	Note	For the year ended December 31, 2017	2016
Expenses			
Exploration and project investigation	*11*	5,053,013	6,017,081
General and Administration ("G&A"):			
Salaries and benefits		1,478,035	737,086
Share-based compensation	*9*	456,588	598,052
Management fees		190,800	286,000
Professional fees		303,327	780,485
Travel		44,492	49,851
Promotion and public relations		116,751	228,459
Office and general		343,061	465,398
Operating loss		7,986,067	9,162,412
Other items			
Net interest income		(50,775)	(39,469)
Foreign exchange loss		195,599	211,617
Accretion of share consideration receivable		(67,479)	(127,304)
Other (income)/expenses	*7e*	(151,720)	321,216
Gain on disposition & exchange of investments		-	(587,813)
Gain on disposition of other assets		-	(243,494)
Gain on spin-off transaction	*4*	-	(30,032,471)
Net loss / (income)		7,911,692	(21,335,306)
Other Comprehensive Loss / (Income)			
Items that may be reclassified subsequently to net loss:			
Recycle gain on disposition & exchange of investments		-	574,000
Change in fair value of available-for-sale securities		94,968	(645,644)
Foreign currency translation adjustment		531,888	1,052,952
Comprehensive Loss / (Income)		$ 8,538,548	$ (20,353,998)
Basic and diluted loss/(income) per common share		$ 0.04	$ (0.11)
Weighted average common shares outstanding		213,530,121	202,673,501

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

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

	Note	For the Year Ended December 31, 2017	2016
Cash flows used in operating activities			
Net (loss) / income for the year		$ (7,911,692)	$ 21,335,306
Items not involving cash and cash equivalents:			
Depreciation		25,597	27,426
Share-based compensation		605,559	818,726
Unrealized foreign exchange loss		182,588	199,993
Gain on disposition of mineral properties		-	(72,759)
Gain on spinoff transaction	*4*	-	(30,032,471)
Accretion of share consideration receivable		(67,479)	(127,304)
Other expenses		16,502	84,857
Gain on disposition and exchange of investments		-	(587,813)
Net changes in working capital items:			
Receivables and other		(8,037)	89,164
Trade payables and accrued liabilities		508,564	(742,489)
Due to joint exploration partner		(293,415)	(42,319)
		(6,941,813)	(9,049,684)
Cash flows from financing activities			
Advances received from subscription holders	*18a*	6,500,000	-
Funds received from debenture	*10*	515,960	-
Share issuance from option exercise		192,050	298,100
Private placement, net	*8a*	-	20,404,053
Cash paid in connection with the Arrangement	*4*	-	(3,048,613)
		7,208,010	17,653,540
Cash flows (used in) / from investing activities			
Mineral properties and related expenditures	*7*	(4,622,911)	(1,020,617)
Proceeds from disposition of mineral property and other assets		-	875,000
Proceeds from disposition and exchange of investments		-	700,350
		(4,622,911)	554,733
Effect of exchange rate change on cash and cash equivalents		(39,667)	(86,201)
(Decrease) / increase in cash and cash equivalents during the year		(4,396,381)	9,072,388
Cash and cash equivalents, beginning of year		11,185,093	2,112,705
Cash and cash equivalents, end of year		$ 6,788,712	$ 11,185,093

