

**NGEx Minerals Ltd.**  
**(Formerly, “11264796 Canada Inc.”)**

**COMMON SHARES**

*No securities regulatory authority or the TSX Venture Exchange has expressed an opinion about the securities which are the subject of this Listing Application.*

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## 1. Glossary of Terms

In the event of a conflict between a term defined in this glossary and a term defined in the Policy Manual of the TSXV, the TSXV definition will govern.

In this Listing Application, the following capitalized words and terms shall have the following meanings:

<b>Arrangement</b>	The arrangement under section 192 of the CBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of Josemaria.
<b>Arrangement Agreement</b>	The arrangement agreement dated as of April 17, 2019, as amended, including the Schedules appended thereto, as may be supplemented or amended from time to time.
<b>Arrangement Resolution</b>	The special resolution of the Securityholders voting as a single class in respect of the Arrangement to be considered at the Meeting, the full text of which is appended as Schedule "B" hereto.
<b>Audit Committee</b>	The audit committee established by the Spinco Board.
<b>Audit Committee Charter</b>	The charter of the Audit Committee adopted by the Spinco Board.
<b>CBCA</b>	The <i>Canada Business Corporations Act</i> and the regulations made thereunder, as promulgated or amended from time to time.
<b>Circular</b>	The management information circular of Josemaria dated as of May 9, 2019 prepared and sent to the Josemaria Securityholders in connection with the Meeting.
<b>Consideration</b>	The 0.5 Spinco Common Shares that each Josemaria Shareholder will receive for every Josemaria Common Share held by them.
<b>Court</b>	The Supreme Court of British Columbia.
<b>Compensation Committee</b>	The compensation committee established by the Spinco Board.
<b>Corporate Governance and Nominating Committee</b>	The corporate governance and nominating committee established by the Spinco Board.
<b>Director</b>	The director appointed under Section 260 of the CBCA.
<b>Effective Date</b>	The date of certification of the Articles of Arrangement by the Director in accordance with section 192(8) of the CBCA.

<b>Effective Time</b>	12:01 a.m. (Vancouver time) on the Effective Date.
<b>Final Order</b>	The final order of the Court pursuant to section 192(3) of the CBCA, after a hearing upon the fairness of the terms and conditions of the Arrangement, in a form acceptable to Josemaria, approving the Arrangement, as such order may be amended by the Court (with the consent of Josemaria) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to Josemaria) on appeal, and after notice and a hearing at which all Josemaria Securityholders have the right to appear.
<b>IFRS</b>	International Financial Reporting Standards as adopted by the International Accounting Standards Board or a successor entity, as amended from time to time.
<b>In-the-Money Amount</b>	At a particular time with respect to a Josemaria Option, Replacement Josemaria Option, or Spinco Option means the amount, if any, by which the fair market value of the relevant underlying security exceeds the exercise price of the relevant option at the particular time.
<b>Interim Order</b>	The interim order of the Court dated May 9, 2019 containing declarations and directions with respect to the Arrangement and the holding of the Meeting, as such order may be affirmed, amended and modified (provided that any such amendment is acceptable to Josemaria).
<b>Josemaria</b>	Josemaria Resources Inc., formerly NGEx Resources Inc., a company incorporated pursuant to the laws of Canada.
<b>Josemaria Common Shares</b>	The common shares of Josemaria.
<b>Josemaria Options</b>	The stock options issued by Josemaria to acquire Josemaria Common Shares.
<b>Josemaria Optionholder</b>	A holder of unexercised Josemaria Options immediately before the Effective Time.
<b>Josemaria Option Plan</b>	The stock option plan of Josemaria last approved by the Josemaria Shareholders on June 15, 2017.
<b>Josemaría Project</b>	The Josemaría copper-gold porphyry project located in San Juan Province, Argentina.
<b>Josemaría Pre-feasibility Report</b>	The NI 43-101 technical report dated December 14, 2018, titled “NI-43-101 Technical Report, Prefeasibility Study for the Josemaría Copper-Gold Project, San Juan Province, Argentina”, with an effective date of November 20, 2018.
<b>Josemaria Shareholders</b>	The holders of Josemaria Common Shares.

<b>La Rioja Properties</b>	In Argentina, the 4 exploitation licenses (minas), comprising part of the Los Helados Project, which are owned by the Argentine entity RioEx S.A. (a subsidiary of Spinco following completion of the Arrangement).
<b>Los Helados Project</b>	The Los Helados copper-gold porphyry project located approximately 125 kilometres southeast of the City of Copiapo in Region III of Chile, comprised of the MFDO Claims, the La Rioja Properties and the Pampa Claims.
<b>Los Helados Technical Report</b>	The NI 43-101 technical report dated May 31, 2019, prepared by Fionnuala Devine, P. Geo., Giovanni Di Prisco, Ph.D., P. Geo and Gino Zandonai, MSc. (CSM), CP, entitled “Technical Report on the Los Helados Porphyry Copper-Gold Deposit Chile” with an effective date of April 26, 2019.
<b>Meeting</b>	The annual meeting of Josemaria Shareholders and the special meeting of Josemaria Shareholders and Josemaria Optionholders held at 10:00 a.m. (Vancouver time) on June 19, 2019, called and held in accordance with the Interim Order to consider and to vote on the Arrangement Resolution and any other matters set out in the Notice of Meeting.
<b>MFDO Claims</b>	In Chile, the 37 exploitation mining concessions, 109 exploration mining concessions (65 granted and 44 in the process of being granted) and three unilateral and irrevocable options to purchase seven exploitation concessions in the Los Helados area, comprising part of the Los Helados Project, which are owned by the Chilean entity, Minera Frontera del Oro S.C.M. (“MFDO”) (a subsidiary of Spinco following completion of the Arrangement).
<b>Named Executive Officers</b>	Has the meaning ascribed to such term in Form 51-102F6 – <i>Statement of Executive Compensation</i> .
<b>Nasdaq Stockholm</b>	Nasdaq Stockholm AB.
<b>NGEx</b>	means NGEx Resources Inc., prior to its change of name to Josemaria Resources Inc.
<b>NGEx Argentina</b>	NGEx Argentina Holdings Inc., a company incorporated pursuant to the laws of Canada.
<b>NGEx RioEx</b>	NGEx RioEx Holdings Inc., a company incorporated pursuant to the laws of Canada.
<b>NI 43-101</b>	National Instrument 43-101 – <i>Standards of Disclosure for Mineral Projects</i> .
<b>Notice of Meeting</b>	The notice of the Meeting to be sent to the Josemaria Shareholders and Josemaria Optionholders, which notice accompanies the Circular.
<b>Pampa Claims</b>	In Argentina, the two claims comprising part of the Los Helados Project, which are owned by the Argentine entity Pampa Exploracion S.A. (a subsidiary of Spinco following completion of the Arrangement).

<b>Person or person</b>	Is and includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof.
<b>Plan of Arrangement</b>	The Plan of Arrangement appended as Schedule “E” to the Circular, and any amendments or variations thereto made in accordance with the Arrangement Agreement, the Plan of Arrangement or upon the direction of the Court in the Final Order with the consent of Josemaria.
<b>PPC</b>	Pan Pacific Copper Co. Ltd.
<b>Purchase and Sale Agreement</b>	Has the meaning ascribed thereto in the Arrangement Agreement.
<b>QEF</b>	Qualified electing fund.
<b>Regulations</b>	Regulations under the ITA in force on the date hereof.
<b>Replacement Josemaria Options</b>	The stock options of Josemaria that will be granted to Josemaria Optionholders under the Arrangement in exchange for Josemaria Options and will be exercisable for Josemaria Common Shares pursuant to the Josemaria Option Plan.
<b>Securities Legislation</b>	The securities legislation of the provinces and territories of Canada, the securities legislation of Sweden, the U.S. Exchange Act and the U.S. Securities Act, each as now enacted or as amended, and the applicable rules, regulations, rulings, orders, instruments and forms made or promulgated under such statutes, as well as the rules, regulations, by-laws and policies of the TSX, Nasdaq Stockholm, and TSXV.
<b>Securityholders</b>	The Josemaria Shareholders and the Josemaria Optionholders.
<b>SEDAR</b>	System for Electronic Document Analysis and Retrieval at <a href="http://www.sedar.com">www.sedar.com</a> .
<b>Spinco</b>	NGEx Minerals Ltd., formerly, 11264796 Canada Inc., a company incorporated pursuant to the laws of Canada.
<b>Spinco Board</b>	The duly appointed board of directors of Spinco.
<b>Spinco Common Shares</b>	The common shares of Spinco.
<b>Spinco Exploration Property</b>	The mining exploration property located in San Juan Province, Argentina, in which Spinco holds an option to acquire an interest, excluding all mining properties which comprise the Josemaría Project as described in the Josemaría Pre-feasibility Report or the Los Helados Project as described in the Los Helados Technical Report.
<b>Spinco Shareholders</b>	The holders of common shares of Spinco.

<b>Spinco Option Plan</b>	The stock option plan of Spinco to be approved by the Josemaria Shareholders at the Meeting.
<b>Spinco Options</b>	The stock options of Spinco that were granted to Josemaria Optionholders pursuant to the Arrangement in exchange for the Josemaria Options and will be exercisable for Spinco Common Shares pursuant to the Spinco Option Plan.
<b>Suramina</b>	Suramina Resources Inc., a company incorporated pursuant to the laws of Canada.
<b>Tax Act</b>	The <i>Income Tax Act</i> (Canada) and the regulations made thereunder, as promulgated or amended from time to time.
<b>Transfer Agent</b>	Computershare Investor Services Inc. or such other trust company or transfer agent as may be designated by Spinco.
<b>TSX</b>	The Toronto Stock Exchange.
<b>TSXV</b>	The TSX Venture Exchange.
<b>U.S. Exchange Act</b>	The United States <i>Securities Exchange Act of 1934</i> , as amended, and the rules and regulations promulgated from time to time thereunder.
<b>U.S. Holder</b>	A beneficial owner of Josemaria Common Shares or Spinco Common Shares that is: <ol style="list-style-type: none"> <li>1. a citizen or individual resident of the U.S.,</li> <li>2. a corporation (or an entity classified as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S. or any political subdivision thereof,</li> <li>3. an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or</li> <li>4. a trust if (A) a U.S. court is able to exercise primary supervision over its administration and one or more U.S. persons, within the meaning of section 7701(a)(30) of the U.S. Tax Code, have authority to control all of its substantial decisions or (B) it has properly elected under applicable U.S. Treasury regulations to be treated as a U.S. person.</li> </ol>
<b>U.S. Josemaria Shareholders</b>	Persons in or subject to the securities laws of the United States who are issued Spinco Common Shares.
<b>U.S. Securities Act</b>	The United States <i>Securities Act of 1933</i> , as amended, and the rules and regulations promulgated from time to time thereunder.
<b>U.S. Securities Laws</b>	The U.S. Securities Act, the U.S. Exchange Act, and all other federal and state securities Laws, rules, regulations and orders promulgated thereunder, in each case as now in effect and as they may be promulgated or amended from time to time.
<b>U.S. Tax Code</b>	The Internal Revenue Code of 1986.
<b>Valuation Factor</b>	0.657

## 2. Summary

*The following is a summary of the principal features of this Listing Application and should be read together with the more detailed information and financial data and statements contained elsewhere in this Listing Application.*

*Unless otherwise indicated, all currency amounts are stated in Canadian dollars.*

### Description of Business

On July 17, 2019, Spinco was spun out from Josemaria, pursuant to the Plan of Arrangement. Following completion of the Arrangement, Spinco holds approximately \$7.3 million in cash consideration and all of the outstanding shares of Suramina Resources, which holds (through its subsidiaries) an indirect approximate 63% interest in the MFDO Claims comprising part of the Los Helados Project (with PPC holding the remaining 37% interest pursuant to a joint exploration agreement), all of the outstanding shares of NGEx Argentina which holds (through its subsidiaries) an option to acquire an interest in the Spinco Exploration Property, an indirect 100% interest in the Pampa Claims comprising part of the Los Helados Project and all of the outstanding shares of NGEx RioEx, which holds (through its subsidiaries) an indirect 60% interest in the La Rioja Properties comprising part of the Los Helados Project (with PPC holding the remaining 40% interest pursuant to a joint exploration agreement). See “4. Description of the Business – Los Helados Project – Exploration” below for information on Spinco’s proposed exploration program on the Los Helados Project.

### Common Shares

Spinco is seeking to list Spinco Shares on the TSXV. The authorized capital of Spinco consists of an unlimited number of common shares. As of the date of this Listing Application, there are 124,793,652 Spinco Common Shares outstanding and 3,255,000 Spinco Common Shares reserved for issuance on exercise of Spinco Options.

Following the Arrangement, each Josemaria Option that was outstanding immediately before the Effective Time, which had not been duly exercised or cancelled, was deemed to have been exchanged for one Replacement Josemaria Option and one-half of one fully-vested Spinco Option. Each whole Spinco Option entitles the holder thereof to purchase from Spinco one Spinco Common Share.

The following Spinco Options were issued and outstanding under the Spinco Option Plan as of the date of this Listing Application:

Number of Spinco Options	Exercise Price (1)	Expiry Date
1,215,000	0.69	February 25, 2024
1,060,000	0.85	February 26, 2021
980,000	0.94	February 23, 2020

Note:

(1) Subject to adjustment in accordance with the Plan of Arrangement. The exercise prices of each Replacement Josemaria Option and each Spinco Option issued pursuant to the Arrangement shall be and be deemed to be automatically adjusted such that the aggregate In-the-Money Amounts thereof does not exceed the In-the-Money Amount of the exchanged Josemaria Option determined immediately before the exchange, with the intention that subsection 7(1.4) of the Tax Act will apply to each exchange.

No other stock options have been granted under the Spinco Option Plan or otherwise since incorporation. As the date hereof, there is no current market for the Spinco Common Shares. As such,

the market value of the Spinco Common Shares underlying the Spinco Options has not been determined. The exercise prices of the Spinco Options are subject to adjustment in accordance with the Plan of Arrangement, such that the In-The-Money Amounts of the Replacement Josemaria Options and the Spinco Options does not exceed that of the Josemaria Options exchanged pursuant to the Plan of Arrangement.

### **The Arrangement**

The Securityholders, voting as a single class, approved the Arrangement Resolution on June 19, 2019, thereby approving the Arrangement, involving Josemaria, the Josemaria Shareholders and Spinco.

Pursuant to the Arrangement, Josemaria transferred \$7.3 million in cash consideration and all of the outstanding shares of Suramina Resources, which holds (through its subsidiaries) an indirect approximate 63% interest in the MFDO Claims comprising part of the Los Helados Project (with PPC holding the remaining 37% interest pursuant to a joint exploration agreement), all of the outstanding shares of NGEx Argentina, which holds (through its subsidiaries) an option to acquire an interest in the Spinco Exploration Property, an indirect 100% interest in the Pampa Claims comprising part of the Los Helados Project and all of the outstanding shares of NGEx RioEx, which holds (through its subsidiaries) an indirect 60% interest in the La Rioja Properties comprising part of the Los Helados Project (with PPC holding the remaining 40% interest pursuant to a joint exploration agreement), to Spinco in exchange for a specified number of Spinco Common Shares, which number of Spinco Common Shares was equal to 0.5 of the number of Josemaria Common Shares outstanding at the Effective Time on a non-diluted basis. Following the Arrangement, the outstanding Spinco Common Shares consist of the Spinco Common Shares issued to Josemaria as described in the preceding sentence, immediately prior to the Effective Time.

The Arrangement involved certain steps resulting in the Josemaria Shareholders (other than dissenting Josemaria Shareholders) at the Effective Time being entitled to receive one Spinco Common Share for every two (2) Josemaria Common Shares held as at the Effective Time. Immediately following completion of the Arrangement, the Josemaria Shareholders continue to hold their Josemaria Common Shares and will also hold Spinco Common Shares.

Josemaria Optionholders will receive a fully-vested Josemaria Replacement Option and 0.5 of one fully-vested Spinco Option, and the exercise prices for the Josemaria Replacement Options and the Spinco Options will be adjusted to reflect the relative value of the shares.

In addition, pursuant to the Arrangement, Josemaria changed its name from “NGEx Resources Inc.” to “Josemaria Resources Inc.”

