

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

	<i>Note</i>	September 30, 2019	December 31, 2018
ASSETS			
Current assets:			
Cash		\$ 6,930,175	\$ 255,759
Receivables and other assets		282,039	212,238
		7,212,214	467,997
Non-current assets:			
Mineral properties	<i>6</i>	4,834,143	4,534,990
TOTAL ASSETS		12,046,357	5,002,987
LIABILITIES			
Current liabilities:			
Trade payables and accrued liabilities		415,748	389,125
Non-current liabilities:			
Due to exploration partner	<i>7</i>	321,226	-
TOTAL LIABILITIES		736,974	389,125
SHAREHOLDERS' EQUITY			
Share capital	<i>8</i>	43,053,810	-
Other capital reserves		-	103,167,540
Contributed surplus		314,420	-
Deficit		(41,187,271)	(108,186,386)
Accumulated other comprehensive loss		9,128,424	9,632,708
TOTAL SHAREHOLDERS' EQUITY		11,309,383	4,613,862
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 12,046,357	\$ 5,002,987

Commitments (Note 13)

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

On behalf of the Board:

/s/William A. Rand
Director

/s/Wojtek A. Wodzicki
Director

NGEx Minerals Ltd.
Condensed Interim Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	<i>Note</i>	Three months ended September 30,		Nine months ended September 30,	
		2019	2018	2019	2018
Expenses					
Exploration and project investigation	<i>10</i>	\$ 603,928	\$ 442,793	\$ 2,758,510	\$ 4,222,807
General and administration:					
Salaries and benefits		117,361	104,005	344,472	433,524
Share-based compensation	<i>9c</i>	257,832	53,528	344,895	306,732
Management fees		3,453	26,589	24,173	79,769
Professional fees		40,549	15,809	166,282	98,300
Travel		1,672	6,034	14,705	22,483
Promotion and public relations		6,315	25,611	28,856	111,664
Office and general		53,542	18,569	85,792	111,392
Operating loss		1,084,652	692,938	3,767,685	5,386,671
Other expenses					
Financing costs		6,649	-	6,649	-
Foreign exchange gain		(41,700)	35	(41,756)	(22,485)
Net monetary loss	<i>5</i>	24,553	12,616	25,518	12,616
Net loss		1,074,154	705,589	3,758,096	5,376,802
Other comprehensive loss					
Items that may be reclassified subsequently to net loss:					
Foreign currency translation adjustment		255,266	52,525	373,246	449,828
Impact of hyperinflation	<i>5</i>	174,895	109,499	131,038	109,499
Comprehensive loss		\$ 1,504,315	\$ 867,613	\$ 4,262,380	\$ 5,936,129
Basic and diluted loss per common share					
		\$ 0.01	\$ 0.01	\$ 0.03	\$ 0.04
Weighted average common shares outstanding					
	<i>8</i>	124,793,652	124,793,652	124,793,652	124,793,652

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

NGEx Minerals Ltd.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	<i>Note</i>	2019	Nine months ended September 30, 2018
Cash flows used in operating activities			
Net loss for the period		\$ (3,758,096)	\$ (5,376,802)
Items not involving cash:			
Depreciation		1,781	7,023
Share-based compensation	<i>9c</i>	430,656	413,595
Finance costs		6,649	-
Foreign exchange loss		3,623	-
Net monetary loss		68,392	24,908
Net changes in working capital items:			
Receivables and other		(134,295)	(1,950)
Trade payables and accrued liabilities		116,295	(409,215)
		<u>(3,264,995)</u>	<u>(5,342,441)</u>
Cash flows from financing activities			
Cash received pursuant to the Josemaria Arrangement	<i>2</i>	7,300,000	-
Funding received from Josemaria for operations	<i>2</i>	3,547,819	6,476,751
Payments made on behalf of exploration partner		(6,649)	-
		<u>10,841,170</u>	<u>6,476,751</u>
Cash flows used in investing activities			
Mineral properties and related expenditures		(735,664)	(670,078)
		<u>(735,664)</u>	<u>(670,078)</u>
Effect of exchange rate change on cash		(166,095)	(158,837)
Increase in cash during the year		6,674,416	305,395
Cash, beginning of year		\$ 255,759	\$ 139,109
Cash, end of year		<u>\$ 6,930,175</u>	<u>\$ 444,504</u>