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

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

	Number of shares issued and outstanding	Number of shares reserved for issuance	Share capital	Reserved for issuance	Contributed surplus	Accumulated other comprehensive loss	Accumulated Deficit	Total
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	25,333,333	-	20,404,053	-	-	-	-	20,404,053
Issuance of shares previously reserved	20,230	(20,240)	1,284	(1,284)	-	-	-	-
Debenture financing consideration	17,406	-	10,444	-	-	-	-	10,444
Transfer of net assets pursuant to spin-out	-	-	(38,965,922)	-	-	-	-	(38,965,922)
Exercise of options	390,000	-	399,495	-	(101,395)	-	-	298,100
Share-based compensation	-	-	-	-	818,726	-	-	818,726
Change in fair value of available-for-sale securities	-	-	-	-	-	645,644	-	645,644
Recycle gain on disposition and exchange of investments	-	-	-	-	-	(574,000)	-	(574,000)
Foreign currency translation adjustment	-	-	-	-	-	(1,052,952)	-	(1,052,952)
Net income for the year	-	-	-	-	-	-	21,335,306	21,335,306
Balance, December 31, 2016	213,473,963	-	$ 231,912,760	$ -	$ 9,673,280	$ (8,310,192)	$ (216,526,131)	$ 16,749,717
Share-based compensation	-	-	-	-	605,559	-	-	605,559
Exercise of options	285,000	-	259,671	-	(67,621)	-	-	192,050
Debenture financing cost (Note 10)	15,867	-	16,502	-	-	-	-	16,502
Foreign currency translation adjustment	-	-	-	-	-	(531,888)	-	(531,888)
Change in fair value of available-for-sale securities	-	-	-	-	-	(94,968)	-	(94,968)
Net loss for the year	-	-	-	-	-	-	(7,911,692)	(7,911,692)
Balance, December 31, 2017	213,774,830	-	$ 232,188,933	$ -	$ 10,211,218	$ (8,937,048)	$ (224,437,823)	$ 9,025,280

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

1. NATURE OF OPERATIONS

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

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

2. BASIS OF PRESENTATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. These consolidated financial statements are prepared on a historical cost basis except for certain financial assets, which are measured at fair value.

The consolidated financial statements were approved by the Board of Directors of the Company on February 21, 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated on consolidation. As at December 31, 2017, the Company's significant operating subsidiaries include Pampa Exploracion S.A. (Argentina), Desarrollo de Prospectos Mineros S.A. (Argentina), and Minera Frontera del Oro SPA (Chile).

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

b) Critical accounting estimates and assumptions

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

Due to joint exploration partner – The Company has a remaining contractual obligation due to its joint exploration partner relating to the acquisition of the Filo del Sol project, which was subsequently transferred to Filo Mining in connection with the NGEx Arrangement on August 16, 2016 (Note 4). As the Company intends to settle the remaining obligation by funding an alternative exploration project without a predetermined maturity date, in lieu of direct cash outflow, in accordance with the terms of the agreement, the provision will be measured at the best estimate of the expenditure required to settle the liability, taking into account the nature and timing of the exploration activities that are expected to be conducted on the project in its measurement. The Company discounts the provision to its present value using a pre-tax discount rate.

Share consideration receivable – The Company expects to receive common shares of Skeena Resources Ltd. ("Skeena") with a value of $735,000 by November 3, 2020. This share consideration receivable from Skeena is part of the consideration received on the disposition of its interest in certain mineral property assets on November 3, 2015. Share consideration receivable in the future is discounted using a discount rate that approximates the risk profile for the entity issuing the shares based on financial information that is publicly available. The value of the share consideration receivable could be impacted if the actual risk assessment turns out to be different from the estimate applied by the Company in its valuation of the share consideration receivable.

c) Foreign currency translation

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

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

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

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

d) Exploration and project investigation expenditures and mineral properties

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

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

e) Financial instruments

Financial assets and liabilities (collectively, "financial instruments") are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

At initial recognition, the Company has classified its financial instruments as follows:

		Financial Instrument Classification		
	Basis of Measurement	Loans and receivables	Available for sale	Financial liabilities at amortized cost
Receivables and others, cash and cash equivalents	Amortized cost	X		
Share consideration receivable	Amortized cost	X		
Trade payables and accrued liabilities	Amortized cost			X
Due to joint exploration partner	Amortized cost			X
Investments in marketable securities	Fair value		X	

Loans and receivables - Loans and receivables typically include non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment of trade accounts receivable.

Financial liabilities at amortized cost – Trade payables and accrued liabilities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

Available for sale – Investments in marketable securities are recognized as available for sale and recorded at fair value. Fair values are determined by reference to quoted market prices at the balance sheet date.