### *Pro forma Use of Funds and Business Objectives*

Josemaria holds the Josemaría Project and will focus on advancing to the next stage in its development by completing a feasibility study. Spinco is expected to focus on advancing the Los Helados Project and early stage exploration projects. In connection with the Arrangement, Josemaria transferred \$7.3 million in cash consideration to Spinco, which now holds the Los Helados Project and the Spinco Exploration Property. Spinco intends to initially concentrate its activities on reviewing development options for the Los Helados Project, exploring the Spinco Exploration Property and on the future acquisition of exploration and development assets in South America and elsewhere.

## SPINCO SELECTED PRO FORMA FINANCIAL INFORMATION

The following table sets out selected *pro forma* financial information in respect of Spinco as at March 31, 2019 as if the Arrangement had been completed as of March 31, 2019 and should be considered in conjunction with the more complete information contained in the *pro forma* balance sheet of Spinco appended as Schedule “D”. All currency amounts are stated in Canadian dollars.

	March 31, 2019
Current assets	7,678,198
Mineral property interests	4,842,042
Total assets	12,520,240
Total liabilities	792,985
Total shareholders’ equity	11,727,255

The following table sets out selected *pro forma* financial information in respect of Spinco for the year ended December 31, 2018 and for the three months ended March 31, 2019 as if the Arrangement had been completed as of January 1, 2018 and should be read in conjunction with the more complete information provided in the *pro forma* consolidated statement of comprehensive loss of Spinco appended as Schedule “D”. All currency amounts are stated in Canadian dollars.

	Year Ended December 31, 2018	Three Months Ended March 31, 2019
Operating Loss	6,302,487	1,713,004
Net Loss	6,341,686	1,706,985
Net Comprehensive Loss	6,724,628	1,761,284
Loss per Share (basic and diluted)	0.05	0.01

### RISK FACTORS

The securities of Spinco should be considered highly speculative investments and the transactions contemplated herein should be considered of a high-risk nature.

There are risks associated with the Arrangement that should be considered by Securityholders, including (i) market reaction to the Arrangement and the future trading prices of the Josemaria Common Shares and of the Spinco Common Shares, if listed, cannot be predicted; (ii) the transactions may give rise to significant adverse tax consequences to Josemaria Shareholders and each Josemaria Shareholder is urged to consult his or her own tax advisor; (iii) uncertainty as to whether the Arrangement will have a positive impact on the entities involved in the transactions; (iv) there is no assurance that the Spinco Common Shares will be listed on a stock exchange; (v) other risks associated with Spinco as described in greater detail elsewhere in this Listing Application; (vi) the need for additional capital by Spinco, through financings and the risk that such funds may not be raised; (vii) the speculative nature of exploration and the stage of the Los Helados Project; (viii) the effect of changes in commodity prices; (ix) risks that development will not be acceptable for social, environmental, or other reasons; (x) reliance on management; and (xi) the potential for conflicts of interest.

See “21. Risk Factors.”

### 3. Corporate Structure

Spinco was incorporated under the CBCA on February 21, 2019 for the purposes of the Arrangement. Spinco is currently a private company and prior to completion of the Arrangement, was a wholly-owned subsidiary of Josemaria. Prior to completion of the Arrangement, in anticipation of becoming a reporting

issuer, Josemaria as the sole shareholder of Spinco, approved certain amendments to its bylaws which reflect the requirements applicable to public companies, such as audit committees, and also an advance notice provision with respect to the election of directors. No other material amendments have been made to Spinco’s articles or other constating documents since its incorporation.

Spinco’s head and principal business address are all located at Suite 2000, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8. Spinco’s registered office address is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

## INTERCORPORATE RELATIONSHIPS

Following completion of the Arrangement, Spinco currently has the following subsidiaries:



Note: Unless otherwise indicated, ownership is 100%.

(1) In connection with the ownership, 0.01% is held by Pablo Mir Balmaceda in trust.

## 4. Description of the Business

After completion of the Arrangement, Spinco owns the Los Helados Project and the Spinco Exploration Property, through certain subsidiaries, as set out in the chart above. Spinco intends to operate as a junior resource exploration company in the business of advancing its Los Helados Project and early stage exploration properties in Chile and Argentina. See “Los Helados Project - Recommendations” below for information on Spinco’s proposed exploration program on the Los Helados Project.

## GENERAL DEVELOPMENT OF THE BUSINESS – THREE YEAR HISTORY

Spinco was incorporated on February 21, 2019 and has had no business operations to date.

## SIGNIFICANT ACQUISITIONS AND DISPOSITIONS

Spinco has not completed a financial year. The future operating results and financial position of Spinco cannot be predicted.

## **TRENDS**

Management is not aware of any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on Spinco's business, financial condition or results of operations as at the date of this Listing Application, except as otherwise disclosed herein or except in the ordinary course of business.

## **LOS HELADOS PROJECT, CHILE AND ARGENTINA**

Spinco's only material property is the Los Helados Project for which disclosure is provided below.

The following disclosure regarding the Los Helados Project is derived from the Los Helados Technical Report. The Los Helados Technical Report is available under Spinco's profile on SEDAR [www.sedar.com](http://www.sedar.com). The Los Helados Technical Report was originally prepared for Josemaria and was updated and re-addressed to Spinco in connection with the Arrangement. The Los Helados Technical Report is an independently prepared technical report. Each of the qualified persons that prepared the Los Helados Technical Report is independent of Spinco as defined in National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

Bob Carmichael, Vice President Exploration of Josemaria, is a qualified person for the purposes of NI 43-101, and has reviewed and approved the scientific and technical information contained herein related to the Los Helados Project.

For the purposes of this section of the Listing Application, NGEx parent and subsidiary companies are referred to interchangeably as "NGEx".

### **Introduction**

The Los Helados Technical Report was prepared in connection with this Listing Application and the Arrangement, whereby Spinco acquired from NGEx a 100% interest in the entities that held NGEx's interest in the Los Helados Project and, in exchange, NGEx received the Spinco Common Shares, which it has distributed to its shareholders of record July 24, 2019 and to its shareholders who hold their shares through Euroclear Sweden as of July 26, 2019, in accordance with the Arrangement.

### **Project Location**

The Los Helados Project is located in Chile 135 km southeast of the city of Copiapó. The deposit is centred at 28.3408° S, 69.5857° W. The Los Helados Project is comprised of claims in Chile owned by NGEx's Chilean subsidiary, Minera Frontera del Oro S.C.M (defined as the MFDO Claims), and claims in Argentina owned by its Argentine subsidiaries Rioex S.A. (defined as the La Rioja Properties) and Pampa Exploracion S.A. (defined as the Pampa Claims).

### **Ownership**

NGEx holds an indirect approximately 63% interest in the MFDO Claims, a 60% interest in the La Rioja Properties and a 100% interest in the Pampa Claims. The MFDO Claims and the La Rioja Properties are subject to a joint exploration agreement with PPC, which holds the remaining approximately 37% and 40% respective interests.

NGEx acts as the operator of the Los Helados Project and both parties are required to contribute their pro-rata share of expenditures or dilute their interest in the project. PPC has not been contributing to project expenditures on the MFDO Claims since 2015 and as a result the PPC interest is being diluted.

### **Mineral Tenure and Surface Rights**

In Chile, NGEx is the holder of 37 exploitation mining concessions, 97 exploration mining concessions (53 granted and 44 in the process of being granted) and three unilateral and irrevocable options to purchase seven exploitation concessions in the Los Helados area (defined as the MFDO Claims). The total area covered by the titles, including overlapping claims, is approximately 31,428 ha. Total area excluding overlapping claims is 20,930 ha. of which 5,628 ha are covered by exploitation concessions. The mineral resource is located on these exploitation concessions, entirely within Chile.

Surface land rights in the area of the Los Helados are held by a local community “Comunidad Civil Ex Estancia Pulido”. NGEx has an agreement (the “**Pulido Agreement**”) dated August 25, 2016 that provides for surface access and occupation and to conduct exploration and exploitation activities including construction and operation of a mine in return for annual payments and bullet payments on achievement of certain project milestones as well as a 0.6% Net Profits Royalty.

NGEx also has in place two additional agreements with property owners providing for easements to allow transportation along roads which transect the properties.

In Argentina, NGEx owns five exploitation licenses (minas) in La Rioja Province and one in San Juan Province. Concessions held by NGEx total approximately 4,255 hectares. None of the Mineral Resource occurs in Argentina. The La Rioja Properties are located in the Iglesias Department of the Province of La Rioja, in the area called “Usos Múltiples”.

### **Agreements**

The MFDO Claims include three separate option agreements for small claim groups within the overall property perimeter in Chile and a joint exploration agreement with PPC.

### **Royalties**

The Government of Chile levies a mining tax that is a tax on operational mining income, applied on a sliding-scale rate basis of between 5% and 14% depending on operating margins. In addition, the Pulido Agreement includes a 0.6% Net Profits Interest royalty.

The properties Potro I, Potro II and Potro III (part of the La Rioja Properties) and Nacimientos I (part of the Pampa Claims) are subject to payment of USD2.0M on beginning of production and a Net Smelting Return royalty of 0.5% of the amount of the project benefits over 10 years, less costs. There are no mineral resources on any of the La Rioja Properties or the Pampa Claims.

### **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

The Los Helados Project is located in Chile and Argentina, in the Andes Mountains, straddling the Chile–Argentina border. The deposit itself is entirely within Chile. Elevations range from approximately 3,000 m to 5,300 m at the international boundary. Topography is quite rugged on the Chilean (western) slope of the mountains, and more subdued on the Argentine (eastern) slope which is typically comprised of broad, flat-bottomed valleys with moderately steep slopes.

Access to the Los Helados Project is from Copiapó, a driving distance of about 170 km, or three hours.

The climate in the Los Helados Project area is dry to arid and the temperatures are moderate to cold. Annual precipitation is about 250 mm, with snow at higher altitudes in the winter. Exploration fieldwork is generally possible from mid-October to early May. It is anticipated that mining operations could be conducted year-round.

The most important logistics centre in the region is Copiapó. Copiapó has a population of approximately 150,000 people, an airport with daily scheduled flights to Santiago and Antofagasta, and companies that offer mining and exploration services.

## **History**

There is no record of significant exploration activity at Los Helados prior to NGE's interest. There are no historical Mineral Resource estimates, and no reported production from the area. The Los Helados deposit was discovered by NGE in 2008.

## **Geological Setting and Mineralization**

Based on geological features and location, the Los Helados deposit is classified as a porphyry Cu-Au system.

Mineralization at Los Helados is primarily hosted by a Miocene magmatic-hydrothermal breccia that forms a roughly circular, pipe-like body with minimum dimensions of 1,100 m east-west, 1,200 m north-south, and at least 1,500 m vertically. The breccia formed during intrusion of a mid-Miocene dacitic porphyry intrusive system, and developed in the cupola zone of an intermineral porphyry intrusion. A broad halo of moderate to low grade Cu-Au mineralization surrounds the breccia, which diminishes in grade with increasing distance from the breccia contact. The breccia limits have been established by drilling to the west, east and south; however, the northern limit of the breccia body has not yet been defined. The system also remains open at depth, and the lateral extent of the breccia at depth is poorly constrained by the current drilling.

Four mineral zones are recognized within the deposit based on sulphide occurrence. In order of increasing depth, the zones are: pyrite only, pyrite>chalcopyrite, chalcopyrite>pyrite and chalcopyrite only. This sulphide zoning sequence reflects a progressive downward increase in the amount of chalcopyrite relative to pyrite.

Recent internal NGE studies have suggested the presence of a discrete, higher-grade breccia phase occurring along the western and southwestern margins of the magmatic-hydrothermal breccia. This high-grade breccia zone has not been fully delineated, and remains open for further extension.

## **Exploration**

Work programs conducted by NGE include geological mapping; soil, rock-chip and talus sampling; a number of geophysical surveys including induced polarization (IP)-resistivity, magnetometer, and Mount Isa Mine's Distributed Acquisition System methodology (MIMDAS) surveys; reverse circulation (RC) and core drilling, and Mineral Resource estimation. A number of environmental baseline studies have been undertaken.

## **Drilling**

Eight drilling campaigns have been carried out at the Los Helados deposit, from 2006 to 2015. No drilling was conducted during the 2013–2014 season or subsequent to 2015. Drilling to date totals 75,634 m in 88 drill holes, of which five holes (1,366 m) are RC and 83 holes (74,268 m) are core. The core drilling produced 33,936 m of NQ (47.6 mm diameter) core and 40,332 m of HQ size (63.5 mm) core. Three of the core holes were drilled for geotechnical information and have been maintained as whole core (i.e. not sampled for assay).

Core was photographed, logged for detailed lithology, alteration and mineralization features, and RQD and recovery data were collected. Several of the drill holes were also logged for geotechnical information.

Core recovery data were not systematically collected on holes drilled before the 2010–2011 campaign. Core recovery from holes drilled at Los Helados between 2011 and 2015 (representing 78% of the total drill metres) averages 97%.

Collar locations were surveyed using a differential global positioning system instrument. Down-hole surveys were carried out at 50 m intervals on average, using a Reflex multi-shot instrument up to the 2011–2012 drilling campaign. Starting with the 2012–2013 drilling, an SRG-gyroscope survey was completed for each drill hole by Comprobe Limitada. On average, measurements were collected at 30 m intervals down the hole.

Drill hole orientations are generally appropriate for the mineralization style. The Los Helados deposit is a porphyry system with disseminated mineralization. Reported and described interval thicknesses are considered true thicknesses.

## **Sampling and Analysis**

Drill holes were typically sampled on 2 m intervals.

A total of 25,158 core samples were systematically measured for specific gravity at Los Helados, beginning with the 2010–2011 drilling program. SG was measured by NGen technicians using the water immersion method.

Prior to 2009, ALS Chemex (ALS) in Chile was used as the primary analytical laboratory and the analytical package used was a 27-element inductively-coupled plasma atomic emission spectrometry method (ICP-AES) following a four-acid digestion, Au fire-assay atomic absorption (AA) finish and trace mercury by cold vapor/AA.

Beginning in 2009, all samples were analyzed by ACME Analytical Laboratories Ltd. (ACME) in Santiago, Chile following sample preparation at ACME's sample preparation laboratory in Copiapo, Chile.

Sample preparation for core from the Los Helados deposit included drying, crushing to better than 85% passing 10 mesh and pulverizing to 95% passing 200 mesh. Sample digestion was done by a multi-acid attack. Gold was determined by fire assay with an atomic absorption spectroscopy (AAS) finish based on a 30 g sample. A suite of 37 elements, including Cu, was determined by ICP-emission spectroscopy (ES) analyses. Samples analyzed before the 2010–2011 campaign had Cu re-assayed by AAS only if the ICP result exceeded the detection upper limit of 10,000 ppm. Beginning in 2010–2011, all samples with copper grades over 5,000 ppm Cu were re-assayed by AAS. Starting in 2011–2012, Cu determinations in

all samples were done by both ICP and AAS. Mercury concentration was determined by cold vapour/AA in all samples up to 2010–2011.

Prior to 2009, quality control was limited to the preparation and analysis of field duplicates from the drill samples.

A rigorous quality control (QC) protocol was implemented in 2009–2010, beginning with drill hole LHDH05, and has been followed since then with minor variations. Quality assurance and quality control (QA/QC) includes insertion of standard reference materials (SRMs), coarse blank samples and duplicate samples. A set of 522 pulps, representing 3.5% of total samples for the 2012–2013 drilling campaign at Los Helados, were selected for a second analysis round at ALS in Chile.

### **Data Verification**

Data verification has been conducted by independent consultants in support of various technical reports on the Project, including by the current Qualified Persons. This work has included field visits (drill collar monumenting; location checks for selected drill collars); witness sampling; QA/QC data reviews; spot checks of the assay database against assay certificates; reviews of the lithology and alteration information in drill core against drill logs; reviews of collar elevations in the database against collar elevations in the digital elevation model provided by NGEx; downhole survey deviation reviews; reviews of QA/QC data including standard, blank and duplicate sample performances; and a review of check sampling on pulps completed by a check laboratory.