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NGEx Minerals Ltd.
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	<i>Note</i>	Number of Shares	Share Capital	Contributed Surplus	Other Capital Reserves	Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, January 1, 2018		-	\$ -	\$ -	\$ 95,612,132	\$ (101,849,450)	\$ 10,015,652	\$ 3,778,334
Funding and expenses paid by Josemaria		-	-	-	6,483,774	-	-	6,483,774
Share-based compensation		-	-	-	413,595	-	-	413,595
Net loss and other comprehensive loss		-	-	-	-	(5,376,802)	(559,327)	(5,936,129)
Balance, September 30, 2018		-	\$ -	\$ -	\$ 102,509,501	\$ (107,226,252)	\$ 9,456,325	\$ 4,739,574
Balance, January 1, 2019		-	\$ -	\$ -	\$ 103,167,540	\$ (108,186,386)	\$ 9,632,708	\$ 4,613,862
Funding and expenses paid by Josemaria		-	-	-	3,549,600	-	-	3,549,600
Share-based compensation	<i>9c</i>	-	-	314,420	116,236	-	-	430,656
Net cash received and liabilities assumed pursuant to the Josemaria Arrangement	<i>2</i>	-	-	-	6,977,645	-	-	6,977,645
Shares issued pursuant to the Josemaria Arrangement	<i>2 & 8</i>	124,793,652	43,053,810	-	(43,053,810)	-	-	-
Adjustment for shares issued pursuant to with the Josemaria Arrangement	<i>2</i>	-	-	-	(70,757,211)	70,757,211	-	-
Net loss and other comprehensive loss		-	-	-	-	(3,758,096)	(504,284)	(4,262,380)
Balance, September 30, 2019		124,793,652	\$ 43,053,810	\$ 314,420	\$ -	\$ (41,187,271)	\$ 9,128,424	\$ 11,309,383

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

NGEx Minerals Ltd.
Notes to Condensed Interim Consolidated Financial Statements
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1. NATURE OF OPERATIONS

NGEx Minerals Ltd. (the "Company" or "NGEx Minerals") was incorporated on February 21, 2019 under the laws of the Canada Business Corporations Act in connection with a plan of arrangement to reorganize Josemaria Resources Inc. ("Josemaria"), which was completed on July 17, 2019 (see Note 2). The Company's principal business activities are the acquisition, exploration and development of mineral properties located in South America.

The Company's registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada. The Company's common shares commenced trading on the TSX Venture Exchange (the "TSXV") under the symbol "NGEX" on August 20, 2019.

2. PLAN OF ARRANGEMENT

On July 17, 2019, Josemaria completed a plan of arrangement (the "Josemaria Arrangement") pursuant to which Josemaria transferred to the Company:

- cash of \$7,300,000 million;
- its wholly owned subsidiaries that directly or indirectly hold the Los Helados Properties in Chile (the "Los Helados Properties"), the Nacimientos properties in Argentina (the "Nacimientos Properties") and the La Rioja properties in Argentina (the "La Rioja Properties"), including an additional \$238,929 in cash; and
- \$322,355 in liabilities, comprised primarily of a contractual obligation to fund an exploration partners' share of future exploration activities at the La Rioja Properties.

In exchange, the Company issued to Josemaria 124,793,652 common shares of the Company, which Josemaria subsequently distributed to the shareholders of Josemaria as a return of capital.

As the shareholders of Josemaria continued to hold their respective interests in NGEX Minerals, there was no resultant change of control in either the Company, or the underlying assets and business acquired. As such, the Josemaria Arrangement is considered a capital reorganization and is excluded from the scope of IFRS 3, *Business Combinations*.

Under the continuity of interest basis of accounting, the assets and liabilities transferred are recorded at their pre-arrangement carrying values. The statements of comprehensive loss include the allocated expenditures from the business acquired for the period up to July 17, 2019. Accordingly, the exploration expenditures related to the Los Helados Properties, the Nacimientos Properties and La Rioja Properties have been allocated directly from Josemaria and all remaining expenses have been allocated on a pro-rata basis based on the level of investment made in the subsidiaries that directly or indirectly hold the Los Helados Properties, the Nacimientos Properties, and the La Rioja Properties relative to those retained by Josemaria following the Josemaria Arrangement. The carve-out entity did not operate as a separate legal entity and as such, the financial statements do not necessarily reflect what its results of operations, financial position and cash flows would have been had the carve-out entity operated as an independent entity during the periods presented.