Unrealized gains and losses on available-for-sale investments are recognized in other comprehensive income until investments are disposed of or when there is objective evidence of impairment. At each balance sheet date, the Company assesses for any objective evidence of impairment and records such impairments in the consolidated statement of loss for the period.

f) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed for impairment whenever facts and circumstances indicate that the carrying amounts are not recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units or "CGU"). An impairment loss exists if the asset's or CGU's carrying amount exceeds its recoverable amount, and is recorded as an expense in consolidated statement of loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated statement of loss.

g) Current and deferred income tax

The Company follows the liability method of accounting for income taxes. Under the liability method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, unused tax losses and other income tax deductions. Deferred income tax assets are recognized for deductible temporary differences, unused tax losses and other income tax deductions to the extent that it is probable the Company will have taxable income against which those deductible temporary differences, unused tax losses and other income tax deductions can be utilized.

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the related assets are realized or the liabilities are settled. The measurement of deferred income tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover and settle the carrying amounts of its assets and liabilities, respectively. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the period in which the change is substantively enacted.

h) Provisions

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

i) Share-based compensation

The Company has a share-based compensation plan for its employees and non-employees ("participants"), who provide services, and participants may receive options to purchase common shares at a price determined at the time of grant.

Fair value for stock options granted is determined on grant date using the Black-Scholes option-pricing model. Share-based compensation expense is recorded over the period the options vest, with a corresponding increase to contributed surplus. The Company issues new common shares to satisfy stock option exercises, with the proceeds received net of any directly attributable transaction costs credited to share capital.

j) Loss per share

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

k) Share capital

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

l) Segment Reporting

Operating segments are components of an entity that engage in business activities from which they incur expenses and whose operating results are regularly reviewed by a chief operating decision maker to make resource allocation decisions and to assess performance. The Chief Executive Officer is responsible for allocating resources and reviewing operating results of each operating segment on a periodic basis.

The Company has the following reportable operating segments: the Los Helados project and the Josemaria project (collectively "Project Constellation") and other exploration projects. These segments are differentiated by the location and nature of its mineral properties in South America. The office in Canada provides support to the project with respect to treasury and finance, technical support, regulatory reporting and corporate administration.

m) New accounting pronouncements

The IASB and IFRIC have issued standards and amendments or interpretations to existing standards that were not yet effective and not applied as at December 31, 2017. Below is a summary of the new standards and interpretations that the Company will adopt for the annual period beginning on or after January 1, 2018:

Financial instruments:
The new standard includes a model for the classification and measurement of financial instruments, a single forward-looking "expected loss" impairment model and a reformed approach to hedge accounting. IFRS 9, Financial Instruments, will be effective for the annual periods beginning on January 1, 2018. Based on the current facts and circumstances, the Company does not expect its financial performance or disclosure to be materially affected by the application of the standard.

Foreign currency transactions and advance consideration:
In December 2016, the IFRS Interpretations Committee of the IASB issued IFRIC 22, *Foreign Currency Transactions and Advance Consideration* (IFRIC 22) to address how to determine the date of the transaction when applying IAS 21, *The Effects of Changes in Foreign Exchange Rates*. The date of transaction determines the exchange rate to be used on initial recognition of the related asset, expense or income. The Company intends to adopt IFRIC 22 in its financial statements for the annual period beginning on January 1, 2018. Based on the current facts and circumstances, the Company does not expect the interpretation to have a material impact on its financial statements or accounting policy.

Leases:
In January 2016, the IASB issued IFRS 16, Leases (IFRS 16), which replaces the existing lease accounting guidance. IFRS 16 requires all leases to be reported on the balance sheet unless certain criteria for exclusion are met. The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The Company does not expect this new standard to have a material impact on its financial statements as the Company does not currently have any material leases.

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

4. PLAN OF ARRANGEMENT

On August 16, 2016, the Company completed a Plan of Arrangement (the "Arrangement") under the CBCA 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 $3,048,613 in cash and cash equivalent to Filo Mining in exchange for the 51,270,950 Filo Mining common shares. The Company subsequently distributed the Filo Mining common shares to the Company's shareholders as a return of capital. Filo Mining began trading on the TSX Venture Exchange ("TSXV") and the NASDAQ First North Exchange under the symbol "FIL" on August 26, 2016 and September 6, 2016, respectively.