A reasonable level of verification has been completed during the work conducted to date, and no material issues have been identified from the verification programs undertaken. The data verification programs undertaken on the data collected from the Project conclude that the data adequately reflect deposit dimensions, true widths of mineralization, and the style of the deposit, and adequately support the geological interpretations, and the analytical and database quality.

### **Metallurgical Testwork**

A two-phase metallurgical test work program was conducted at SGS Minerals S.A. (SGS) laboratories in Santiago, Chile under the supervision of Amec Foster Wheeler. Vendor testing was also conducted by Thyssenkrupp on selected samples from the Los Helados deposit.

The main activities completed during the metallurgical test program carried out were:

- Sample selection for the metallurgical test programs
- Chemical characterization including mineralogical analysis
- Physical characterization
- Gold recovery using gravity processing techniques
- Copper, gold and silver recovery using conventional sulphide flotation practices
- Settling testwork

No deleterious elements were noted in the concentrates produced from the testwork completed on Los Helados mineralization. The concentrates are considered to be marketable without incurring penalties for deleterious elements.

## **Mineral Resource Estimates**

The Mineral Resource estimate at Los Helados is unchanged from the previous technical report, and is supported by 74 drill holes (five RC and 69 core), and 35,629 assay results.

A two-dimensional (2D) geological interpretation based on logged data was completed by NGEx geologists on east–west oriented sections spaced 100 m apart. Two-dimensional lines were then exported from GEMS and imported into the Leapfrog geological modelling software and the final three-dimensional (3D) wireframe solids were constructed.

Statistical analyses were performed for Cu, Au, Ag, Mo, S, Fe and As and SG.

The drill hole assays were composited to 2 m intervals. Depending on the domain, copper grade caps at Los Helados ranged from 2–3%, though most domains were not capped. Gold was capped at 2 g/t Au and Ag at 20 g/t Ag.

Ordinary kriging (OK) and inverse distance squared (ID2) weighting interpolation was done in a single pass. All elements (Cu, Au, Ag, Mo, As, S and Fe) were interpolated using OK.

Model validation was carried out using visual comparison of blocks and sample grades in plan and section views; statistical comparison of the block and composite grade distributions; and swath plots to compare OK, ID2 and NN estimates.

The classification of the Mineral Resources was done as a two-step process. An initial step which considered the geostatistical analysis of Cu grades in the deposit was modified by a final revision to ensure consistency in the classification.

In order to evaluate the potential for reasonable prospects of eventual economic extraction block cave shapes were generated for Los Helados by using different diluted copper equivalent (CuEq) cutoff grades and calculating a conceptual NPV for each shape.

A CuEq grade was calculated using US\$3.00/lb Cu, US\$1,300/oz Au and US\$23/oz Ag, and includes a provision for selling costs and metallurgical recoveries corresponding to the three metallurgical zones defined by depth below surface. The base-case diluted cutoff grade of 0.33% CuEq was determined as the lowest cutoff grade which produced a positive NPV, and the base case Mineral Resource estimate is the sum of all the blocks within this block cave.

## **Mineral Resource Statement**

The Mineral Resource estimate for Los Helados, assuming block cave underground mining methods, is reported using the 2014 CIM Definition Standards. Indicated and Inferred classifications only have been estimated; no Measured Mineral Resources were classified.

The Mineral Resource estimate was prepared by Mr. Gino Zandonai, RM CMC and has an effective date of April 26, 2019.

Mineral Resource estimate at the base case cutoff grade of 0.33% CuEq is included in the following table. This table also shows the sensitivity of the resource to different cutoff grades. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Mineral Resource Estimate for Los Helados  
(base case is highlighted)

Los Helados Indicated Mineral Resource								
Cutoff (CuEq)	Tonnage (million tonnes)	Resource Grade				Contained Metal		
		Cu (%)	Au (g/t)	Ag (g/t)	CuEq (%)	Cu (billion lbs)	Au (million oz)	Ag (million oz)
0.58	531	0.50	0.21	1.66	0.65	5.9	3.6	28.3
0.50	981	0.45	0.18	1.56	0.58	9.7	5.7	49.2
0.44	1,395	0.42	0.16	1.52	0.54	12.9	7.2	68.2
0.40	1,733	0.40	0.15	1.45	0.51	15.3	8.4	80.8
0.33	2,099	0.38	0.15	1.37	0.48	17.6	10.1	92.5

  

Los Helados Inferred Mineral Resource								
Cutoff (CuEq)	Tonnage (million tonnes)	Resource Grade				Contained Metal		
		Cu (%)	Au (g/t)	Ag (g/t)	CuEq (%)	Cu (billion lbs)	Au (million oz)	Ag (million oz)
0.58	There are no Inferred Mineral Resources inside the mining shape at this cutoff grade							
0.50	41	0.41	0.13	1.78	0.51	0.4	0.2	2.3
0.44	176	0.37	0.11	1.61	0.45	1.4	0.6	9.1
0.40	399	0.35	0.10	1.47	0.43	3.1	1.3	18.9
0.33	827	0.32	0.10	1.32	0.39	5.8	2.7	35.1

Notes to accompany Los Helados Mineral Resource table:

- (1) Mineral Resources estimate has an effective date of April 26, 2019. The Qualified Person for the estimate is Mr. Gino Zandonai, RM CMC.
- (2) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability
- (3) Mineral Resources are reported using a copper equivalent (CuEq) cutoff grade. Copper equivalent is calculated using US\$3.00/lb copper, US\$1,300/oz gold and US\$23/oz Ag, and includes a provision for selling costs and metallurgical recoveries corresponding to three zones defined by depth below surface. The formulas used are:  $CuEq\% = Cu\% + 0.6264 * Au (g/t) + 0.0047 * Ag (g/t)$  for the Upper Zone (surface to ~ 250 m);  $Cu\% + 0.6366 * Au (g/t) + 0.0077 * Ag (g/t)$  for the Intermediate Zone (~250 m to ~600 m);  $Cu\% + 0.6337 * Au (g/t) + 0.0096 * Ag (g/t)$  for the Deep Zone (> ~600 m)
- (4) Cutoff grades refer to diluted cutoff grades used to generate the corresponding block cave shapes. For each cutoff grade, the tonnes and grade represent the total Indicated or Inferred undiluted material within each of these shapes.
- (5) Mineral Resources are reported within block cave underground mining shapes based on diluted CuEq grades, US\$13.07/t operating costs and include a provision for capital expenditure. The base case cutoff grade of 0.33% CuEq was derived through an economic evaluation of several block cave shapes developed over a range of different cutoff grades and is the cutoff grade which results in a zero net present value
- (6) Totals may not sum due to rounding as required by reporting guidelines

## Recommendations

The Los Helados Technical Report indicates that Los Helados is a significant copper-gold-silver deposit that warrants additional work to continue to de-risk it through additional engineering studies. The Los Helados Technical Report recommends that work should proceed in two phases, leading to the completion of a revised standalone PEA study.

The Phase 1 recommended work program comprises updating the mineral resource and investigating options and trade off studies for mine planning.

Assays from drill hole LHDH072, completed in 2015 are available, but have not been incorporated into the current mineral resource. Additional geological studies have also resulted in a slight revision to the

geological interpretation. The Los Helados Technical Report recommends that the mineral resource be updated to incorporate these changes.

Following the resource update, continuation and refinement of the mine planning exercises completed as part of the standalone and Project Constellation PEA's are recommended to be undertaken, with the goal of these studies to investigate alternate mining methods, such as sub-level caving, which could potentially reduce the up-front capital expenditure requirements and shorten the lead time to production.

A second phase of work is recommended, which involves updating the previous Los Helados stand alone PEA to incorporate the updated resource model and mine planning work, including various project optimizations from the Los Helados portion of Project Constellation.

It is further recommended that the information be incorporated into a stand-alone PEA document. The table below summarizes the costs to complete Phases 1 and 2 of the recommendations.

### Recommendations Costs

Program Phase	Area	Estimated Costs (US\$ x 1,000)
<b>Phase 1</b>		
	Resource Update	70
	Mine Planning Studies	130
	<i>Subtotal</i>	<i>200</i>
<b>Phase 2</b>		
	Mine Design & Production Schedule Optimization	250
	Infrastructure	100
	Environmental Studies and Field Work	250
	Study Management and Reporting	200
	<i>Subtotal</i>	<i>800</i>
<b>Total</b>		<b>1,000</b>

### NACIMIENTOS PROPERTY

The Nacimientos property is located in San Juan Province, Argentina. This property is located 190 km south of the Los Helados Project and consists of several claims acquired through an option agreement in May 2017 and through staking subsequent to completion of the agreement. Option payments total US\$ 1.65 million through May 2021, with US\$600 thousand paid to date, and US\$1.05 million pending (discretionary).

Work done on the property by Josemaria includes surface mapping, geophysical surveys and completion of three diamond drill holes totalling 819 metres, all during the 2017/2018 field season. A short program of prospecting and targeted geological mapping was completed during the 2018/2019 field season. Budgeted expenditures for 2018/2019 (September 1 to August 31) for the Nacimientos property total \$705 thousand out of total corporate budget of \$19.3 million (3.7%), and actual expenditures to the end of May were \$ 583 thousand out of a total of \$23.6 million or 2.5%, including \$307 thousand in property maintenance payments. Currently, there are no plans to complete any additional fieldwork at the Nacimientos property.

Spinco does not consider the Nacimientos property to be material, as the cumulative and projected costs are not significant compared to the Los Helados Project and Spinco is not raising significant money or devoting significant resources to the exploration and development of the Nacimientos property. Spinco intends to look for a partner to move the Nacimientos project forward and there will be minimum funds earmarked for it in the Spinco budget. The next option payment on the Nacimientos property is due in May 2020 and, depending on progress towards attracting a partner between now and then, Spinco may or may not make this payment.

### **SPINCO SELECTED PRO FORMA FINANCIAL INFORMATION**

The following table sets out selected pro forma financial information in respect of Spinco as at March 31, 2019 as if the Arrangement had been completed as of March 31, 2019 and should be considered in conjunction with the more complete information contained in the pro forma balance sheet of Spinco appended as Schedule “D”. All currency amounts are stated in Canadian dollars.

	<b>March 31, 2019</b>
Current assets	7,678,198
Mineral property interests	4,842,042
Total assets	12,520,240
Total liabilities	792,985
Total shareholders’ equity	11,727,255

The following table sets out selected pro forma financial information in respect of Spinco for the year ended December 31, 2018 and for the three months ended March 31, 2019 as if the Arrangement had been completed as of January 1, 2018 and should be read in conjunction with the more complete information provided in the pro forma consolidated statement of comprehensive loss of Spinco appended as Schedule “D”. All currency amounts are stated in Canadian dollars.

	<b>Year Ended December 31, 2018</b>	<b>Three Months Ended March 31, 2019</b>
Operating Loss	6,302,487	1,713,004
Net Loss	6,341,686	1,706,985
Net Comprehensive Loss	6,724,628	1,761,284
Loss per Share (basic and diluted)	0.05	0.01

### **DESCRIPTION OF THE SPINCO COMMON SHARES**

The authorized capital of Spinco consists of an unlimited number of common shares. As of the date of this Listing Application, there are 124,793,652 Spinco Common Shares outstanding and 3,255,000 Spinco Common Shares reserved for issuance on exercise of Spinco Options.

#### **5. Financings**

Not Applicable.

#### **6. Dividends and Other Distributions**

Spinco has not paid dividends since its incorporation. Spinco currently intends to retain all available funds, if any, for use in its business and does not anticipate paying any dividends for the foreseeable future.

## 7. Management’s Discussion and Analysis

See Schedule “B” appended hereto.

## 8. Disclosure of Outstanding Security Data on Fully Diluted Basis

Spinco is seeking to list the Spinco Shares on the TSXV. The authorized capital of Spinco consists of an unlimited number of common shares. As of the date of this Listing Application, there are 124,793,652 Spinco Common Shares outstanding and 3,255,000 Spinco Common Shares reserved for issuance on exercise of Spinco Options.

The Spinco Board has adopted the Spinco Option Plan. The purpose of the Spinco Option Plan is to allow Spinco to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of Spinco. The granting of such options is intended to align the interests of such persons with that of the shareholders.

Pursuant to the Plan of Arrangement, each Josemaria Option that was outstanding immediately before the Effective Time, which had not been duly exercised or cancelled, was deemed to be exchanged for one Replacement Josemaria Option and one-half of one fully-vested Spinco Option.

The following Spinco Options are issued and outstanding under the Spinco Option Plan as of the date of this Listing Application:

Number of Spinco Options	Exercise Price <sup>(1)</sup>	Expiry Date
1,215,000	0.69	February 25, 2024
1,060,000	0.85	February 26, 2021
980,000	0.94	February 23, 2020

Note:

(1) Subject to adjustment in accordance with the Plan of Arrangement. The exercise prices of each Replacement Josemaria Option and each Spinco Option issued pursuant to the Arrangement shall be and be deemed to be automatically adjusted such that the aggregate In-the-Money Amounts thereof does not exceed the In-the-Money Amount of the exchanged Josemaria Option determined immediately before the exchange, with the intention that subsection 7(1.4) of the Tax Act will apply to each exchange.

No other stock options have been granted under the Spinco Option Plan or otherwise since incorporation. As the date hereof, there is no current market for the Spinco Common Shares. As such, the market value of the Spinco Common Shares underlying the Spinco Options has not been determined. The exercise prices of the Spinco Options are subject to adjustment in accordance with the Plan of Arrangement, such that the In-The-Money Amounts of the Replacement Josemaria Options and the Spinco Options does not exceed that of the Josemaria Options exchanged pursuant to the Plan of Arrangement.

## 9. Description of Securities to be Listed

Holders of Spinco Common Shares are entitled to one vote per share at all meetings of shareholders, to receive dividends as and when declared by the directors and to receive a pro rata share of the assets of Spinco available for distribution to holders of Spinco Common Shares in the event of liquidation, dissolution or winding up of Spinco. All rank pari passu, each with the other, as to all benefits which might accrue to the holders of common shares of Spinco.

## 10. Consolidated Capitalization

Spinco has not completed a financial year. Except in connection with the Arrangement, as noted below, there have not been any material changes in the share and loan capital of Spinco since the date of incorporation.

The *pro forma* share capital of Spinco, which reflects the changes in share capital that occurred pursuant to the Arrangement, is set out below:

Share Capital <sup>(1)(2)</sup>	Number of Common Shares	Amount (C\$)
Issued under the Arrangement	124,793,652	11,732,004
Balance end of period	124,793,652	11,732,004

Note:

(1) The information in this table is derived from the *pro forma* statement of financial position for the three months ended March 31, 2019, for Spinco at Schedule "D" appended hereto.

(2) The Spinco Share issued on incorporation was cancelled in connection with the Arrangement.

See also the balance sheet of Spinco for the period ended March 31, 2019, at Schedule "C" appended hereto, and the *pro forma* statement of financial position for Spinco at Schedule "D" appended hereto, for the *pro forma* share capital of Spinco, upon completion of the Arrangement.

## 11. Stock Option Plan

The purpose of the Spinco Option Plan is to allow Spinco to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of Spinco. The granting of such options is intended to align the interests of such persons with that of the shareholders of Spinco. Options will be exercisable over periods of up to 10 years as determined by the Spinco Board. Vesting under the Spinco Option Plan is at the discretion of the Spinco Board. In the event that any option expires during, or within 48 hours after, a self-imposed blackout period on trading securities of Spinco, such expiry date will become the tenth day following the end of the blackout period. All options granted under the Spinco Option Plan are not transferable other than by will or the laws of descent and distribution. The Spinco Board will establish the exercise price of an option at the time each option is granted provided that such price shall not be less than the "Discounted Market Price" (as defined in the policies of the TSXV), provided that the exercise price shall not be less than \$0.05 per Spinco Common Share. Pursuant to the Spinco Option Plan, the Spinco Board may from time to time authorize the issue of options to directors, officers, employees and consultants of Spinco and its subsidiaries. The maximum number of Spinco Common Shares which may be issued pursuant to options granted under the Spinco Option Plan, and any other security-based compensation plan of Spinco, will not exceed 10% of the issued and outstanding Spinco Common Shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the aggregate number of Spinco Common Shares issued and outstanding as at the date of grant or 2% of the aggregate number of Spinco Common Shares issued and outstanding if the optionee is engaged in investor relations activities or is a consultant.