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The carrying value of the net assets received pursuant to the Josemaria Arrangement, as at July 17, 2019 are as follows:

Assets:	
Cash	\$ 7,538,929
Receivables and other assets	204,857
Mineral properties	5,227,730
Total assets	12,971,516
Liabilities:	
Trade payables and accrued liabilities	(447,141)
Due to exploration partner	(317,605)
Carrying value of net assets	12,206,770
Accumulated losses	101,604,251
Subtotal	113,811,021
Shares issued pursuant to the Josemaria Arrangement	43,053,810
Adjustment for shares issued in connection with	\$ 70,757,211

An adjustment of \$70,757,211 was made through accumulated deficit to reconcile: i) the carrying values of the net assets contributed and recorded under the continuity of interest basis of accounting, to the fair value of the common shares issued upon closing of the Josemaria Arrangement; and ii) the allocated Josemaria accumulated losses which amounted to \$101,604,251 up to the close of the Josemaria Arrangement.

The consolidated statement of changes in equity includes \$7,300,000 of cash, \$4,750 in accounts payable and accrued liabilities, and \$317,605 in amounts due to an exploration partner, that were transferred by Josemaria to the Company pursuant to the Josemaria Arrangement. Other assets have been reflected in these consolidated financial statements at earlier dates in accordance with the continuity of interest basis of accounting.

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3. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*.

In addition, these condensed interim consolidated financial statements have been prepared on a continuity of interest basis of accounting following the Josemaria Arrangement, which requires that prior to the July 17, 2019 effective date thereof, the assets, liabilities, results of operations and cash flows of NGEx Minerals be on a 'carve-out' basis from the consolidated financial statements and accounting records of Josemaria, in accordance with the financial reporting framework specified in subsection 3.11(6) of National Instrument 52-107, *Acceptable Accounting Principles and Auditing Standards*, for carve-out financial statements.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 27, 2019.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Consolidation

These condensed interim consolidated financial statements of the Company include the following subsidiaries:

<u>Subsidiaries</u>	<u>Jurisdiction</u>	<u>Nature of operations</u>
Suramina Resources Inc.	Canada	Holding company
NGEx Argentina Holdings Inc.	Canada	Holding company
NGEx RioEx Holdings Inc.	Canada	Holding company
Frontera Holdings (Bermuda) I Ltd.	Bermuda	Holding company
Frontera Holdings (Bermuda) II Ltd.	Bermuda	Holding company
Frontera Holdings (Bermuda) III Ltd.	Bermuda	Holding company
Urupampa S.A.	Uruguay	Holding company
RioEx Uruguay S.A.	Uruguay	Holding company
Minera Frontera del Oro SPA.	Chile	Exploration company
Desarrollo de Prospectos Mineros Peruanos S.A.C.	Peru	Exploration Company
Pampa Exploracion S.A.	Argentina	Exploration company
RioEx S.A.	Argentina	Exploration company

The Company consolidates an entity when it has power over that entity, is exposed, or has rights, to variable returns from its involvement with that entity and has the ability to affect those returns through its power over that entity.

All the Company's subsidiaries are wholly-owned and all intercompany balances, transactions, including income and expenses arising from inter-company transactions are eliminated in preparing the condensed interim consolidated financial statements.

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b) Critical accounting estimates and assumptions

The preparation of the condensed interim 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.

Carve-out basis of accounting – The preparation of these condensed interim consolidated financial statements pursuant to the carve-out basis of accounting, as described in Note 2 above, requires the identification and allocation of pre-arrangement assets, liabilities, results from operations and cash flows of Josemaria, which are deemed to be attributable to the Company. As common expenses have been allocated on a pro-rata basis based on the level of investments made during the relevant periods, management is required to make estimates and judgments in performing the allocation.

Valuation of mineral properties – The Company carries the acquisition costs of its mineral properties at cost less any provision for impairment. The Company undertakes periodic reviews of the carrying values of mineral properties and whenever events or changes in circumstances indicate that their carrying values may exceed their fair value. In undertaking these reviews, management of the Company is required to make significant estimates. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties and related expenditures.