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**

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.

5. INVESTMENTS

		December 31, 2017		December 31, 2016
Goldgroup Mining Inc.	$	12,000	$	26,000
RNC Minerals		26,634		41,431
North American Nickel Inc.		9,824		11,051
Legend Gold Corp.		18,500		20,000
Skeena Resources Ltd.		444,100		507,544
	$	511,058	$	606,026

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

6. RECEIVABLES AND OTHER ASSETS

	December 31, 2017	December 31, 2016
Current:		
Receivables and prepaid expenses	$ 146,166	$ 167,787
Taxes recoverable	167,720	134,010
Due from related party (Note 12)	93,617	56,025
	$ 407,503	$ 357,822

7. MINERAL PROPERTIES

	Joint Exploration Agreement (Chile)	Wholly owned projects (Argentina)			Projects transferred to Filo Mining pursuant to the Arrangement (Note a)	Total
	Project Constellation		Other projects			
	Los Helados (Note a)	Josemaria (Note b)	Naciemientos (Note c)	Acay (Note d)	Filo del Sol (Note e)	
January 1, 2016	**$ 3,136,996**	**$ 3,592,359**	**$ -**	**$ -**	**$ 6,041,122**	**$ 12,770,477**
Additions	264,098	-	-	-	756,519	1,020,617
Write-off of mineral property interests	-	-	-	-	(74,413)	(74,413)
Currency translation effect	50,966	(722,504)	$ -	$ -	(732,195)	(1,403,733)
Transferred to Filo Mining pursuant to the Arrangement	-	-	-	-	(5,991,033)	(5,991,033)
December 31, 2016	**$ 3,452,060**	**$ 2,869,855**	**$ -**	**$ -**	**$ -**	**$ 6,321,915**
Acquisition of Josemaria interest from JOGMEC	-	3,872,409	-	-	-	3,872,409
Additions	393,353	-	256,898	100,251	-	750,502
Currency translation effect	63,721	(906,957)	(39,524)	(5,920)	-	(888,680)
December 31, 2017	**$ 3,909,134**	**$ 5,835,307**	**217,374**	**94,331**	**$ -**	**$ 10,056,146**

a) The Los Helados Project (Project Constellation)

The Los Helados project is subject to a Joint Exploration Agreement ("JEA") with its joint exploration partner Pan Pacific Copper Co. ("PPC"), whereby each party is required to fund its pro-rata share of exploration expenditures incurred on the joint exploration project. The Company is the majority partner and operator for the project. As at December 31, 2017, PPC's interest in the project has been diluted to 38% as it elected not to fund its pro-rata share of expenditures effective September 1, 2015.

Los Helados is part of Project Constellation, which contemplates the integrated development of the Los Helados project with the Josemaria project. Under this integrated model, material from both the Los Helados and Josemaria deposits are processed at a centralized processing plant located in Argentina. A Preliminary Economic Assessment (the “Integrated PEA”) of Project Constellation was announced on January 7, 2016.

b) **The Josemaria Project (Project Constellation)**

On November 13, 2017, the Company acquired the 40% interest in the Josemaria project held by its joint exploration partner Japan Oil, Gas and Metals National Corporation (“JOGMEC”) for total cash consideration of US$21 million. The cash consideration is payable in three installments: US$3 million paid upon signing of the agreement in 2017, US$5 million payable upon a development decision being made, and US$13 million upon commencement of commercial production from the property. Additionally, JOGMEC retains an option to purchase up to 40% of the material produced from its mine based on the prevailing market price at the time of exercise. With this acquisition completed, the Company holds a 100% interest in the Josemaria project in San Juan Province, Argentina. In accordance with its accounting policy (Note 3), the future contingent considerations to be paid upon completion of the applicable milestones will be recorded and added to the mineral property when incurred.