The total number of Spinco Common Shares which may be reserved for issuance to insiders or issued to insiders within any 12-month period may not exceed 10% of the aggregate number of Spinco Common Shares issued and outstanding as at the date of grant. The Spinco Option Plan contains no vesting requirements but permits the Spinco Board to specify a vesting schedule in its discretion, provided that if required by any stock exchange on which the Spinco Common Shares trade, options issued to persons engaged in investor relations activities must vest in stages over not less than 12 months with no more than one-quarter of the options vesting in any three-month period. The Spinco Option Plan also provides that if Change of Control, as defined therein, occurs, all shares subject to option shall immediately

become vested, notwithstanding any determination of the Spinco Board, and may thereupon be exercised in whole or in part by the option holder. If there is any change in the outstanding Spinco Common Shares by reason of a stock dividend or split, recapitalization, consolidation, combination or exchange of Spinco Common Shares, or other fundamental corporate change, the Spinco Board will make, subject to stock exchange approval or the approval of other applicable regulatory authorities, if any, an appropriate substitution or adjustment to (i) the exercise price of unexercised options under the Spinco Option Plan, (ii) the number and kind of shares or other securities reserved for issuance pursuant to the Spinco Option Plan, or (iii) the number and kind of shares subject to unexercised options under the Spinco Option Plan. In the event of the reorganization of Spinco or the amalgamation or consolidation of Spinco with another corporation, the Spinco Board may make such provision for the protection of the rights of participants as the Spinco Board in its discretion deems appropriate. The determination of the Spinco Board, as to any adjustment or as to there being no need for adjustment, will be final and binding on all parties.

Notwithstanding any other provision of the Spinco Option Plan, if the Spinco Board at any time by resolution declares it advisable to do so in connection with any proposed sale or conveyance of all or substantially all of the property and assets of Spinco or any proposed merger, consolidation, amalgamation or offer to acquire all of the outstanding Spinco Common Shares (collectively, the “**Proposed Transaction**”), Spinco may give written notice to all participants advising that their respective options, may be exercised only within 90 days after the date of the notice and not thereafter, and that all rights of the participants under any options not exercised will terminate at the expiration of the 90-day period, provided that the Proposed Transaction is completed within 180 days after the date of the notice. If the Proposed Transaction is not completed within the 180-day period, no right under any option will be affected by the notice, except that the option may not be exercised between the date of expiration of the 90-day period and the day after the expiration of the 180-day period.

If a director, officer, employee or consultant ceases to be an eligible participant for any reason, other than death, each option held will cease to be exercisable 90 days after such termination date or any such longer period as determined by the Spinco Board, provided that in no event shall such longer period extend beyond one year from the date of termination. If such person ceases to be an eligible participant due to termination for cause, the options shall cease to be exercisable immediately. If a director, officer, employee or consultant dies, the legal representative may exercise the options within a period of the earlier of (i) the expiry date of such option; and (ii) 12 months after the date of death, but only to the extent the options were exercisable on the date of death. The options are non-assignable and non-transferrable.

The Spinco Board may make the following types of amendments to the Spinco Option Plan, subject to receipt of requisite regulatory approval where required, without obtaining shareholder approval: (i) changes to termination provisions that do not entail an extension beyond the original expiry date of an option; (ii) addition or modification of a cashless exercise feature; (iii) amendments to comply with applicable laws or regulatory requirements; and (iv) any other change not requiring shareholder approval under the rules of the TSXV or applicable legislation, including amendments of a “clerical” or “housekeeping” nature. Any other amendments to the Spinco Option Plan require shareholder approval in accordance with the terms of the Spinco Option Plan and TSXV policy.

The Spinco Option Plan is a rolling stock option plan which sets the number of options available for grant by Spinco at an amount equal to 10% of Spinco’s issued and outstanding common shares from time to time, together with any other security-based compensation plan of Spinco. Under TSXV policy, the Spinco Option Plan must be approved and ratified by Spinco’s shareholders on an annual basis.

As of the date of this Listing Application, there are 3,255,000 Spinco Options outstanding and 124,793,652 Spinco Common Shares outstanding. Accordingly, an aggregate of 12,479,365 Spinco Common Shares will be reserved for issuance under the Spinco Option Plan and the Spinco Options outstanding will represent approximately 26% of the Spinco Options available for issuance under the Spinco Option Plan as at the Effective Date.

The full text of the Spinco Option Plan is appended as Schedule “F” hereto.

As of the date of this Listing Application, the Spinco Options are held by executive officers, directors, employees and consultants of Spinco or Josemaria, an Affiliate of Spinco, as set out in the table below:

Name and Title	Number of Spinco Options	Spinco Option Exercise Price (in CDN\$(1))	Spinco Option Expiry Date
<b>William A. Rand,</b> <i>Chairman of Spinco</i>	62,500	\$0.69	February 25, 2024
	50,000	\$0.85	February 26, 2021
	50,000	\$0.94	February 23, 2020
<b>David F. Mullen,</b> <i>Director of Spinco</i>	62,500	\$0.69	February 25, 2024
	50,000	\$0.85	February 26, 2021
	50,000	\$0.94	February 23, 2020
<b>Cheri L. Pedersen,</b> <i>Director of Spinco</i>	62,500	\$0.69	February 25, 2024
	50,000	\$0.85	February 26, 2021
	50,000	\$0.94	February 23, 2020
<b>Adam I. Lundin,</b> <i>Director of Josemaria [Director of Spinco]</i>	0	N/A	N/A
<b>Neil O'Brien,</b> <i>Director of Spinco</i>	0	N/A	N/A
<b>Wojtek Wodzicki</b> <i>President, Chief Executive Officer and Director of Josemaria [President, Chief Executive Officer and Director of Spinco]</i>	250,000	\$0.69	February 25, 2024
	225,000	\$0.85	February 26, 2021
	175,000	\$0.94	February 23, 2020
<b>Joyce Ngo</b> <i>Chief Financial Officer of Josemaria [Interim Chief Financial Officer of Spinco]</i>	100,000	\$0.69	February 25, 2024
	100,000	\$0.85	February 26, 2021
	50,000	\$0.94	February 23, 2020
<b>Robert Carmichael</b> <i>Vice-President, Exploration of Spinco</i>	75,000	\$0.69	February 25, 2024
	50,000	\$0.85	February 26, 2021
	75,000	\$0.94	February 23, 2020
<b>Lukas Lundin,</b> <i>Director of Josemaria</i>	62,500	\$0.69	February 25, 2024
	50,000	\$0.85	February 26, 2021
	50,000	\$0.94	February 23, 2020
<b>Jack Lundin</b> <i>Director of Josemaria</i>	62,500	\$0.69	February 25, 2024
	50,000	\$0.85	February 26, 2021
	50,000	\$0.94	February 23, 2020
<b>James Beck</b> <i>Former Vice President, Corporate Development and Projects of Josemaria</i>	75,000	\$0.69	February 25, 2024
	50,000	\$0.85	February 26, 2021
	75,000	\$0.94	February 23, 2020
<b>Julie Kemp</b> <i>Corporate Secretary of Josemaria [Corporate Secretary of Spinco]</i>	62,500	\$0.69	February 25, 2024
	50,000	\$0.85	February 26, 2021
	50,000	\$0.94	February 23, 2020

<b>Name and Title</b>	<b>Number of Spinco Options</b>	<b>Spinco Option Exercise Price (in CDN\$)(1)</b>	<b>Spinco Option Expiry Date</b>
<b>Alfredo Vitaller</b> <i>General Manager, South America of Josemaria</i>	75,000	\$0.69	February 25, 2024
	50,000	\$0.85	February 26, 2021
	75,000	\$0.94	February 23, 2020
<b>Martin Rode</b> <i>Employee of Josemaria [Consultant of Spinco]</i>	50,000	\$0.69	February 25, 2024
	37,500	\$0.85	February 26, 2021
	37,500	\$0.94	February 23, 2020
<b>Martin Sanguinetti</b> <i>Employee of Josemaria [Consultant of Spinco]</i>	50,000	\$0.69	February 25, 2024
	50,000	\$0.85	February 26, 2021
	25,000	\$0.94	February 23, 2020
<b>Juan Arrieta</b> <i>Employee of Josemaria [Consultant of Spinco]</i>	10,000	\$0.69	February 25, 2024
	25,000	\$0.94	February 23, 2020
<b>Fernando Richard</b> <i>Employee of Josemaria [Consultant of Spinco]</i>	35,000	\$0.69	February 25, 2024
	50,000	\$0.85	February 26, 2021
	25,000	\$0.94	February 23, 2020
<b>Belen Pozzi</b> <i>Employee of Josemaria (Consultant of Spinco)</i>	37,500	\$0.85	February 26, 2021
	25,000	\$0.94	February 23, 2020
<b>Carola Puiggari</b> <i>Employee of Josemaria [Consultant of Spinco]</i>	12,500	\$0.85	February 26, 2021
	10,000	\$0.94	February 23, 2020
<b>Leticia Gonzalez</b> <i>Employee of Josemaria [Consultant of Spinco]</i>	25,000	\$0.69	February 25, 2024
<b>Sophia Shane</b> <i>Consultant of Josemaria [Consultant of Spinco]</i>	7,500	\$0.69	February 25, 2024
	15,000	\$0.85	February 26, 2021
	15,000	\$0.94	February 23, 2020
<b>Amanda Strong</b> <i>Consultant of Josemaria [Consultant of Spinco]</i>	7,500	\$0.69	February 25, 2024
	7,500	\$0.85	February 26, 2021
	10,000	\$0.94	February 23, 2020
<b>Michelle Fyfe</b> <i>Consultant of Josemaria [Consultant of Spinco]</i>	12,500	\$0.69	February 25, 2024
<b>Thelma Lopez</b> <i>Employee of Josemaria [Consultant of Spinco]</i>	15,000	\$0.69	February 25, 2024
	12,500	\$0.85	February 26, 2021
	12,500	\$0.94	February 23, 2020
<b>Stephen Nairne</b> <i>Consultant of Josemaria</i>	7,500	\$0.85	February 26, 2021
<b>Robert Eriksson</b> <i>Consultant of Josemaria [Consultant of Spinco]</i>	7,500	\$0.69	February 25, 2024
	10,000	\$0.85	February 26, 2021
	10,000	\$0.94	February 23, 2020
<b>Pablo Mir</b> <i>Director of Josemaria [Consultant of Spinco]</i>	10,000	\$0.69	February 25, 2024
	10,000	\$0.85	February 26, 2021
<b>Diego Charchafle</b> <i>Consultant of Josemaria [Consultant of Spinco]</i>	25,000	\$0.69	February 25, 2024
	25,000	\$0.85	February 26, 2021
<b>Helen Buffle</b> <i>Consultant of Josemaria [Consultant of Spinco]</i>	15,000	\$0.94	February 23, 2020

<b>Name and Title</b>	<b>Number of Spinco Options</b>	<b>Spinco Option Exercise Price (in CDN\$(1))</b>	<b>Spinco Option Expiry Date</b>
<b>Viviane Puaux</b> <i>Consultant of Josemaria [Consultant of Spinco]</i>	10,000	\$0.94	February 23, 2020
<b>Fernando Caruso</b> <i>Consultant of Josemaria [Consultant of Spinco]</i>	10,000	\$0.69	February 25, 2024
	10,000	\$0.85	February 26, 2021
<b>David Glaus</b> <i>Consultant of Josemaria [Consultant of Spinco]</i>	10,000	\$0.94	February 23, 2020
	<b>3,255,000</b>		

Note:

(1) Subject to adjustment in accordance with the Plan of Arrangement. The exercise prices of each Replacement Josemaria Option and each Spinco Option issued pursuant to the Arrangement shall be and be deemed to be automatically adjusted such that the aggregate In-the-Money Amounts thereof does not exceed the In-the-Money Amount of the exchanged Josemaria Option determined immediately before the exchange, with the intention that subsection 7(1.4) of the Tax Act will apply to each exchange. The disclosed exercise prices of the Spinco Options have been determined based on the value ascribed to the Spinco Common Shares to establish the exchange ratio for the Josemaria Common Shares in connection with the transaction. In the event the aggregate of the In-the-Money Amount immediately after the closing exceeds the In-the-Money Amount of the Josemaria Options prior to the closing of the transaction, the exercise prices will be adjusted in accordance with the terms of the Arrangement by referring to the fair market value of shares. In order to determine the fair market value, reference will be made to Exchange Policy 4.4, which requires a ten trading day period. Any required adjustments will be made on a pro-rata basis between the Replacement Josemaria Options and the Spinco Options.

## **12. Prior Sales**

Spinco issued one incorporation Spinco Common Share to Josemaria on February 21, 2019 for consideration of \$1.00, which was subsequently cancelled on the Effective Date. In addition, an aggregate of 124,793,652 Spinco Common Shares were issued in connection with the Arrangement.

## **13. Escrowed Securities and Securities Subject to Contractual Restriction on Transfer**

There are no Spinco Common Shares currently held in escrow or that are subject to a contractual restriction on transfer.

#### 14. Principal Securityholders

To the knowledge of Spinco’s directors and executive officers and based on existing information as of the date hereof no person or company, beneficially owns, or controls or directs, directly or indirectly, voting securities of Spinco carrying 10% or more of the voting rights attached to any class of voting securities of Spinco, except Lorito Holdings S.à.r.l. (“**Lorito**”) and Zebra Holdings and Investments S.à.r.l.(“**Zebra**”), who report their security holdings as joint actors. Together, Lorito and Zebra hold a total of 44,550,967 Spinco Common Shares, representing approximately 35.70% of the outstanding Spinco Common Shares (34.79% on a fully diluted basis) as of the date of this Listing Application.

Name	Number of Spinco Common Shares Held	Percentage of Spinco Shares Outstanding
Lorito <sup>(1)</sup>	12,250,000	9.82%
Zebra <sup>(1)</sup>	32,300,967	25.88%

Note:

(1) Lorito and Zebra, who report their security holdings as joint actors, are private corporations owned by a trust whose settlor was the late Adolf H. Lundin.

#### 15. Directors and Executive Officers

The following table sets forth certain information with respect to each proposed director and executive officer of Spinco.

Name, Jurisdiction of Residence and Position(s) <sup>(1)</sup>	Principal Occupation <sup>(1)</sup>	Number of Spinco Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly <sup>(3)</sup>	Percentage of Spinco Common Shares Issued and Outstanding <sup>(4)</sup>
<b>William A. Rand</b> , <sup>(5) (7)</sup> British Columbia, Canada <i>Chairman</i>	Co-founder of Rand Edgar Investment Corp., a private investment company. Senior Business Advisor, Cassels Brock & Blackwell LLP. Director, Denison Mines Corp., New West Energy Services Inc. and Lundin Mining Corporation.	372,049 Spinco Common Shares  162,500 Spinco Options	0.30%
<b>David F. Mullen</b> , <sup>(5) (6)</sup> British Columbia, Canada <i>Director</i>	Managing Director of Graycliff Partners and Highland West Capital. Former Managing Partner and Chair of Fulcrum Capital Partners Inc. Former CEO of HSBC Capital.	172,500 Spinco Common Shares  162,500 Spinco Options	0.14%
<b>Cheri L. Pedersen</b> , <sup>(5) (6)</sup> British Columbia, Canada <i>Director</i>	Retired; Former Associate Counsel, Boughton Law Corporation from 2009 to 2016.	162,500 Spinco Options	NIL
<b>Adam I. Lundin</b> , <sup>(7)</sup> British Columbia, Canada <i>Director</i>	President, Chief Executive Officer and a Director of Filo Mining Corp. Director, Africa Energy Corp.	145,000 Spinco Common Shares	0.12%

Name, Jurisdiction of Residence and Position(s) <sup>(1)</sup>	Principal Occupation <sup>(1)</sup>	Number of Spinco Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly <sup>(3)</sup>	Percentage of Spinco Common Shares Issued and Outstanding <sup>(4)</sup>
<b>Neil O'Brien,</b> <sup>(7)</sup> Ontario, Canada <i>Director</i>	Consulting Economic Geologist. Former Senior Vice President, Exploration & New Business Development of Lundin Mining Corporation.	29,900 Spinco Common Shares	0.02%
<b>Wojtek Wodzicki,</b> British Columbia, Canada <i>President, Chief Executive Officer and Director</i>	President and Chief Executive Officer of Josemaria	606,600 Spinco Common Shares  650,000 Spinco Options	0.49%
<b>Joyce Ngo,</b> British Columbia, Canada <i>Interim Chief Financial Officer</i>	Chief Financial Officer of Josemaria	NIL Spinco Common Shares  250,000 Spinco Options	NIL
<b>Robert Carmichael,</b> British Columbia, Canada <i>Vice President, Exploration</i>	Vice President, Exploration of Josemaria and Filo Mining Corp.	65,000 Spinco Common Shares  200,000 Spinco Options	0.05%
<b>Julie Kemp,</b> British Columbia, Canada <i>Corporate Secretary</i>	Corporate Secretary of Josemaria and Corporate Secretary of Filo Mining Corp.	NIL Spinco Common Shares 162,500 Spinco Options	NIL

Notes:

- (1) The information as to residence and principal occupation, not being within the knowledge of Josemaria or Spinco, has been furnished by the respective directors and officers individually.
- (2) Directors serve until the earlier of the next annual general meeting or their resignation.
- (3) The information as to securities beneficially owned or over which a director or officer exercises control or direction, not being within the knowledge of Josemaria or Spinco, has been furnished by the respective directors and officers individually based on shareholdings in Josemaria as of the date of this Listing Application.
- (4) Assuming 124,793,652 Spinco Common Shares are outstanding.
- (5) Member of the Audit Committee.
- (6) Member of the Corporate Governance & Nominating Committee.
- (7) Member of the Compensation Committee.