Hyper-inflationary accounting – Effective July 1, 2018, Argentina was determined to be a hyper-inflationary economy in accordance with IAS 29, *Financial Reporting in Hyper-inflationary Economies*, and therefore the Company began to account for its Argentine operating subsidiaries using hyper-inflationary accounting at that date. The determination of whether an economy is hyper-inflationary requires the Company to make certain estimates and judgements, such as assessment of historic inflation rates and anticipation of future trends. In addition, the application of hyper-inflationary accounting in accordance with IAS 29 requires the selection and use of price indices to estimate the impact of inflation on the non-monetary assets and liabilities, and results of operations of the Company. The selection of price indices is based on the Company's assessment of various available price indices on the basis of reliability and relevance. Changes in any such estimates may significantly impact the carrying value of those non-monetary assets or liabilities, and results of operations, which are subject to hyper-inflationary adjustments, and the related gains and losses within the consolidated statements of loss and comprehensive loss.

c) Foreign currency translation

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The functional currency of its material subsidiaries, which have operations in Chile and Argentina, is the Chilean peso and the Argentine peso, respectively.

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For the Company's Argentine subsidiaries, which are affected by hyper-inflationary accounting as described in Note 5 below, and uses the Argentine peso as its functional currency, the results and financial position of this subsidiary are translated into the presentation currency using the exchange rate prevailing at the date of the statement of financial position.

The results and financial position of all other subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated using the exchange rate prevailing at the date of that statement of financial position.
- Income, expenses, and other comprehensive income for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- All resulting exchange differences are recognized as a separate component of equity and in other comprehensive income.

d) Mineral properties and exploration expenditure

The Company capitalizes acquisition costs for property rights, including payments for exploration rights and estimated fair value of exploration properties acquired as part of a business acquisition.

Mineral exploration costs and maintenance payments are expensed prior to the determination that a property has economically recoverable ore reserves. 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, all further expenditures for the current year and subsequent years are capitalized as incurred and subsequently amortized on a units of production based on proven and probable reserves of the assets to which they relate.

e) Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units, or "CGU's"). Value in use is determined as the present value of future cash inflows expected to be derived from a CGU using a pre-tax discount rate that reflects the current time value of money and the risks specific to that CGU.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

f) Cash

Cash includes cash on hand and deposits held at financial institutions, including monetary instruments that may be cashed or redeemed within 90 days of purchase.

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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) Share capital

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

i) Share-based compensation

The Company has a share-based compensation plan, whereby it is authorized to grant share options to officers, employees, directors, and other eligible persons. The fair value of the options is measured at the date the options are granted, using the Black-Scholes option-pricing model with assumptions for risk-free interest rates, dividend yields, volatility of the expected market price of the common shares and an expected life of the options. The fair value less estimated forfeitures is charged over the vesting period of the related options as an expense on its financial statements.

j) Provisions

Provisions for restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligations using the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

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k) Segment reporting

As the Company primarily focuses its activity on the exploration and development of mineral properties, its operating and reportable segments are the Los Helados Project, other exploration projects, and the Company's corporate administration function. 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, the chief operating decision-maker for the Company, obtains and reviews operating results of each operating segment on a monthly basis.

l) Hyperinflation

On July 1, 2018, the Company adopted IAS 29, *Financial Reporting in Hyper-Inflationary Economies*, which outlines the use of the hyper-inflationary accounting to consolidate and report its Argentine operating subsidiaries.

The application of hyper-inflationary accounting requires restatement of the Argentine subsidiaries' non-monetary assets and liabilities, shareholders' equity and comprehensive loss items from the transaction date when they were first recognized into the current purchasing power which reflects a price index current at the end of the reporting period before being included in the consolidated financial statements. To measure the impact of inflation on its financial position and results, the Company has elected to use the Wholesale Price Index (Indice de Precios Mayoristas or "IPIM") for periods up to December 31, 2016, and the Retail Price Index (Indice de Precios al Consumidor or "IPC") thereafter. These price indices have been recommended by the Government Board of the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE").

As the consolidated financial statements of the Company have been previously presented in Canadian dollars, a stable currency, the comparative period amounts do not require restatement.

m) Adoption of new accounting policy: leases

On January 1, 2019, the Company adopted IFRS 16, *Leases*, which specifies how leases should be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for almost all leases, unless the lease term is 12 months or less or the underlying asset has a low value, in which case, lease payments are recognized as an expense on a straight-line basis over the lease term or another systematic basis, if deemed more representative.

The Company has adopted IFRS 16 retroactively from January 1, 2019, but has not restated the 2018 comparative periods presented, as permitted under the specific transitional provision in the standard. Accordingly, any adjustments arising from the new lease accounting rules have been recognized in the opening balance sheet on January 1, 2019.