Josemaria is part of Project Constellation, which contemplates the integrated development of the Los Helados project with the Josemaria project.

c) **The Naciemientos Project**

On May 3, 2017, the Company signed an option agreement whereby it can acquire a 100% interest in the Naciemiento Project located in San Juan Province, Argentina by making option payments totaling US$1.65 million in cash over a four-year period on or before May 15, 2021 (the “Earn-in Date”). In order to acquire a 100% interest, the Company must fund US$2.5 million in expenditures on the Naciemiento Property on or before the Earn-in Date. The Company has paid US$0.1 million in option payments and has incurred $0.8 million in exploration expenditures as at December 31, 2017.

d) **The Acay Project**

On November 22, 2017, the Company signed an option agreement with Cosmos Minerals S.A. (“Cosmos”) whereby it can acquire a 100% interest in the Acay Property located in Salta Province, Argentina by making option payments totaling US$0.5 million in cash over a four-year period on or before November 22, 2021 (the “Earn-in Date”). The Agreement includes a 2% NSR royalty payable to Cosmos. In order to acquire a 100% interest, the Company must fund $1.4 million in expenditures on the Acay Property on or before the Earn-in Date. The Company has paid US$40,000 in option payments and has incurred $0.2 million in exploration expenditures as at December 31, 2017.

e) The Filo del Sol Project

The Filo del Sol project (the “Project”) was transferred to Filo Mining pursuant to the Plan of Arrangement (the “Arrangement”) on August 16, 2016. The Company has a balance of US$3.5 million remaining to be paid (the “Obligation”) to its joint exploration partner PPC when it acquired their interest in the Project in October 2014. In accordance with the terms of the agreement, the Company has elected to settle this Obligation through funding PPC’s share of future exploration expenditures on the remaining joint exploration properties (the “La Rioja Properties”) which are currently held through a subsidiary of NGEx. The cumulative expenditures funded by the Company on PPC’s share of exploration expenditures at the La Rioja properties totaled approximately US$40,000.

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 remaining obligation due to PPC as a non-current liability, discounted to its present value at an annual effective rate of 8%.

As at December 31, 2017, the Company reviewed the nature and timing of future expenditures at the La Rioja Properties and lowered its expected annual funding of PPC’s share of future exploration expenditures from US$52,000 to US$38,000 based on its best estimate of exploration activities to be conducted on the project. This revision extends the estimated timeframe in settling the Obligation with PPC. The effect of this change in future estimated expenditures at the La Rioja properties is a reduction in due to joint exploration partner by approximately $174,000, with a corresponding income recognized on the statement of loss for the fiscal year ended December 31, 2017.

8. 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:

During the fiscal 2016 year, the Company completed private placements totaling 25,333,333 common shares of the Company for gross proceeds of $20.9 million. Share issuance costs totaling $0.5 million were paid in relation to the private placements. The net proceeds received by the Company upon completion of the private placements totaled $20.4 million.

The Company began securing additional sources of financing in December 2017 and completed a private placement totaling 12,500,000 common shares of the Company for gross proceeds of $12.5 million on January 3, 2018 (Note 18a).

b) The Arrangement:

The Company completed the spin out of Filo Mining on August 16, 2016 as described in Note 4. Pursuant to the Arrangement, NGEx distributed all of the common shares of Filo Mining (the "Filo

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

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.

9. SHARE OPTIONS

a) Share Option Plan

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

During the year ended December 31, 2017, the Company granted a total of 2,010,000 (2016 – 2,060,000) share options to officers, employees, directors and other eligible participants at exercise price of $1.37 per share. Share options have an expiry date of three years and vest over a period of 24 months from date of grant.

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model. The weighted average assumptions and resulting fair values for grants are as follows:

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

The total share-based compensation expense for the year ended December 31, 2017 totaling $605,559 (2016 - $818,726) was presented in the statement of comprehensive loss as follows:

	December 31, 2017	December 31, 2016
General and administration	456,588	598,052
Exploration and project investigation	148,971	220,674
	$ 605,559	$ 818,726

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

b) Share Options Outstanding

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

	December 31, 2017		December 31, 2016	
	Number of share issuable pursuant to share options	Weighted average exercise price per share	Number of share issuable pursuant to share options	Weighted average exercise price per share**
Balance at beginning of year	6,375,000	$ 1.18	5,722,500	$ 1.54
Granted	2,010,000	1.37	2,060,000	0.61
Exercised (*)	(285,000)	0.67	(390,000)	0.80
Forfeited	-	-	(83,334)	1.61
Expired	(2,130,000)	1.71	(934,166)	2.29
Balance at end of year	5,970,000	$ 0.97	6,375,000	$ 1.18

* The weighted average share price on the exercise date for the stock options exercised during the year ended December 31, 2017 was $1.05.