The directors and executive officers of Spinco as a group, beneficially own, directly or indirectly, or exercise control or direction over an aggregate of approximately 1,391,049 Spinco Common Shares, representing approximately 1.11% of the issued Spinco Common Shares.

The principal occupations of each of the proposed directors and executive officers of Spinco within the past five years are disclosed in the brief biographies set forth below.

**William A. Rand. Age: 76 – Chairman.** Mr. Rand is a retired corporate and securities lawyer and mining executive with an LLM from the London School of Economics, an LLB from Dalhousie University and a B. Comm. from McGill University (Honours in Economics and Major in Accounting). Mr. Rand has been a member of a number of boards and audit committees of public companies for over 30 years. Through this education and experience, Mr. Rand has experience overseeing and assessing the performance of companies and public accountants with respect to the preparation, auditing and evaluation of financial

statements. Mr. Rand is the co-founder of Rand Edgar Investment Corp., a private investment company and is a director of Denison Mines Corp., Lundin Mining Corporation, and New West Energy Services.

**David F. Mullen, Age: 63 – Director.** Mr. Mullen is currently Managing Director of Graycliff Partners; Prior, Mr. Mullen was Managing Partner and Chair of Fulcrum Capital Partners Inc. (Canada). Mr. Mullen was formerly, Chief Executive Officer and Head of Private Equity of North America for HSBC Bank (HSBC Capital Canada and HSBC Capital USA). Mr. Mullen has also served as a director and audit committee member of several public resource-based companies. Mr. Mullen holds an MBA from the Richard Ivey School of Business at the University of Western Ontario and a Bachelor of Commerce degree from the University of British Columbia.

**Cheri L. Pedersen, Age: 63 – Director.** Ms. Pedersen holds a Bachelor of Commerce degree and a Bachelor of Laws degree, both from the University of British Columbia. She practiced corporate, securities and natural resources law in Vancouver, British Columbia for over 30 years, with a focus on mining, corporate finance, mergers and acquisitions, and corporate governance, retiring from law practice in 2016. Ms. Pedersen was an Associate Counsel of Boughton Law Corporation from 2009 to 2016 and a Partner of DuMoulin Black LLP from 1987 to 2008.

**Adam I. Lundin, Age: 32 – Director.** Mr. Lundin is the President and Chief Executive Officer and a director of Filo Mining. Mr. Lundin's career in the natural resources industry spans close to two decades, commencing with prospecting and core logging for several Lundin Group companies, including Canadian Gold Hunter, Atacama Minerals and Red Back Mining. His background includes Mining Technology, Securities and Investment Advisory, Marketing, International Finance and Capital Markets, as well as Executive Management. Mr. Lundin has been a Director of Africa Energy since July 5, 2018. He was the former Co-Head, London Office, for a reputable full-service investment bank and is a former director of Lundin Gold Inc. from June 21, 2011 to June 30, 2015.

**Neil O'Brien, Age: 58 – Director.** Mr. O'Brien is a consulting economic geologist and former mining executive with three decades of industry service including Board of Director roles in public and private mineral exploration companies. Mr. O'Brien has international experience on five continents in all stages of mineral exploration and development of economic mineral resource projects, mining project evaluation and strategic corporate development activities. He retired in 2018 from Lundin Mining Corporation as Senior Vice President, Exploration & New Business Development. Currently, Mr. O'Brien is the Non-Executive Chairman of Element 29 Resources (private); Georgian Mining Corporation (LSE-AIM); Director of Sociedad Minera Reliquias (private); and President of MOAR Consulting Inc.

**Wojtek Wodzicki, Age: 56 – President and Chief Executive Officer.** Dr. Wojtek A. Wodzicki, P.Ge. (BC), has been the Chief Executive Officer and President at Josemaria Resources Inc. (Formerly, NGEx Resources Inc.) since April 17, 2009. Dr. Wodzicki has worked in the international mining industry since 1987 and has managed exploration programs on five continents. He is a geologist by training and has a doctorate in Geosciences from the University of Arizona. He previously served as President and Chief Executive Officer of Filo Mining Corp., from May, 2016 until September, 2017. In addition, he previously serviced as Vice President of Strategic Partnerships for Lundin Mining Corporation and President, CEO and Director of Sanu Resources Ltd. Prior to joining the Lundin Group, Dr. Wodzicki was with Teck Cominco Ltd. in a variety of roles that included managing exploration offices in Bolivia, Peru, Chile, and Argentina. He finished his career with Teck Cominco as General Manager of Exploration for North America and Europe-Africa. During his tenure as CEO of Josemaria Resources Inc., Josemaria Resources Inc. has successfully raised numerous rounds of financing. It is anticipated that the majority of Mr. Wodzicki's time will be devoted to Spinco. Mr. Wodzicki has not entered into a non-competition or non-disclosure agreement with Spinco. It has not yet been determined whether he will be an employee or

contractor of Spinco.

**Joyce Ngo, Age: 41 – Interim Chief Financial Officer.** Ms. Joyce Ngo joined Josemaria in March 2012 and was appointed Chief Financial Officer in November 2016. Ms. Ngo was part of the team that delivered and executed the spin out of Filo Mining Corp. in 2016. With over 14 years of experience in financial reporting and regulatory compliance in a public company environment, Ms. Ngo began her career with KPMG LLP and has accumulated a broad range of experience and expertise in financial reporting and corporate governance, internal controls, budgetary review, and cash management. Ms. Ngo holds a Bachelor of Business Administration degree from Simon Fraser University and is a Chartered Professional Accountant (CPA, CA). It is anticipated that approximately 20% of Ms. Ngo's time will be devoted to Spinco. Ms. Ngo has not entered into a non-competition or non-disclosure agreement with Spinco. It has not yet been determined whether she will be an employee or contractor of Spinco.

**Robert Carmichael, Age: 55 – Vice President, Exploration.** Mr. Carmichael is currently the Vice-President, Exploration of both Filo Mining and Josemaria. He joined Josemaria from the UK office of Lundin Mining Corporation, where he was General Manager, Resource Exploration with oversight of all near-mine and resource definition exploration activities. Prior to joining Lundin Mining, Mr. Carmichael acted as Vice President, Exploration for EuroZinc Mining Corporation and held executive positions and directorships for several other Canadian exploration companies operating internationally. He has also been a director and first Vice President of the Association for Mineral Exploration British Columbia (AME BC) and sat on the technical committee for Geoscience BC. Mr. Carmichael is a registered Professional Engineer in the province of British Columbia, holds a Bachelor of Applied Science degree from the University of British Columbia and has 32 years of experience in public company management and international mineral exploration. It is anticipated that a portion of Mr. Carmichael's time will be devoted to Spinco. Mr. Carmichael has not entered into a non-competition or non-disclosure agreement with Spinco. It has not yet been determined whether he will be an employee or contractor of Spinco.

**Julie Kemp, Age: 56 – Corporate Secretary.** Ms. Kemp is an experienced Corporate Secretary and was the Corporate Secretary of Aurizon Mines Ltd., a TSX/NYSE MKT index listed gold mining company, for more than 23 years, reporting to the Chief Executive Officer and the Spinco Board of Directors. During her lengthy career within the mining industry, Ms. Kemp has been involved in the administration of a number of publicly listed companies, including their legal and regulatory compliance obligations, Board and Committee duties, continuous disclosure requirements, corporate transactions, corporate policies, corporate records, and shareholder communications. Ms. Kemp is a member of the Governance Professionals of Canada.

#### **Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions or Individual Bankruptcies**

Other than as disclosed below, to the knowledge of Spinco, no director or executive officer:

- (a) is, as at the date of this Listing Application, or has been, within ten years before the date of this Listing Application, a director, chief executive officer or chief financial officer of any company (including Spinco) that:
  - (i) was the subject, while the director was acting in that capacity as a director, chief executive officer or chief financial officer of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or

- (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director ceased to be a director, chief executive officer or chief financial officer but which resulted from an event that occurred while the director was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) is, as at the date of this Listing Application, or has been within 10 years before the date of this Listing Application, a director or executive officer of any company (including Spinco) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the ten years before the date of this Listing Application, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director; or

To the knowledge of Spinco, no director or executive officer has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

The following table sets out the public company experience for each director and executive officer of Spinco for the last five years.

Name	Name and Jurisdiction of Reporting Issuer(1)	Name of Trading Market(s)	Position(s)	From	To
William A. Rand	Josemaria Resources Inc., BC, AB, PQ & ON	TSX and Nasdaq Stockholm	Director	June 23, 1995	Present
	Denison Mines Corp., BC, AB, SK, MB, ON, PQ, NB, NS PEI, NF	TSX/AMEX	Director	May 9, 1997	Present
	Lundin Mining Corporation, all provinces and territories of Canada	TSX, Nasdaq Stockholm	Director	Sept. 9, 1994	Present
	New West Energy Services, BC AB	TSX-V	Director	May 21, 1997	Present
			Chairman	Oct. 20, 2010	June 1, 2017
David F. Mullen	Josemaria Resources Inc., BC, AB, PQ & ON	TSX and Nasdaq Stockholm	Director	Nov. 16, 2010	Present
	Parkit Enterprises Inc., BC, AB, SK, ON, NS	TSX-V	Director	April 2015	April 2018
Cheri L. Pedersen	Josemaria Resources Inc., BC, AB, PQ & ON	TSX and Nasdaq Stockholm	Director	Nov. 10, 2016	Present

Name	Name and Jurisdiction of Reporting Issuer(1)	Name of Trading Market(s)	Position(s)	From	To
Adam I. Lundin	Filo Mining Corp., BC, AB, SK, MB, ON, PQ, NB, NS PEI, NF	TSX-V and Nasdaq First North	President, CEO & Director	Sept. 11, 2017	Present
	Africa Energy Inc., BC, AB, ON	TSX-V and Nasdaq First North	Director	July 5, 2018	Present
Neil O'Brien	Lundin Mining Corporation, All provinces and territories of Canada	TSX, Nasdaq Stockholm	Senior Vice President, Exploration & New Business Development	April 2007	Feb. 2018
	Sunridge Gold Corp., B.C.	TSX-V	Director	July 2007	May 2016
	Georgian Mining Corp (UK)	LSE-AIM	Director	Sept. 2016	Present
Wojtek Wodzicki	Josemaria Resources Inc., BC, AB, PQ & ON	TSX and Nasdaq Stockholm	President, CEO & Director	April 17, 2009	Present
	Filo Mining Corp., BC, AB, SK, MB, ON, PQ, NB, NS PEI, NF	TSX-V and Nasdaq First North	President & CEO	May 12, 2016	Sept. 11, 2017
			Director	May 12, 2016	Present
	Horn Petroleum Inc. (now called Africa Energy Corp.), BC, AB, ON	TSX-V	Director	Sept., 2011	March, 2015
Newstrike Resources Ltd., BC, AB, SK, MB, ON, PQ, NB, NS PEI, NF (now called Newstrike Brands Ltd.)	TSX-V	Director	Feb. 2011	May, 2015	
Joyce Ngo	Josemaria Resources Inc., BC, AB, PQ & ON	TSX and Nasdaq Stockholm	CFO	Nov. 10, 2016	Present
	Filo Mining Corp., BC, AB, SK, MB, ON, PQ, NB, NS PEI, NF	TSX-V and Nasdaq First North	Interim CFO	July 11, 2016	Nov. 28, 2016
Robert Carmichael	Josemaria Resources Inc., BC, AB, PQ & ON	TSX and Nasdaq Stockholm	VP, Exploration	Sept. 1, 2011	Present
	Filo Mining Corp., BC, AB, SK, MB, ON, PQ, NB, NS PEI, NF	TSX-V and Nasdaq First North	VP, Exploration	July 11, 2016	Present
Julie Kemp	Josemaria Resources Inc., BC, AB, PQ & ON	TSX/Nasdaq Stockholm	Corporate Secretary	2015	Present
	Filo Mining Corp., BC, AB, SK, MB, ON, PQ, NB, NS PEI, NF	TSX-V and Nasdaq First North	Corporate Secretary	2016	Present
	ShaMaran Petroleum Corp.	TSX-V/Nasdaq First North	Assistant Corporate Secretary	2015	2016

Note:

(1) Each reporting issuer is located in Canada unless otherwise indicated.

There are potential conflicts of interest to which the directors and officers of Spinco will be subject in connection with the operations of Spinco. In particular, certain of the directors and officers of Spinco are involved in managerial or director positions with other mineral exploration and investment companies whose operations may, from time to time, be in direct competition with those of Spinco or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of Spinco. Conflicts, if any, will be subject to the procedures and remedies available under the CBCA. The CBCA provides that if a director has a material interest in a contract or proposed contract or agreement that is material to Spinco, the director will disclose his interest in such contract or agreement and will refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with, the CBCA.

## 16. Executive Compensation

### Compensation Discussion and Analysis

Spinco was incorporated on February 21, 2019 and, accordingly, has not yet completed a financial year and has not yet developed a compensation program. Spinco anticipates that it will adopt a

compensation program that reflects its stage of development, the main elements of which are expected to be comprised of base salary, option-based awards and annual cash incentives, which elements are similar to those paid by Josemaria and described in the management information circular of Josemaria dated May 9, 2019.

### Option-Based Awards

The purpose of the Spinco Option Plan is to allow Spinco to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of Spinco. The granting of such options is intended to align the interests of such persons with that of the shareholders. The Spinco Option Plan, once implemented, will be used to provide stock options which will be awarded based on the recommendations of the directors of Spinco, taking into account the level of responsibility of such person, as well as his or her past impact on or contribution to, and/or his or her ability in future to have an impact on or to contribute to the longer-term operating performance of Spinco. In determining the number of options to be granted, the Spinco Board will take into account the number of options, if any, previously granted, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSXV and to closely align the interests of such person with the interests of shareholders. The Spinco Board will determine the vesting provisions of all stock option grants.

The approximate number of individuals eligible to participate in the Spinco Option Plan, as a result of receiving Spinco Options issued pursuant to the Arrangement is set out below:

Class of Eligible Participant	Approximate Number of Eligible Participants
Directors of Josemaria (an Affiliate of Spinco)	5
Executive Officers of Josemaria (an Affiliate of Spinco)	6
Employees and Consultants of Josemaria (an Affiliate of Spinco)	19

### Summary Compensation

Spinco was incorporated on February 21, 2019 and has not yet completed a financial year. No compensation has been paid to date. In addition, it has no compensatory plan or other arrangements in respect of compensation received or that may be received by its Chief Executive Officer, its Interim Chief Financial Officer, or its Vice-President, Exploration in its current financial year.