As at January 1, 2019, the Company's only leases had terms less than 12 months, and accordingly, the adoption of IFRS 16 has resulted in no material impact to the Company.

On January 1, 2019, the Company did not have any leases which were previously classified as finance leases under IAS 17.

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In applying IFRS 16 for the first time, the Company used a practical expedient permitted by the standard, which allowed the Company to not reassess whether its contracts are, or contain, a lease at the date of initial application. Instead, pursuant to this practical expedient, for contracts entered into before the transition date, the Company was permitted to rely on its previous assessments made under IAS 17 and IFRIC 4, *Determining Whether an Arrangement Contains a Lease*.

5. HYPERINFLATION

Argentina was designated a hyper-inflationary economy as of July 1, 2018 for accounting purposes.

The Company recognized losses of approximately \$174,895 and \$131,038, respectively, for the three and nine months ended September 30, 2019 (2018: \$109,499 and \$109,499) in relation to the impact of hyperinflation within other comprehensive income, which is primarily the result of devaluation of the Argentine Peso relative to the Canadian dollar during the respective periods.

As a result of changes in the IPC and changes to the Company's net monetary position during the three and nine months ended September 30, 2019, the Company recognized net monetary losses of approximately \$24,553 and \$25,518, respectively during the three and nine months ended September 30, 2019 (2018: \$12,616 and \$12,616) to adjust transactions recorded during the respective periods into a measuring unit current as of September 30, 2019.

The level of the IPC at September 30, 2019 was 253.7 (December 31, 2018: 184.2), which represents an increase of approximately 38% over the IPC at December 31, 2018, and an approximate 16% increase over the average level of the IPC during the nine months ended September 30, 2019.

6. MINERAL PROPERTIES

	Los Helados Project	Nacimientos Properties	Acay Properties	Total
January 1, 2018	\$ 3,909,134	\$ 217,374	\$ 94,331	\$ 4,220,839
Additions	312,382	357,696	-	670,078
Write-off of mineral properties	-	-	(54,861)	(54,861)
Effect of foreign currency translation	(181,352)	(142,445)	(39,470)	(363,267)
Adjustments for impacts of hyperinflation	-	62,201	-	62,201
December 31, 2018	\$ 4,040,164	\$ 494,826	\$ -	\$ 4,534,990
Additions	328,774	406,890	-	735,664
Effect of foreign currency translation	(330,543)	-	-	(330,543)
Adjustments for impacts of hyperinflation	-	(105,968)	-	(105,968)
September 30, 2019	\$ 4,038,395	\$ 795,748	\$ -	\$ 4,834,143

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The Company's primary mineral property assets are the Los Helados Properties and the La Rioja Properties (together, the "Los Helados Project"), which are comprised of adjacent mineral titles in Region III, Chile, and the San Juan Province in Argentina. The Company also holds mineral property interests in the Nacimientos Properties, located in the San Juan Province, Argentina.

Los Helados Project

The Company is the majority partner and operator of the Los Helados Project, which is subject to a Joint Exploration Agreement ("JEA") with its exploration partner, Pan Pacific Copper Co. ("PPC"). The Company holds a 63% interest in the underlying Los Helados Properties, which are located in Region III, Chile, and a 60% interest in the La Rioja Properties, located in the adjacent San Juan Province in Argentina.

The Company has been funding and accounting for 100% of the expenditures related to the Los Helados Project following the election by PPC pursuant to the JEA not to fund its share of expenditures since September 1, 2015. The sole funding of expenditures at the Los Helados Project has resulted in dilution of PPC's interest, and corresponding increases to the Company's interest, resulting in the amounts noted in the preceding paragraph.

Nacimientos Properties

On May 3, 2017, the Company signed an option agreement whereby it can acquire a 100% interest in the Nacimientos Properties located in the San Juan Province, Argentina by making option payments totaling US\$1.65 million in cash over a four-year period ending May 15, 2021 (the "Earn-in Date"). In order to acquire a 100% interest, the Company must also fund at least US\$2.5 million in expenditures on the Nacimientos Properties on or before the Earn-in Date.

As at September 30, 2019, the Company has paid US\$0.6 million in option payments and has satisfied the minimum exploration expenditure requirement. The next option payment is US\$0.4 million, payable in May 2020.