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

The following table summarizes information about the outstanding and exercisable share options at December 31, 2017:

	Outstanding Options			Exercisable Options		
Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price
$0.50 - $0.70	1,665,000	1.15	$ 0.61	1,665,000	1.15	$ 0.61
$0.71 - $0.84	250,000	0.90	$ 0.79	250,000	0.90	$ 0.79
$0.84 - $0.95	2,045,000	0.36	$ 0.89	2,045,000	0.36	$ 0.89
$0.96 - $1.50	2,010,000	2.15	$ 1.37	670,009	2.15	$ 1.37
	5,970,000	1.21	$ 0.97	4,630,009	0.93	$ 0.85

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

10. DEBENTURE

On November 9, 2017, the Company obtained a US$1,000,000 unsecured short-term credit facility from an insider of the Company (the "Facility") to provide additional financial flexibility to fund general corporate purposes. The lender was entitled to 21,467 common shares as consideration for providing the Facility, in lieu of fees, to the Company for the fiscal year ended December 31, 2017, of which 15,867 common shares of the Company were issued as at December 31, 2017 and the remaining 5,600 common shares of the Company were issued on January 4, 2018. There is no interest payable in cash during the term of the Facility. The amount previously drawn under the credit facility during fiscal 2017 was repaid in full on January 4, 2018 from the proceeds of a non-brokered private financing (Note 18a). The Facility remains available until August 9, 2018. All securities issued in conjunction with the Facility are subject to a four-month hold period under applicable securities law.

11. EXPLORATION AND PROJECT INVESTIGATION

The Company expensed the following exploration and project investigation costs:

	Year ended December 31,	
	2017	2016
Los Helados (Project Constellation)	$ 2,372,663	$ 2,280,199
Josemaria (Project Constellation)	774,649	408,405
Naciemientos	857,123	-
Acay	218,141	-
Other Projects	830,437	1,223,739
The Filo del Sol Project *	-	2,104,738
	$ 5,053,013	$ 6,017,081

	Year ended December 31,	
	2017	2016
Land holding costs	$ 1,154,937	$ 1,265,256
Drilling, fuel, camp costs and field supplies	552,749	403,549
Roadwork, travel and transport	449,696	176,200
Engineering studies, consultants, geochemistry and geophysics	160,168	81,069
Environmental and community relations	455,545	228,253
VAT, other taxes and fees	656,720	263,396
Office and general, salaries, and overhead	1,474,227	1,384,323
Share-based compensation	148,971	110,297
	5,053,013	3,912,343
The Filo del Sol Project *	-	2,104,738
	$ 5,053,013	$ 6,017,081

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

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

12. RELATED PARTY TRANSACTIONS

a) Related party services and balances

NGEx has a cost sharing arrangement with Filo Mining, a related party by way of providing key management personnel services to the Company. Under the terms of this arrangement, Filo Mining provided executive management and personnel services to NGEx, while NGEx provided financial management and administrative services to Filo Mining. These transactions were in the normal course of operations.

	Year ended December 31, 2017	2016
Income from financial management and administrative services provided to Filo Mining	$ 142,815	$ 58,131
Costs of executive management and personnel services received from Filo Mining	(1,296,827)	(325,186)

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

	December 31, 2017	December 31, 2016
Receivables and other assets	$ 93,617	$ 56,025
Trade payables and accrued liabilities	(366,446)	(222,049)

The Company obtained a US$1,000,000 Facility from an insider of the Company as described on Note 10. Two insiders also participated as to $2.5 million in the January 2018 private placement which closed on January 3, 2018 (Note 18a).