Spinco has established a Compensation Committee (the “**Compensation Committee**”), which will administer the compensation mechanisms to be implemented by the Spinco Board. The Compensation Committee is comprised of William Rand (chair), Adam Lundin and Neil O’Brien. Each member of the Compensation Committee has direct experience that is relevant to their responsibilities in determining executive compensation for Spinco.

On an annual basis, the Compensation Committee will review the compensation of the Named Executive Officers to ensure that each is being compensated in accordance with the objectives of Spinco’s compensation program, which will be to:

- provide competitive compensation that attracts and retains talented employees;
- align compensation with shareholder interests;
- pay for performance;
- support the Spinco’s vision, mission and values; and
- be flexible to recognize the needs of Spinco in different business environments.

Spinco does not currently have any compensation policies or mechanisms in place. The compensation policies are anticipated to be comprised of three components; namely, base salary, equity compensation in the form of stock options, and discretionary performance-based. In addition, Named Executive Officers will be entitled to participate in a benefits program to be implemented by Spinco. A NEO's base salary will be intended to remunerate the NEO for discharging job responsibilities and will reflect the executive's performance over time. Base salaries are used as a measure to compare to, and remain competitive with, compensation offered by competitors and as the base to determine other elements of compensation and benefits. The stock option component of a NEO's compensation, which includes a vesting element to ensure retention, will aim to meet the objectives of the compensation program to be implemented, by both motivating the executive towards increasing share value and enabling the executive to share in the future success of Spinco. Discretionary performance-based bonuses will be considered from time to time to reward those who have achieved exceptional performance and meet the objectives of Spinco's compensation program by rewarding pay for performance. Other benefits will not form a significant part of the remuneration package of any of the Named Executive Officers of Spinco.

The Spinco Board has adopted the Spinco Option Plan, which was approved by Josemaria Shareholders on June 19, 2019 and remains subject to approval by the TSXV. The Spinco Option Plan, once implemented, will allow for the granting of incentive stock options to its officers, employees and directors. The purpose of granting such options would be to assist Spinco in compensating, attracting, retaining and motivating the directors of Spinco and to closely align the personal interests of such persons to that of the shareholders of Spinco.

### Outstanding Option-Based Awards

Pursuant to the Plan of Arrangement, each Josemaria Option exercisable for a Josemaria Common Share that was outstanding immediately before the Effective Time, which had not been duly exercised or cancelled, was deemed to be exchanged for one-half of one fully-vested Spinco Option.

The following Spinco Options are held by Spinco's Named Executive Officers, under the Spinco Option Plan, as of the date hereof:

Name	Number of securities underlying unexercised Spinco Options	Expected Spinco Option Exercise Price (\$) (1)	Spinco Option Expiry Dates
Wojtek Wodzicki, President and Chief Executive Officer	250,000	\$0.69	February 25, 2024
	225,000	\$0.85	February 26, 2021
	175,000	\$0.94	February 23, 2020
Joyce Ngo, Interim Chief Financial Officer	100,000	\$0.69	February 25, 2024
	100,000	\$0.85	February 26, 2021
	50,000	\$0.94	February 23, 2020
Robert Carmichael, Vice-President, Exploration	75,000	\$0.69	February 25, 2024
	50,000	\$0.85	February 26, 2021
	75,000	\$0.94	February 23, 2020

Note:

(1) Subject to adjustment in accordance with the Plan of Arrangement. The exercise prices of each Replacement Josemaria Option and each Spinco Option issued pursuant to the Arrangement shall be and be deemed to be automatically adjusted such that the aggregate In-the-Money Amounts thereof does not exceed the In-the-Money Amount of the exchanged Josemaria Option determined immediately before the exchange, with the intention that subsection 7(1.4) of the Tax Act will apply to each exchange. The disclosed exercise prices of the Spinco Options have been determined based on the value ascribed to the Spinco Common Shares to establish the exchange ratio for the Josemaria Common Shares in connection with the

transaction. In the event the aggregate of the In-the-Money Amount immediately after the closing exceeds the In-the-Money Amount of the Josemaria Options prior to the closing of the transaction, the exercise prices will be adjusted in accordance with the terms of the Arrangement by referring to the fair market value of shares. In order to determine the fair market value, reference will be made to Exchange Policy 4.4, which requires a ten trading day period. Any required adjustments will be made on a pro-rata basis between the Replacement Josemaria Options and the Spinco Options.

### **Incentive Plan Awards**

Spinco does not have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to its Named Executive Officers. Other than the Spinco Options that the Named Executive Officers received on completion of the Arrangement, Spinco has made no option-based or share-based awards to any of its Named Executive Officers.

### **Pension Plan Benefits**

Spinco does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

### **Termination of Employment, Change in Responsibilities and Employment Contracts**

Except as set out below, Spinco currently has no employment contracts with its Named Executive Officers. As of the date of this Listing Application, Spinco has a cost sharing arrangement with Josemaria and Filo Mining Corp. (the “**Services Agreement**”) for the provisions of key management personnel services and consulting services to Spinco. Except as disclosed herein, there are no contracts, agreements, plans or arrangements that provide for payments to a Named Executive Officer following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of Spinco or its subsidiaries, if any, or a change in responsibilities of a NEO following a change of control. Spinco will consider entering into contracts with its Named Executive Officers.

### **Employment Agreements**

Mr. Wodzicki’s services are provided pursuant to an employment agreement with Spinco dated July 17, 2019 (the “**Wodzicki Employment Agreement**”) and the Services Agreement. Pursuant to the Wodzicki Employment Agreement and the Services Agreement, Mr. Wodzicki is paid a cumulative annual salary of \$354,000 for his services as President and Chief Executive Officer of Spinco and Josemaria and as a director of Filo Mining Corp. and lead advisory to its technical team. Twenty five percent of Mr. Wodzicki’s cumulative annual salary is attributable to his services to Spinco. Spinco also reimburses Mr. Wodzicki for any reasonable travelling and other direct expenses incurred by Mr. Wodzicki in connection with his services. Pursuant to the Wodzicki Employment Agreement, Mr. Wodzicki receives standard employment benefits, including medical, extended health, and, where applicable, life insurance.

The Wodzicki Employment Agreement has an indefinite term unless terminated by Spinco or Mr. Wodzicki in accordance with the terms of the Wodzicki Employment Agreement. Pursuant to the Wodzicki Employment Agreement, Mr. Wodzicki, at any time, may terminate the Wodzicki Employment Agreement voluntarily by giving 90 days written notice to Spinco. Mr. Wodzicki may also terminate the Wodzicki Employment Agreement for “Good Reason” (see Note 1 below) at any time, and Spinco may terminate the Wodzicki Employment Agreement at any time without “Cause” (See Note 2 below), by giving 60 days written notice, or payment and benefits in lieu of notice, to Mr. Wodzicki, whereupon Spinco will pay Mr. Wodzicki a lump sum amount equal to the pro rata compensation earned up to the termination date plus 18 months base salary at the rate being paid at the time of termination (this

amount does not apply if Mr. Wodzicki is transferred or retained full-time by another entity affiliated with the Lundin group of companies within one month of termination). This amount shall be in respect of the provision of his services to Spinco only and shall be prescribed pursuant to the Services Agreement. Pursuant to the Wodzicki Employment Agreement, within six months following a “Change of Control” (see Note 3 below), Mr. Wodzicki shall be entitled to resign and Spinco will pay Mr. Wodzicki a lump sum amount equal to the pro rata compensation earned up to the termination date plus 18 months base salary at the rate being paid at the time of termination and any Options held by Mr. Wodzicki will vest immediately. Spinco may terminate the Wodzicki Employment Agreement without notice for Cause, whereupon Mr. Wodzicki would not be entitled to any severance payment other than the pro rata compensation earned by Mr. Wodzicki up to the date of termination.

Notes:

- (1) “Good Reason” shall mean (i) a material reduction in the executive’s responsibilities, title or reporting; (ii) a reduction of the executive’s base salary or vacation; (iii) a material change in the place of employment from which the executive works; or (iv) any other circumstances that would otherwise constitute a constructive dismissal at common law.
- (2) “Cause” shall mean any one of the following: (i) if there is a repeated and demonstrated failure to perform the material duties of the executive’s position in a competent manner or to observe the policies, codes and mandates of Spinco and where the executive fails to substantially remedy the failure within a reasonable period of time after receiving written notice of such failure from Spinco; (ii) if the executive is convicted of a criminal offence; (iii) if the executive is sanctioned or otherwise penalized by the TSXV and/or any regulatory authorities having jurisdiction for an offence involving fraud or dishonesty; (iv) if the executive fails to honour his/her fiduciary duties to Spinco, including the duty to act in the best interests of Spinco and its associates and affiliates or is in breach of any provision of their respective employment agreement; or (v) if the executive disobeys reasonable and lawful instructions given in the course of employment by the CEO or the Spinco Board, as applicable, that are not remedied by such executive within a reasonable period of time after receiving written notice of such disobedience.
- (3) “Change of Control” shall mean any one of the following: (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving Spinco or any of its affiliates and another corporation or other entity, as a result of which the holders of Spinco Common Shares prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction; (ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of assets rights or properties of Spinco and/or any of its subsidiaries, which have an aggregate book value greater than 50% off the book value of the assets, rights and properties of Spinco and its subsidiaries on a consolidated basis to any other person or entity, other than a disposition to a majority-owned subsidiary of Spinco in the course of a reorganization of Spinco’s assets and its subsidiaries; (iii) a resolution is adopted to wind-up, dissolve or liquidate Spinco; (iv) any person, entity or group of persons or entities acting jointly or in concert acquires or acquires control of 40% or more of the outstanding Spinco Common Shares, unless a majority of the Spinco Board as constituted immediately prior to such acquisition determines that the circumstances are such that a Change of Control should be deemed not have occurred; (v) as a result of or in connection with a contested election of directors or a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving Spinco, where incumbent directors no longer constitute a majority of the Spinco Board; or (vi) the Spinco Board adopts a resolution to the effect that a Change of Control has occurred or is imminent.

### **Defined Benefit or Actuarial Plan Disclosure**

Spinco has no defined benefit or actuarial plans.

### **Director Compensation**

Spinco currently has no arrangements, standard or otherwise, pursuant to which directors are compensated by Spinco for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as a consultant or expert since its incorporation on February 21, 2019 and up to and including the date of this Listing Application.

Spinco will adopt a compensation program for directors. The objectives of the director compensation program will be to attract, retain and inspire performance of members of the Spinco Board of a quality and nature that will enhance Spinco's growth. The compensation will be intended to provide an appropriate level of remuneration considering the experience, responsibilities, time requirements and accountability of directors. The philosophy, and market comparisons and review with respect to director compensation, will be the same as for the executive compensation programs to be implemented by Spinco.

The Spinco Option Plan, once implemented, will allow for the granting of incentive stock options to its officers, employees and directors. The purpose of granting such options would be to assist Spinco in compensating, attracting, retaining and motivating the directors of Spinco and to closely align the personal interests of such persons to that of the shareholders of Spinco.

### Outstanding Option-Based Awards

Pursuant to the Plan of Arrangement, each Josemaria Option exercisable for a Josemaria Common Share that was outstanding immediately before the Effective Time, which had not been duly exercised or cancelled, was deemed to be exchanged for one-half of one fully-vested Spinco Option. Each whole Spinco Option entitled the holder thereof to purchase from Spinco one (1) Common Share.

The following Spinco Options are held by Spinco's directors, other than the Named Executive Officers, under the Spinco Option Plan, as of the date hereof:

Name	Number of securities underlying unexercised Spinco Options	Expected Spinco Option Exercise Price (\$) <sup>(1)</sup>	Spinco Option Expiry Date
William A. Rand	62,500	\$0.69	February 25, 2024
	50,000	\$0.85	February 26, 2021
	50,000	\$0.94	February 23, 2020
David F. Mullen	62,500	\$0.69	February 25, 2024
	50,000	\$0.85	February 26, 2021
	50,000	\$0.94	February 23, 2020
Cheri L. Pedersen	62,500	\$0.69	February 25, 2024
	50,000	\$0.85	February 26, 2021
	50,000	\$0.94	February 23, 2020

Note:

(1) Subject to adjustment in accordance with the Plan of Arrangement. The exercise prices of each Replacement Josemaria Option and each Spinco Option issued pursuant to the Arrangement shall be and be deemed to be automatically adjusted such that the aggregate In-the-Money Amounts thereof does not exceed the In-the-Money Amount of the exchanged Josemaria Option determined immediately before the exchange, with the intention that subsection 7(1.4) of the Tax Act will apply to each exchange. The disclosed exercise prices of the Spinco Options have been determined based on the value ascribed to the Spinco Common Shares to establish the exchange ratio for the Josemaria Common Shares in connection with the transaction. In the event the aggregate of the In-the-Money Amount immediately after the closing exceeds the In-the-Money Amount of the Josemaria Options prior to the closing of the transaction, the exercise prices will be adjusted in accordance with the terms of the Arrangement by referring to the fair market value of shares. In order to determine the fair market value, reference will be made to Exchange Policy 4.4, which requires a ten trading day period. Any required adjustments will be made on a pro-rata basis between the Replacement Josemaria Options and the Spinco Options.

No other stock options have been granted by Spinco since the date of its incorporation on February 21, 2019 and Spinco does not have a share-based awards program.

## **Aggregate Options Exercised and Option Values**

No stock options have been granted by Spinco or exercised since the date of its incorporation on February 21, 2019.

### **17. Indebtedness of Directors and Executive Officers**

There is and has been no indebtedness of any director, executive officer or senior officer or associate of any of them, to or guaranteed or supported by Spinco during the period from incorporation.

### **18. Audit Committees and Corporate Governance**

#### **Audit Committee**

#### **The Audit Committee's Charter**

Please refer to Schedule "G" appended hereto for the Audit Committee Charter of Spinco.

#### **Composition of the Audit Committee**

The audit committee is comprised of the following individuals:

<b>Name</b>	<b>Independent vs. Non-Independent<sup>(1)</sup></b>	<b>Financial Literacy<sup>(1)</sup></b>
<b>William A. Rand</b>	Independent	Yes
<b>David F. Mullen</b>	Independent	Yes
<b>Cheri L. Pedersen</b>	Independent	Yes

Note:

(1) As defined by National Instrument 52-110 - Audit Committees ("NI 52-110").

#### **Relevant Education and Experience**

Set out below is a general description of the education and experience of each Audit Committee member which is relevant to the performance of his responsibilities as an Audit Committee member:

William A. Rand      Mr. Rand has served on the Spinco Board of directors of numerous natural resource companies and his current other board memberships include: Director, Member of Audit Committee and Member of Compensation Committee, Denison Mines Corp.; Lead Director, Member of Audit Committee and Member of Human Resources and Compensation Committee, Lundin Mining Corporation; and Lead Director & Director, New West Energy Services Inc.; Mr. Rand is a retired corporate and securities lawyer and mining executive and holds a LLM from the London School of Economics, a LLB from Dalhousie University, a JDS (Hon.) from Dalhousie University and a B. Comm. from McGill University (Honours in Economics and Major in Accounting). Mr. Rand is a Senior Business Advisor with Cassels Brock & Blackwell LLP and has been a member of a number of boards of public companies for over 30 years.

- David F. Mullen Mr. Mullen is currently Managing Director of Graycliff Partners; Prior, Mr. Mullen was Managing Partner and Chair of Fulcrum Capital Partners Inc. (Canada). Mr. Mullen was formerly, Chief Executive Officer and Head of Private Equity of North America for HSBC Bank (HSBC Capital Canada and HSBC Capital USA). Mr. Mullen has also served as a director and audit committee member of several public resource-based companies. Mr. Mullen holds an MBA from the Richard Ivey School of Business at the University of Western Ontario and a Bachelor of Commerce degree from the University of British Columbia.
- Cheri L. Pedersen Ms. Pedersen holds a Bachelor of Commerce degree and a Bachelor of Laws degree, both from the University of British Columbia. She practiced corporate, securities and natural resources law in Vancouver, British Columbia for over 30 years, with a focus on mining, corporate finance, mergers and acquisitions, and corporate governance, retiring from law practice in 2016. Ms. Pedersen was an Associate Counsel of Boughton Law Corporation from 2009 to 2016 and a Partner of DuMoulin Black LLP from 1987 to 2008.