Valle Ancho Properties

On August 29, 2019, the Company entered into an option agreement with the Province of Catamarca, Argentina to earn a 100% interest in the Valle Ancho, Interceptor, Filo del las Vicunas properties (collectively, the "Valle Ancho Properties"), located in Catamarca, Argentina, by making US\$8.2 million in expenditures on the Valle Ancho Properties over a two-year period.

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7. DUE TO EXPLORATION PARTNER

Pursuant to the Josemaria Arrangement, the Company assumed from Josemaria an obligation to fund a partner's share of exploration expenditures related to the La Rioja Properties (the "Obligation"). In accordance with the terms of the JEA between the Company and the partner, PPC, the Company has elected to settle the Obligation through funding PPC's share of exploration expenditures, which remained US\$3.4 million as at September 30, 2019, and has no defined timeline for settlement.

The Company considered the estimated timeframe required to expend the remaining US\$3.4 million on behalf of PPC at the La Rioja Properties and has presented the remaining obligation as a non-current liability, discounted to its present value at an annual effective rate of 8%.

8. SHARE CAPITAL AND OTHER CAPITAL RESERVES

The Company has authorized an unlimited number of voting common shares without par value.

Pursuant to the Josemaria Arrangement, the Company issued 124,793,652 shares in exchange for certain net assets received from Josemaria (see Note 2). The balance of share capital immediately following the close of the Josemaria Arrangement was \$43,053,810. This amount was determined to be the fair market value attributed to the net assets received from Josemaria pursuant the Josemaria Arrangement.

Loss per share information in these condensed interim consolidated financial statements has been presented as if the common shares issued in connection with the closing of the Josemaria Arrangement had been issued and outstanding from the start of all periods presented.

9. SHARE OPTIONS

a) Share option plan

The Company has a share option plan adopted by the Board of Directors on May 7, 2019, which reserves an aggregate of 10% of the issued and outstanding shares of the Company for issuance upon the exercise of options granted. The granting, vesting and terms of the share options are at the discretion of the Board of Directors.

b) Share option outstanding

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

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	Number of shares issuable pursuant to share options	Weighted average exercise price per share
Balance at January 1, 2019	-	\$ -
Options pursuant to Josemaria Arrangement	3,305,000	0.81
Options granted	3,445,000	0.48
Expired or forfeited	(50,000)	0.81
Balance at September 30, 2019	6,700,000	\$ 0.64

Pursuant to the Josemaria Arrangement, 3,305,000 share options were issued to individuals which held issued and outstanding Josemaria share options at closing. In exchange for each Josemaria share option, the holder was issued one fully vested Josemaria replacement options and half of a fully vested option of NGEx Minerals (the "NGEx Options"). The exercise prices assigned to the NGEx Options reflect the allocation of the original exercise price of the original Josemaria share option between the replacement options issued, based on the relative market value of the Company and Josemaria following completion of the Josemaria Arrangement. The exercise prices assigned to the NGEx Options vary between \$0.68 and \$0.93.

On September 26, 2019, the Company granted a total of 3,445,000 share options to officers, employees, directors and other eligible persons at an exercise price of \$0.475 per share.

The Company uses the Black-Scholes option pricing model to estimate the fair value for all options granted and the resulting stock-based compensation. The weighted average assumptions used in this pricing model, and the resulting fair values per option, for the 3,445,000 share options granted during the nine months ended September 30, 2019, are as follows:

(i)	Risk-free interest rate:	1.23%
(ii)	Expected life:	5 years
(iii)	Expected volatility:	59.88%
(iv)	Expected dividends:	nil
(v)	Fair value per option:	\$0.24

The following table details the share options outstanding and exercisable as at September 30, 2019:

Exercise prices	Outstanding options			Exercisable options		
	Options outstanding	Weighted average remaining contractual life (Years)	Weighted average exercise price	Options exercisable	Weighted average remaining contractual life (Years)	Weighted average exercise price
\$0.475	3,445,000	4.99	\$0.48	1,148,334	4.99	\$0.48
\$0.68	1,215,000	4.04	\$0.68	1,215,000	4.04	\$0.68
\$0.85	1,060,000	1.34	\$0.85	1,060,000	1.34	\$0.85
\$0.93	980,000	0.43	\$0.93	980,000	0.43	\$0.93
	<u>6,700,000</u>	3.58	\$0.64	<u>4,403,334</u>	2.84	\$0.72

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c) Share-based compensation

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Exploration and project investigation	56,588	18,735	85,761	106,863
General and administration	257,832	53,528	344,895	306,732
	314,420	72,263	430,656	413,595

For the three and nine months ended September 30, 2019, share-based compensation as presented in the condensed interim consolidated statement of comprehensive loss includes \$nil and \$116,236 (2018: \$72,262 and \$413,595), respectively, recognized pursuant to the continuity of interest accounting, relating to the share options previously granted and vested under Josemaria prior to the Josemaria Arrangement.