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:

	Year ended December 31, 2017	2016
Salaries	$ 827,183	$ 496,704
Employee benefits	21,271	37,169
Director fees	167,179	69,079
Share-based compensation	376,749	523,396
	$ 1,392,382	$ 1,126,348

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

13. INCOME TAXES

	December 31, 2017	December 31, 2016
Combined basic federal and provincial income tax rates	26.00%	26.00%
Net loss before taxes	$ (7,911,692)	$ 21,335,306
Expected income recovery	$ (2,057,040)	$ 5,547,180
Non-deductible share based compensation	118,713	212,869
Other non-deductible expenses and permanent differences	111,471	(6,743,183)
Difference in foreign tax rates	43,866	(36,260)
Income tax benefits not recognized and other items	1,782,990	1,019,394
Income tax recovery	$ -	$ -

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

	December 31, 2017	December 31, 2016
Non-capital losses carried forward	$ 6,863,696	$ 6,494,630
Capital losses carried forward	11,783,896	9,055,234
Mineral properties and related expenditures	29,164,219	28,597,352
Others	159,210	290,599
Unrecognized deferred tax assets	$ 47,971,021	$ 44,437,815

As at December 31, 2017, the Company has the following tax losses, primarily in Canada and Argentina, which may be used to reduce future taxable income.

Year of Expiry	Canada	Argentina	Other	Total
2018	-	884,764	16,070	900,834
2019	-	72,442	11,183	83,625
2020	-	398,163	42,477	440,640
2021	-	91,073	160,939	252,012
2022 and onwards	23,317,055	114,117	29,572	23,460,744
Total	$ 23,317,055	$ 1,560,559	$ 260,241	$ 25,137,855

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

14. SEGMENTED INFORMATION

The Company is principally engaged in the acquisition, exploration and development of mineral properties in South America. The segments presented in Note 7 and Note 11 reflects the way in which management reviews its business performance. Materially all of the Company's non-current assets and exploration and project investigation costs are located and incurred within South America, whereas materially all of the Company's cash and general and administrative costs are held and incurred by the Canadian parent.

Following is a summary of net losses/(income) and non-current assets by segment:

As at December 31, 2017:	Project Constellation	Other projects	Corporate	Total
Equipment	$ 7,186	$ -	$ 75,100	$ 82,286
Mineral properties	9,744,441	311,705	-	10,056,146
Non-current assets	$ 9,751,627	$ 311,705	$ 75,100	$ 10,138,432
For the year ended December 31, 2017:				
Exploration Expenses	$ 3,147,312	$ 1,905,701	$ -	$ 5,053,013
G&A and other items	-	-	2,858,679	2,858,679
Net loss for the 2017 year	$ 3,147,312	$ 1,905,701	$ 2,858,679	$ 7,911,692

As at December 31, 2016:	Project Constellation	Filo del Sol & Other projects	Corporate	Total
Equipment	$ 18,329	$ -	$ 93,400	$ 111,729
Mineral properties	6,321,915	-	-	6,321,915
Non-current assets	6,340,244	-	93,400	6,433,644
For the year ended December 31, 2016:				
Exploration Expenses	$ 2,688,604	$ 3,328,477	$ -	$ 6,017,081
Gain on spin-off transaction (Note 4)	-	-	(30,032,471)	(30,032,471)
G&A and other items	-	-	2,680,084	2,680,084
Net loss/(income) for the 2016 year	$ 2,688,604	$ 3,328,477	$ (27,352,387)	$ (21,335,306)

15. COMMITMENT

The Company has a contractual agreement with the owners of the surface rights covering the Los Helados Project to make a minimum annual payment of US$0.5 million. The annual payment could be adjusted to US$0.8 million under certain surface disturbance conditions and will increase to US$1 million in 2024 and to US$1.5 million from 2025 onwards. Under the terms of the agreement, US$6 million is payable upon approval of the Environmental Impact Study and US$13 million 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. For the fiscal year ended December 31, 2017, the Company has paid land surface access rights payment totaling US$0.5 million, which was expensed on the statement of comprehensive loss/(income).

16. MANAGEMENT OF FINANCIAL RISKS

The Company's financial instruments are exposed to certain financial risks, including credit, market, liquidity and currency risks.