### **Pre-Approval Policies and Procedures**

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter appended hereto as Schedule “G” under Section 4.2 “Non-Audit Services”.

### **Exemption in Section 6.1 of NI 52-110**

Spinco is relying on the exemption in Section 6.1 of NI 52-110 from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

### **External Auditors Service Fees (By Category)**

To date, Spinco has paid no fees to its external auditor.

### **Corporate Governance Disclosure**

Corporate governance relates to the activities of the Spinco Board, the members of which are elected by and are accountable to the Spinco shareholders, and takes into account the role of the individual members of management who are appointed by the Spinco Board and who are charged with the day to day management of Spinco. The Spinco Board is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making.

National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. Spinco has reviewed its own corporate governance practices in light of these guidelines. In certain cases, Spinco’s practices comply with the guidelines, however, the Spinco Board considers that some of the guidelines are not suitable for Spinco at its current stage of development and therefore these guidelines have not yet been adopted.

Please refer to Schedule "E" appended hereto for the required disclosure under National Instrument 58-101 – *Disclosure of Corporate Governance Practices* for Spinco.

**19. Agent, Sponsor or Advisor**

Not applicable.

**20. Risk Factors**

In addition to the other information contained in this Listing Application, the following factors should be considered carefully when considering risk related to Spinco's proposed business.

**Nature of the Securities and No Assurance of any Listing**

Spinco Common Shares are not currently listed on any stock exchange and there is no assurance that the shares will be listed. Even if a listing is obtained, the holding of Spinco Common Shares will involve a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Spinco Common Shares should not be held by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in securities of Spinco should not constitute a major portion of an investor's portfolio.

**Limited Operating History**

Spinco was incorporated on February 21, 2019 and has a limited operating history and no operating revenues.

**Dependence on Management**

Spinco will be dependent upon the personal efforts and commitment of its directors and officers, especially Wojtek Wodzicki, Spinco's current President and Chief Executive Officer. If one or more of Spinco's proposed executive officers become unavailable for any reason, a severe disruption to the business and operations of Spinco could result, and Spinco may not be able to replace them readily, if at all. As Spinco's business activity grows, Spinco will require additional key financial, administrative and mining personnel as well as additional operations staff. There can be no assurance that Spinco will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increase. If Spinco is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on Spinco's future cash flows, earnings, results of operations and financial condition.

**Spinco's operations are subject to human error**

Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage Spinco's interests, and even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to Spinco. These could include loss or forfeiture of mineral claims or other assets for non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort Spinco might undertake and legal claims for errors or mistakes by Spinco personnel.

## **Financing Risks**

Additional funding may be required to conduct future exploration programs on the Los Helados and the Spinco Exploration Property and to conduct other exploration programs. If Spinco's proposed exploration programs are successful, additional funds will be required for the development of an economic mineral body and to place it in commercial production. The only sources of future funds available to Spinco are the sale of equity capital, or the offering by Spinco of an interest in its properties to be earned by another party or parties carrying out exploration or development thereof. There is no assurance that any such funds will be available for operations. Failure to obtain additional financing on a timely basis could cause Spinco to reduce or terminate its proposed operations.

## **Conflicts of Interest**

Certain directors and officers of Spinco are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of Spinco, including possibly Josemaria. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of Spinco. Directors and officers of Spinco with conflicts of interest will be subject to the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

## **No History of Earnings**

Spinco has no history of earnings or of a return on investment, and there is no assurance that the Los Helados Project or the Spinco Exploration Property or any other property or business that Spinco may acquire or undertake will generate earnings, operate profitably or provide a return on investment in the future. Spinco has no plans to pay dividends for some time in the future. The future dividend policy of Spinco will be determined by the Spinco Board.

## **Exploration and Development**

Resource exploration and development is a speculative business and involves a high degree of risk. There is no known body of commercial ore on the Los Helados Project. There is no certainty that the expenditures to be made by Spinco in the exploration of the Los Helados Project and/or the Spinco Exploration Property or otherwise will result in discoveries of commercial quantities of minerals. The marketability of natural resources which may be acquired or discovered by Spinco will be affected by numerous factors beyond the control of Spinco. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Spinco not receiving an adequate return on invested capital.

## **Environmental Risks and Other Regulatory Requirements**

The current or future operations of Spinco, including future exploration and development activities and commencement of production on its property or properties, will require permits or licences from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities

generally experience increased costs and delays as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which Spinco may require for the conduct of its operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any project which Spinco might undertake.

Failure to comply with applicable 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 may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies and mine reclamation and remediation activities, or more stringent implementation thereof, could have a material adverse impact on Spinco and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

### **Dilution**

Issuances of additional securities including, but not limited to, its common stock or some form of convertible debentures, will result in a substantial dilution of the equity interests of any persons who may become Spinco Shareholders as a result of or subsequent to the Arrangement.

### **Market for securities**

There is currently no market through which the Spinco Common Shares may be sold and Spinco Shareholders may not be able to resell the Spinco Common Shares acquired under the Plan of Arrangement. There can be no assurance that an active trading market will develop for the Spinco Common Shares following the completion of the Plan of Arrangement, or if developed, that such a market will be sustained at the trading price of the Spinco Common Shares on the TSXV immediately after the Effective Date.

### **Nature of Mineral Exploration and Development**

All of Spinco's operations are at the exploration stage and there is no guarantee that any such activity will result in commercial production of mineral deposits. The exploration for mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration programs planned by Spinco or any future development programs will result in a profitable commercial mining operation. There is no assurance that the Spinco's mineral exploration activities will result in any discoveries of commercial quantities of ore. There is also no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors

cannot be accurately predicted. The long-term profitability of Spinco will be in part directly related to the cost and success of its exploration programs and any subsequent development programs.

### **Foreign Country Risks**

The Los Helados Project and the Spinco Exploration Property are located in Argentina and Chile, countries with social, political and economic policies that differ from Canada's. Although Spinco believes the current conditions in Argentina and Chile are stable and conducive to conducting business, there is no assurance that such conditions will continue to prevail. Governmental policies may change to discourage foreign investment or mining; nationalization of mining industries may occur; and other unforeseen limitations, restrictions or requirements may be implemented. There can be no assurance that Spinco's assets will not be subject to nationalization, expropriation, requisition or confiscation, whether legitimate or not, by any authority or body. There can also be no assurance that adverse developments such as terrorism, military repression, civil unrest, crime, extreme fluctuations in currency exchange rates or high inflation will not occur.

### **Spinco may encounter difficulties in conducting its business through foreign subsidiaries**

Spinco will be conducting a portion of its business through one or more foreign subsidiaries, and a portion of its assets may be held by such entities. Accordingly, any limitation on the transfer of cash or other assets between Spinco and its subsidiaries, or among its subsidiaries, could restrict Spinco's ability to fund operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on Spinco's valuation.

Spinco is a Canadian corporation. All of its directors and officers are residents of Canada and a significant part of its assets are, or will be, located outside of the United States. As a result, it may be difficult or impossible for U.S. Josemaria Shareholders to effect service of process within the United States upon Spinco, its directors or officers, or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, U.S. Josemaria Shareholders should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

### **No Operating History**

Exploration projects have no operating history upon which to base estimates of future cash flows. Substantial expenditures are required to develop mineral projects. It is possible that actual costs and future economic returns may differ materially from Spinco's estimates. There can be no assurance that the underlying assumed levels of expenses for any project will prove to be accurate. Further, it is not unusual in the mining industry for new mining operations to experience unexpected problems during start-up, resulting in delays and requiring more capital than anticipated. There can be no assurance that Spinco's projects will move beyond the exploration stage and be put into production, achieve commercial production or that Spinco will produce revenue, operate profitably or provide a return on investment in the future. Mineral exploration involves considerable financial and technical risk. There can be no assurance that the funds required for exploration and future development can be obtained on a timely basis. There can be no assurance that Spinco will not suffer significant losses in the near future or that Spinco will ever be profitable.

## **Commodity Prices**

The price of the Spinco Common Shares and Spinco's financial results may be significantly adversely affected by a decline in the price of copper, gold, silver and other mineral commodities. Metal prices fluctuate widely and are affected by numerous factors beyond Spinco's control. The level of interest rates, the rate of inflation, world supply of mineral commodities, global and regional consumption patterns, speculative trading activities, the value of the United States dollar and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems, political systems and political and economic developments. The price of mineral commodities has fluctuated widely in recent years and future serious price declines could cause potential commercial production to be uneconomic. A severe decline in the price of minerals would have a material adverse effect on Spinco.

## **Acquisition Strategy**

As part of Spinco's business strategy, it will continue to seek new exploration, development and mining opportunities in the resource industry. In pursuit of such opportunities, Spinco may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into Spinco. Spinco cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit Spinco.

## **Dividend Policy**

No dividends on Spinco Common Shares have been paid by Spinco to date. Spinco anticipates that it will retain all earnings and other cash resources for the foreseeable future for the operation and development of its business. Spinco does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Spinco Board after taking into account many factors, including Spinco's operating results, financial condition and current and anticipated cash needs.

## **Permitting**

Spinco's mineral property interests are subject to receiving and maintaining permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of existing permits, additional permits for any possible future developments or changes to operations or additional permits associated with new legislation. Prior to any development of any of their properties, Spinco must receive permits from appropriate governmental authorities. There can be no assurance that Spinco will continue to hold all permits necessary to develop or continue its activities at any particular property. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, may have a material adverse impact on Spinco, resulting in increased capital expenditures and other costs or abandonment or delays in development of properties.

## **Land Title**

The acquisition of title to resource properties is a very detailed and time-consuming process. No assurances can be given that there are no title defects affecting the properties in which Spinco has an interest. The properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. Other parties may dispute the title to a property or the property may be subject to prior unregistered agreements and transfers or land claims by Indigenous people. The title may also be affected by undetected encumbrances or defects or governmental actions. Spinco has not conducted surveys of properties in which it holds an interest and the precise area and location of claims or the properties may be challenged. Spinco may not be able to register rights and interests it acquires against title to applicable mineral properties. An inability to register such rights and interests may limit or severely restrict Spinco's ability to enforce such acquired rights and interests against third parties or may render certain agreements entered into by Spinco invalid, unenforceable, uneconomic, unsatisfied or ambiguous, the effect of which may cause financial results yielded to differ materially from those anticipated. Although Spinco believes it has taken reasonable measures to ensure proper title to the properties in which it has an interest, there is no guarantee that such title will not be challenged or impaired.

## **Influence of Third-Party Stakeholders**

The mineral properties in which Spinco holds an interest, or the exploration equipment and road or other means of access which Spinco intends to utilize in carrying out its work programs or general business mandates, may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims, Spinco's work programs may be delayed even if such claims are not meritorious. Such claims may result in significant financial loss and loss of opportunity for Spinco.

## **Insurance**

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, ground or slope failures, fires, environmental occurrences and natural phenomena such as prolonged periods of inclement weather conditions, floods and earthquakes. It is not always possible to obtain insurance against all such risks and Spinco may decide not to insure against certain risks because of high premiums or other reasons. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage to Spinco's properties or the properties of others, delays in exploration, development or mining operations, monetary losses and possible legal liability. Spinco currently carries insurance within ranges of coverage which it believes to be consistent with industry practice for companies of a similar stage of development. Spinco's insurance coverage includes liability insurance with respect to its mineral exploration operations but does not cover any form of political risk insurance or certain forms of environmental liability insurance, since insurance against political risks and environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is prohibitively expensive. Should such liabilities arise, they could reduce or eliminate future profitability and result in increasing costs and a decline in the value of the securities of Spinco. If Spinco is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy. The lack of, or insufficiency of, insurance coverage could adversely affect Spinco's future cash flow and overall profitability.

## **Significant Competition for Attractive Mineral Properties**

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. Spinco expects to selectively seek strategic acquisitions in the future, however, there can be no assurance that suitable acquisition opportunities will be identified. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than Spinco, Spinco may be unable to acquire additional attractive mineral properties on terms it considers acceptable. In addition, Spinco's ability to consummate and to integrate effectively any future acquisitions on terms that are favourable to Spinco may be limited by the number of attractive acquisition targets, internal demands on resources, competition from other mining companies and, to the extent necessary, Spinco's ability to obtain financing on satisfactory terms, if at all.

### **21. Promoters**

Josemaria took the initiative in Spinco's organization and, accordingly, may be considered to be the promoter of Spinco within the meaning of applicable Securities Legislation. Josemaria does not, beneficially own, or control or direct, any Spinco Common Shares. During the period from incorporation to and including the closing of the Arrangement, the only material thing of value which Josemaria has received from Spinco is the Spinco Common Shares issued to Josemaria in consideration for the transfer to Spinco by Josemaria of the Los Helados Project and the Spinco Exploration Property, which Spinco Common Shares have been distributed to the Josemaria Shareholders of record July 24, 2019 and to Josemaria Shareholders who hold their shares through Euroclear Sweden as of July 26, 2019, in accordance with the Arrangement.

### **22. Legal Proceedings and Regulatory Actions**

Spinco is not a party to any material legal proceedings and Spinco is not aware of any such proceedings known to be contemplated.

### **23. Interests of Management and Others in Material Transactions**

Except as set forth herein, no director, executive officer or greater than 10% shareholder of Spinco and no associate or affiliate of the foregoing persons has or had any material interest, direct or indirect, in any transaction since incorporation or in any proposed transaction which in either such case has materially affected or will materially affect Spinco.

### **24. Investor Relations Arrangements**

Not applicable.

### **25. Auditors, Transfer Agents and Registrars**

The auditor of Spinco is PricewaterhouseCoopers LLP, Suite 1400, 250 Howe Street, Vancouver, British Columbia V6C 3S7. The registrar and transfer agent for the Spinco Common Shares is Computershare Investor Services Inc. at its principal offices at 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9.

## **26. Material Contracts**

The only agreement or contract that Spinco has entered into since its incorporation or will enter into as part of the Arrangement which may be reasonably regarded as being material is the Arrangement Agreement dated April 17, 2019, as amended, between Spinco and Josemaria. See “Arrangement Agreement”.

A copy of the Arrangement Agreement is available under Josemaria’s profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **27. Experts**

PricewaterhouseCoopers LLP, Chartered Professional Accountants, is the auditor of Spinco and is independent of Spinco within the meaning of the Chartered Professional Accountants of British Columbia Code of Professional Conduct.

Fionnuala Devine, P. Geo. of Merlin Geosciences Inc., Giovanni Di Prisco, Ph.D. of Terra Mineralogical Services Inc., P. Geo and Gino Zandonai, MSc. (CSM), CP, prepared the Los Helados Report. As of the date of this Listing Application, neither Fionnuala Devine, Merlin Geosciences Inc., Giovanni Di Prisco, Ph.D., Terra Mineralogical Services Inc., P. Geo nor Gino Zandonai, MSc. (CSM), CP own any of the issued and outstanding Spinco Common Shares.

## **28. Other Material Facts**

Not Applicable.

## **29. Additional Information – Mining or Oil and Gas Applicants**

Disclosure about the Los Helados Project is included under Item 4.

Recommendations for further work have been divided into two Phases in order to better define the goals and objectives and assist in planning and budgeting the work. The scope of subsequent phases will depend on the results of the preceding phases and the exact nature of Phase II will be contingent on the results of the preceding phase. Brief descriptions of the phases and budgeting details for Phases I and II are presented below.

The objective of this two-phase program is to provide sufficient knowledge about the project to allow an informed decision on whether or not to undertake a revised standalone PEA study.

### **Phase I:**

The Phase I recommended work program comprises updating the mineral resource and investigating options and trade off studies for mine planning.

Assays from drill hole LHDH072, completed in 2015 are available, but have not been incorporated into the current mineral resource. Additional geological studies have also resulted in a slight revision to the geological interpretation. The Los Helados Technical Report recommends that the mineral resource be updated to incorporate these changes.

Following the resource update, continuation and refinement of the mine planning exercises completed as part of the standalone and Project Constellation PEA’s are recommended to be undertaken, with the

goal of these studies to investigate alternate mining methods, such as sub-level caving, which could potentially reduce the up-front capital expenditure requirements and shorten the lead time to production.