10. EXPLORATION AND PROJECT INVESTIGATION

Due to the geographic location of the Company's main mineral property interests, the Company's business activities fluctuate with the seasons, through increased exploration activities during the summer months in South America. As a result, a general recurring trend is the increase in exploration expenditures, and therefore net losses, for the fourth quarter and first quarter of a fiscal year, relative to the second and third quarters.

The Company expensed the following exploration and project investigation costs, all incurred in relation to the Company's mineral properties and operations in South America, for the three and nine months ended September 30, 2019 and 2018:

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Three months ended September 30,		Los Helados Project	Nacimientos Properties	Other	Total
2019	Land holding and access costs	-	3,658	9,585	13,243
	Fuel, camp costs and field supplies	13,362	4,983	17	18,362
	Roadwork, travel and transport	8,632	-	6,593	15,225
	Consultants, geochemistry and geophysics	-	1,499	-	1,499
	Environmental and community relations	158,562	1,601	6,070	166,233
	VAT and other taxes	18,779	7,630	15,863	42,272
	Office, field and administrative salaries, overhead and other administrative costs	171,060	43,170	76,276	290,506
	Share-based compensation	42,536	7,289	6,763	56,588
	Total	412,931	69,830	121,167	603,928
2018	Land holding and access costs	1,486	6,183	11,048	18,717
	Fuel, camp costs and field supplies	18,579	18,253	5,150	41,982
	Roadwork, travel and transport	1,165	8,591	33,172	42,928
	Consultants, geochemistry and geophysics	10,517	-	316	10,833
	Environmental and community relations	88,861	20,088	-	108,949
	VAT and other taxes	7,427	10,393	15,705	33,525
	Office, field and administrative salaries, overhead and other administrative costs	39,120	36,503	91,501	167,124
	Share-based compensation	6,630	7,180	4,925	18,735
	Total	173,785	107,191	161,817	442,793

Note: Costs incurred prior to the completion of the Josemaria Arrangement on July 17, 2019 were carved out from figures previously reported by Josemaria as described in Notes 2 and 3.

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Nine months ended September 30,		Los Helados Project	Nacimientos Properties	Other	Total
2019	Land holding and access costs	802,436	10,011	35,870	848,317
	Fuel, camp costs and field supplies	45,332	40,750	265	86,347
	Roadwork, travel and transport	57,115	76,540	20,623	154,278
	Consultants, geochemistry and geophysics	-	3,893	-	3,893
	Environmental and community relations	484,799	1,968	10,294	497,061
	VAT and other taxes	58,778	51,057	35,302	145,137
	Office, field and administrative salaries, overhead and other administrative costs	591,239	166,014	180,463	937,716
	Share-based compensation	65,448	11,238	9,075	85,761
	Total	2,105,147	361,471	291,892	2,758,510
2018	Land holding and access costs	769,030	25,444	43,961	838,435
	Fuel, camp costs and field supplies	54,438	937,967	21,273	1,013,678
	Roadwork, travel and transport	16,883	359,046	106,625	482,554
	Consultants, geochemistry and geophysics	10,602	321,994	15,829	348,425
	Environmental and community relations	250,054	66,897	10,238	327,189
	VAT and other taxes	21,161	392,519	51,018	464,698
	Office, field and administrative salaries, overhead and other administrative costs	139,752	320,745	180,468	640,965
	Share-based compensation	32,763	62,670	11,430	106,863
	Total	1,294,683	2,487,282	440,842	4,222,807

Note: Costs incurred prior to the completion of the Josemaria Arrangement on July 17, 2019 were carved out from figures previously reported by Josemaria as described in Notes 2 and 3.