(i) Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. The Company closely monitors its financial assets to ensure it does not have significant concentration of credit risk. Credit risk is primarily associated with trade receivables but could also arise on cash equivalents. Credit risks associated with cash and cash equivalents is minimal as the Company deposits the majority of its cash with a large Canadian financial institution that has been accorded a strong investment grade rating by a primary rating agency.

(ii) Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities and is minimized through the management of its capital structure as explained on Note 17. The Company also closely monitors and reviews its costs to date and actual cash flows against the approved budget on a monthly basis to ensure funds are adequate to support the Company's operations on an ongoing basis. Accounts payable and accrued liabilities are due within the current operating period. With the completion of the $12.5 million private placement in January 2018 (Note 18), the Company expects to have sufficient cash and working capital to manage and fund ongoing exploration activities and corporate working capital purposes for the next 12 months.

(iii) Currency risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risks as its operations are primarily conducted in Argentina and Chile. Exploration and project investigation costs are primarily denominated in Argentina pesos, Chilean pesos and the US dollar. As the functional and presentation currency is the Canadian dollar, significant changes in these foreign exchange rates would have a direct impact to the Company's other comprehensive loss/income, financial position and cash flow.

The official Argentina currency continued to devalue relative to the Canadian dollar during fiscal 2017 following the lifting of currency controls by the Argentina government in 2015. This Argentina peso devaluation effectively reduced the costs of conducting exploration activities in Argentina. While the

Company has not used any hedging strategies to manage its exposure to currency fluctuations, management strives to minimize currency risks by maintaining most of its cash in U.S. dollars. Based on the Company's net exposures at December 31, 2017, a 10% depreciation or appreciation in the Argentina and Chilean pesos relative to the Canadian dollar would have resulted in an approximate $0.4 million increase or decrease in the Company's net loss, respectively.

17. CAPITAL STRUCTURE MANAGEMENT

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

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

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

18. SUBSEQUENT EVENTS

a) Private placement

On January 3, 2018, the Company completed a private placement totaling 12,500,000 common shares of the Company for gross proceeds of $12.5 million, of which $2.5 million was received from two insiders of the Company. Share issuance costs totaling $0.4 million were paid in relation to the private placement. The net proceeds received by the Company on the private placement totaled $12.1 million, of which $6.5 million in financing proceeds were received as at December 31, 2017, prior to the closing of the private placement on January 3, 2018, and were recorded as Advances on the consolidated statements of financial position.

b) Acquisition of mining concessions from Filo Mining

On January 11, 2018, the Company acquired a 100% interest in certain mining concessions (the "Primary Properties") with an option to acquire a 100% interest in additional mining concessions (the "Additional Properties") located in San Juan Province, Argentina from Filo Mining, a related party, for its Josemaria and the Naciemientos projects in exchange for the following consideration:

- Providing Filo Mining with the right to use its Batidero Camp facility in Argentina for a minimum period of two years, which right is automatically renewed unless terminated upon one year's prior notice;

- Granting a 3% net smelter return ("NSR") royalty on a portion of the mining concessions, 2% of which can be re-purchased by the Company at any time for $2,000,000; and

- Making total cash consideration of US $20,000 by March 31, 2018 with an additional US $39,000 payable upon completion of the transfer of the claims on the Additional Properties. While committed to transferring the claims on the Additional Properties to the Company, Filo Mining has agreed to grant surface access rights to the Company and support any applications made for the use of the surface area on the Additional Properties prior to such transfers being completed.

The Company has agreed to reimburse Filo Mining for costs directly related to the transfer of the mining concessions as contemplated in the agreement.

Corporate Directory

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

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

Registered and Records Office
2200-885 West Georgia St.
Vancouver, British Columbia
Canada, V6C 3E8

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

Auditors - Pricewaterhouse Coopers LLP
Vancouver, British Columbia
Canada

Solicitors - Cassels Brock
Vancouver, British Columbia
Canada

Registrar and Transfer Agent
Computershare Trust Company of Canada
Vancouver, British Columbia
Canada
Phone: (604) 661-9400

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