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11. RELATED PARTY TRANSACTIONS

Under the normal course of operations, the Company may undertake transactions or hold balances with related parties. Namely, the Company engages with Josemaria and Filo Mining Corp. ("Filo Mining"), related parties by way of directors, officers and shareholders in common.

a) Related party services

The Company has a cost sharing arrangement with Josemaria and Filo Mining. Under the terms of this arrangement, the Company provides management, technical, administrative and/or financial services (collectively, "Management Services") to Josemaria and Filo Mining, and vice versa. These transactions were incurred in the normal course of operations, and are summarized as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Management Services to Josemaria	49,866	6,575	154,274	41,277
Management Services to Filo Mining	202,697	63,983	347,442	319,651
Management Services from Josemaria	(80,506)	-	(80,506)	-
Management Services from Filo Mining	(102,163)	(81,257)	(282,670)	(280,258)

b) Related party balances

The amounts due from (to) related parties, and the components of the consolidated statements of financial position in which they are included, are as follows:

	Related Party	September 30,	December 31,
		2019	2018
Receivables and other assets	Josemaria	35,680	28,289
Receivables and other assets	Filo Mining	74,541	32,614
Accounts payable and accrued liabilities	Josemaria	(83,897)	(4,009)
Accounts payable and accrued liabilities	Filo Mining	(65,292)	(98,428)

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c) Key management compensation

The Company's key management personnel have the authority and responsibility for overseeing, planning, directing and controlling its 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:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Salaries and other payments	29,172	74,074	186,324	326,485
Short-term employee benefits	1,382	5,205	5,051	10,424
Directors fees	24,106	17,234	40,038	51,702
Stock-based compensation	246,423	62,403	322,710	262,629
	301,083	158,916	554,123	651,240

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12. SEGMENTED INFORMATION

The Company is principally engaged in the acquisition, exploration and development of mineral properties in South America. The information regarding mineral properties and exploration and project investigation costs presented in Notes 6 and 10, respectively, represent the manner in which management reviews its business performance. Materially all of the Company's mineral properties and exploration and project investigation costs relate to South America, particularly Chile and Argentina. Materially all of the Company's administrative costs are incurred by the Canadian parent, where materially all of the Company's cash is held in the normal course of business until it is required to be deployed to the Company's South American subsidiaries in support of ongoing and planned work programs.

The following are summaries of the Company's current and non-current assets, current liabilities, and net losses by segment:

		Los Helados Project	Corporate	Other	Total
September 30, 2019	Current assets	112,685	6,625,948	473,581	7,212,214
	Mineral properties	4,038,395	-	795,748	4,834,143
	Total assets	4,151,080	6,625,948	1,269,329	12,046,357
	Current liabilities	56,868	174,860	184,020	415,748
	Due to exploration partner	-	321,226	-	321,226
	Total liabilities	56,868	496,086	184,020	736,974
December 31, 2018	Current assets	210,211	-	257,786	467,997
	Mineral properties	4,040,164	-	494,826	4,534,990
	Total assets	4,250,375	-	752,612	5,002,987
	Current liabilities	167,343	-	221,782	389,125

Note: Balances prior to the completion of the Josemaria Arrangement on July 17, 2019 were carved out from figures previously reported by Josemaria as described in Notes 2 and 3.

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Three months ended September 30,		Los Helados Project	Corporate	Other	Total
2019	Exploration and project investigation	412,931	-	190,997	603,928
	General and administration and other items	8,477	427,218	34,531	470,226
	Net loss	421,408	427,218	225,528	1,074,154
2018	Exploration and project investigation	173,785	-	269,008	442,793
	General and administration and other items	1,761	246,716	14,319	262,796
	Net loss	175,546	246,716	283,327	705,589

Note: Costs incurred prior to the completion of the Josemaria Arrangement on July 17, 2019 were carved out from figures previously reported by Josemaria as described in Notes 2 and 3.

Nine months ended September 30,		Los Helados Project	Corporate	Other	Total
2019	Exploration and project investigation	2,105,147	-	653,363	2,758,510
	General and administration and other items	68,100	886,580	44,906	999,586
	Net loss	2,173,247	886,580	698,269	3,758,096
2018	Exploration and project investigation	1,294,683	-	2,928,124	4,222,807
	General and administration and other items	60,254	1,092,493	1,248	1,153,995
	Net loss	1,354,937	1,092,493	2,929,372	5,376,802

Note: Costs incurred prior to the completion of the Josemaria Arrangement on July 17, 2019 were carved out from figures previously reported by Josemaria as described in Notes 2 and 3.

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13. COMMITMENTS

The Company has a contractual agreement with the owners of the surface rights covering the Los Helados Properties 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\$1.0 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.

In January 2019, the Company paid a land surface access rights payment totaling US\$0.5 million, which has been expensed through the consolidated statement of comprehensive loss.