**Phase II :**

Phase II involves updating the previous Los Helados stand alone PEA to incorporate the updated resource model and mine planning work, including various project optimizations from the Los Helados portion of Project Constellation.

It is further recommended that the information be incorporated into a stand-alone PEA document. The table below summarizes the costs to complete Phases I and II of the recommendations.

**Recommendation Costs**

<b>Program Phase</b>	<b>Area</b>	<b>Estimated Costs (US\$ x 1,000)</b>
<b>Phase 1</b>		
	Resource Update	70
	Mine Planning Studies	130
	<i>Subtotal</i>	<i>200</i>
<b>Phase 2</b>		
	Mine Design & Production Schedule Optimization	250
	Infrastructure	100
	Environmental Studies and Field Work	250
	Study Management and Reporting	200
	<i>Subtotal</i>	<i>800</i>
<b>Total</b>		<b>1,000</b>

The \$7.3 million in working capital transferred to Spinco upon completion of the Arrangement is allocated to Phases I and II Work Programs which are the only plan for which recommendation and a budget have been provided as at the date of this Listing Application, except as set out in the use of proceeds table below. Any further capital expenditures on the Los Helados Project are dependent on the results of Phases I and II. Subject to the results of the Phase I and Phase II work and the availability of additional financing to be determined in the context of the market, management of Spinco may revisit the scope of the Los Helados Project work program going forward. Phase I of the recommended program is estimated to require approximately a month, and could begin shortly after the completion of the Arrangement. Phase II would involve engineering projects and investigations and progress towards completion is dependent on the outcome of these ongoing studies.

**Use of Proceeds**

<b>Funds Available</b>	<b>CAD \$</b>
Pro-Forma Working Capital - Most recent date(deficit)	-\$ 200,000
Funds transferred as part of spinout	\$ 7,300,000
<b>Primary Purpose</b>	
Phase 1 and Phase 2 Exploration Program, (Los Helados Property)	\$ 1,300,000
Exploration Program, (Nacimientos Property)	\$ -
Exploration Program, (Project Generation)	\$ 1,000,000
12 months Property Payments (Los Helados Property)	\$ 1,214,200
12 months Property Payments (Nacimientos Property)	\$ 520,000
12 months G&A (South America)	\$ 317,000
12 months G&A (Canada)	\$ 1,846,000
12 months Other Expenses	\$ 630,000
Unallocated Funds	\$ 272,800
<b>Total:</b>	<b>\$ 7,100,000</b>

There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary. Use of proceeds will be subject to the discretion of management.

**30. Exemptions**

Not Applicable.

**31. Financial Statement Disclosure for Issuers**

See Schedules "B" "C" and "D" appended hereto.

**32. Significant Acquisitions**

Not Applicable.

**33. Certificates**

**33.1 Certificate of Applicant**

Each of the undersigned hereby certifies that the foregoing constitutes full, true and plain disclosure of all information required to be disclosed under each item of this Listing Application and of any material fact not otherwise required to be disclosed under an item of this Listing Application.

Dated August 16, 2019.

(signed) *Wojtek Wodzicki*

President and Chief Executive Officer

(signed) *Joyce Ngo*

Interim Chief Financial Officer

(signed) *William Rand*

Director

(signed) *Adam Lundin*

Director

**33.2 Certificate of Sponsor**

N/A

### **33.3 Acknowledgement – Personal Information**

The Applicant hereby represents and warrants that it has obtained all consents required under applicable law for the collection, use and disclosure by the Exchange of the Personal Information contained in or submitted pursuant to this Listing Application for the purposes described in Schedule “A” appended hereto.

(signed) *Wojtek Wodzicki*

Wojtek Wodzicki

President and Chief Executive Officer

**SCHEDULE "A"**  
**FORM 2B PERSONAL INFORMATION COLLECTION POLICY**

**Collection, Use and Disclosure**

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including TSX Venture Exchange and Toronto Stock Exchange, (collectively referred to as the "Exchange") collect the information contained in or submitted pursuant to Form 2B (which may include personal, confidential, non-public or other information) and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Applicant,
- to consider the eligibility of the Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Applicant, or its associates or affiliates, including information as to such individuals' involvement with any other reporting issuers
- to detect and prevent fraud, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the capital markets in Canada.

Personal Information the Exchange collects may also be disclosed:

- (a) to securities regulators and regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, and each of their subsidiaries, affiliates, regulators and authorized agents, for the purposes described above, and these agencies and organizations may use the information in their own investigations;
- (b) on the Exchange's website or through printed materials published by or pursuant to the directions of the Exchange for the purposes described above; and
- (c) as otherwise permitted or required by law.

The Exchange may from time to time use third parties to process information or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers for the purposes described above.

## Questions

If you have any questions or enquiries regarding the policy outlined above or about our privacy practices, please send a written request to: Chief Privacy Officer, TMX Group, The Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2.

**SCHEDULE "B"**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(see attached)**

## **Management's Discussion and Analysis**

This Management's Discussion and Analysis ("MD&A") provides a review of the operations of NGEx Minerals Ltd. (formerly, 11264796 Canada Inc.) (the "Company" or "Spinco") and the Spinout Exploration Business of NGEx Resources Inc. ("Spinout Exploration Business") and has been prepared on the basis of available information up to August 16, 2019, and should be read in conjunction with the audited consolidated financial statements for the period from February 21, 2019 to March 31, 2019 for Spinco, and the audited carve-out consolidated financial statements for the years ended December 31, 2018, 2017 and 2016 for the Spinout Exploration Business, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the condensed interim carve-out consolidated financial statements as at and for the three-month periods ended March 31, 2019 for the Spinout Exploration Business which were prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting. All dollar amounts are expressed in Canadian dollars except where indicated otherwise.

### **Background**

Spinco was incorporated on February 21, 2019 under the *Canada Business Corporations Act*. Spinco was incorporated for the purposes of completing the Arrangement (as defined and discussed below).

On July 17, 2019, Josemaria Resources Inc. ("Josemaria Resources" or "NGEx") completed the plan of arrangement under the Canada Business Corporation Act ("Arrangement"). Under the terms of the Arrangement, Josemaria Resources transferred its wholly-owned subsidiaries that directly or indirectly hold the Los Helados project and the other exploration projects located in Argentina and Chile, along with approximately \$7.3 million in cash, to the Company in exchange for common shares of the Company. The Los Helados project is a large copper-gold porphyry deposit located in Chile's Region III. Under the Arrangement, Josemaria has distributed 100% of the common shares of Spinco it received to Josemaria shareholders on the basis of one common share of the Company for every two common shares of Josemaria Resources held, by way of a reduction and return of share capital.

On June 10, 2019, Spinco changed its name from "11264796 Canada Inc." to "NGEx Minerals Ltd."

### **Company Mission and Focus**

Spinco is a copper and gold mineral exploration company and its initial focus is on the advancement of the Los Helados Project and other exploration projects, which were transferred to Spinco from NGEx in connection with the Arrangement. The Company also plans to evaluate and acquire additional mineral properties as part of an overall growth strategy.

### **About the Los Helados Project**

The Los Helados Project is a large copper-gold porphyry deposit located approximately 125 kilometres southeast of the city of Copiapo in Region III of Chile.

The Los Helados Project is comprised of claims in Chile (the "MFDO Claims"), and claims in Argentina (the "La Rioja Properties" and the "Pampa Claims"). NGEx holds an indirect approximately 63% interest in the MFDO Claims, a 60% interest in the La Rioja Properties and a 100% interest in the Pampa Claims. The MFDO Claims and the La Rioja Properties are subject to a joint exploration agreement with Pan Pacific Copper Co., Ltd. ("PPC"), which holds the remaining approximately 37% and 40% interest in the properties, respectively. The current mineral resource of the Los Helados Project is located entirely within Chile on claims held by Minera Frontera del Oro S.C.M. ("MFDO").

NGEx acts as the operator of the Los Helados Project and both parties are required to contribute their pro-rata share of expenditures or dilute their interest in the project. However, as PPC has not been contributing to the Los Helados Project expenditures in Chile since 2015, PPC's interest in the MFDO Claims is being diluted.

#### Mineral Resource Estimate

The Los Helados Project has a current mineral resource at a base case 0.33% copper equivalent ("CuEq") cutoff, as follows:

- 2,099 million tonnes at a grade of 0.38% copper, 0.15 g/t gold, and 1.37 g/t silver for a copper equivalent grade of 0.48% (17.6 billion pounds of copper, 10.1 million ounces of gold, and 92.5 million ounces of silver) in the Indicated Resource category; and
- 827 million tonnes at a grade of 0.32% copper, 0.10 g/t gold, and 1.32 g/t silver for a copper equivalent grade of 0.39% (5.8 billion pounds of copper, 2.7 million ounces of gold, and 35.1 million ounces of silver) in the Inferred Resource category.

Copper Equivalent (CuEq) is calculated using US\$3.00/lb copper, US\$1,300/oz gold and US\$23/oz Ag, and includes a provision for selling costs and metallurgical recoveries corresponding to three zones which vary with depth. The formulas used are:  $CuEq\% = Cu\% + 0.6264 * Au (g/t) + 0.0047 * Ag (g/t)$  for the Upper Zone (surface to ~ 250m);  $Cu\% + 0.6366 * Au (g/t) + 0.0077 * Ag (g/t)$  for the Intermediate Zone (~250m to ~600m);  $Cu\% + 0.6337 * Au (g/t) + 0.0096 * Ag (g/t)$  for the Deep Zone (> ~600m).

Mineral resources are reported within a block cave underground mining shape based on US\$13.07/tonne operating costs and including a provision for capital expenditure. The base case cutoff grade of 0.33% CuEq was derived through an economic evaluation of several block cave shapes developed over a range of different cutoff grades and is the cutoff grade which results in a zero NPV.

The mineral resource estimate for the Los Helados Project has an effective date of April 26, 2019 and was prepared by Gino Zandonai, B.Sc., M.Sc. Registered Member of the Comision Calificadora de Competencias en Recursos y Reservas Mineras (Chilean Mining Commission) in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"). Mr. Zandonai is the Qualified Person for the estimate and is independent of NGEx, as defined by NI 43-101.

It should be noted that the mineral resource estimate presented here is not a mineral reserve, and does not have demonstrated economic viability. While the Company strongly believes that the mineral resource warrants additional study to determine the development potential, there can be no guarantee that any or all of the mineral resource will ultimately be determined to be economically viable.

For complete details of the Los Helados Project including the current resource estimate, please refer to the Technical Report titled "Technical Report on the Los Helados Porphyry Copper-Gold Deposit, Chile" dated May 31, 2019, with an effective date of April 26, 2019 (the "Los Helados Report"). The Los Helados Report was prepared by Fionnuala Devine, P. Geo., Giovanni Di Prisco, Ph.D., P.Geo and Gino Zandonai, MSc. (CSM), CP, and is available for review under the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)) or NGEx's website at [www.ngexresources.com](http://www.ngexresources.com).

## **Outlook**

The Company's long term view of the copper market is positive, with the expectation that tightening mine supply and growing demand, especially from developing countries, will contribute to stronger prices and require the development of new greenfield mining projects. The Company's strategy is to create value for its shareholders by expanding and increasing the quality of its resources and advancing the engineering and other studies that are required to prepare its projects for eventual sale or development. The Company intends to increase shareholder value through successful exploration and to eventually convert its exploration successes into development projects, positioning the Company as a top tier mining industry investment.

Below is a discussion of overall performance, results of operations, financial position and cash flows.

## **Overall performance**

Since the date of incorporation, Spinco's sole business focus has been to (i) complete the Arrangement with NGEx; and (ii) complete the listing of its Spinco Common Shares on the TSX Venture Exchange ("TSXV"). Spinco has made no other significant acquisitions or dispositions since incorporation, other than those included in the Arrangement.

As of the date of this MD&A, Spinco's costs and operations have been funded by its sole shareholder, NGEx.

With the completion of the Arrangement on July 17, 2019, Spinco has available funds of approximately \$7.3 million, which management believes will be sufficient for funding Spinco's operations in the first 12 months following listing on the TSXV. Spinco may seek to raise additional funds through public or private equity funding, bank debt financing or from other sources.

## ***Selected Financial Data (In Cdn \$)***

	From the date of Incorporation on February 21, 2019 to March 31, 2019
Total revenue	Nil
Net loss for the period	(\$4,750)
Loss per share	(\$4,750)
Total assets	\$ 1
Total long term liabilities	Nil

## ***Results of Operations***

Spinco was incorporated on February 21, 2019 as a wholly-owned subsidiary of NGEx. The net loss for the period reflects the costs of professional services rendered and incorporation fees incurred in connection with the establishment of the Company. Spinco has no activities since incorporation and thus the results of operations were deemed not meaningful for discussion purposes.

## **Annual and Interim MD&A of the Spinout Exploration Business**

### ***Selected Financial Data (In Cdn \$)***

	Three months ended March 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Total revenue	Nil	Nil	Nil	Nil
G&A	(302,840)	(1,541,679)	(1,451,107)	(1,727,374)
Net loss	(\$1,702,235)	(\$6,336,936)	(\$5,259,186)	(5,015,441)
Loss per share	Nil	Nil	Nil	Nil
Total assets	\$ 5,220,239	\$ 5,002,987	\$4,513,010	\$3,807,501*
Total long term liabilities	Nil	Nil	Nil	Nil

Note:

\* Unaudited.

### ***Annual Results of Operations – Year ended December 31, 2018 compared to Year ended December 31, 2017 and December 31, 2016***

The Spinout Exploration Business' net loss for the year ended December 31, 2018 was \$6.3 million as compared to a net loss of \$5.3 million for the year ended December 31, 2017 and \$5.0 million for the year ended December 31, 2016. The increase in net loss was primarily due to higher exploration and project investigation costs incurred for the Nacimientos project during fiscal 2018 compared to the previous fiscal 2017 and 2016 years. The Spinout Exploration Business completed a three-hole scout drilling program to test and confirm the geological model at Nacimientos during 2018, resulting in higher exploration costs incurred during the year.

Investment in the Nacimientos project was initiated in May 2017 when NGEx signed an option agreement to acquire a 100% interest in the project through a combination of cash payments totalling US\$1.65 million and completing an aggregate of US\$2.5 million in expenditures on the project over a five year period. The Spinout Exploration Business incurred \$0.8 million in exploration expenditures for the year ended December 31, 2017.

Overall General and administration ("G&A") costs were relatively steady and totaled \$1.5 million for both the 2018 and 2017 fiscal years. G&A cost was \$1.7 million for the fiscal year ended December 31, 2016 and included additional professional and promotional cost of executing and completing the spinout transaction for Filo Mining Corp. ("Filo Spinout") as well as a higher share base compensation charge which resulted from the vesting of all outstanding options subsequent to the Filo Spinout in August 2016.

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

### ***Quarterly Results of Operations – For the Three Months ended March 31, 2019 ("2019 Period") compared to the Three Months ended March 31, 2018 ("2018 Period")***

Net loss totaled \$1.7 million for the three months ended March 31, 2019 compared to \$3.3 million for the three months ended March 31, 2018. The decrease in net loss was primarily attributable to a reduction in exploration and project investigation costs for the Spinout Exploration Business during the first quarter of

2019 compared to the 2018 Period. Exploration activities on the Spinout Exploration Business during the 2019 period were limited as NGEx focused most of its resources on advancing its other project (Josemaria). For the 2018 Period, the Spinout Exploration Business devoted more focus on the Nacimientos project and completed geological mapping, geochemical sampling, a ground magnetic survey and an IP/Resistivity survey in order to define drill targets in preparation for the scout drilling campaign.

G&A costs totalled \$0.3 million for the first quarter of 2019 compared to \$1.2 million for the first quarter of 2018. As the Spinout Exploration Business dedicated the majority of its resources and work towards the Nacimientos project relative to other projects during the 2018 Period, a relatively higher proportion of common overhead expenses were allocated and attributed to the Spinout Exploration Business during the 2018 Period compared to the 2019 Period.

**Summary of Mineral Properties  
(In Cdn\$)**

	<b>Los Helados (Joint exploration agreement)</b>	<b>Nacimientos</b>	<b>Acay</b>	<b>TOTAL</b>
<b>December 31, 2016</b>	<b>\$ 3,452,060</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,452,060</b>
Additions	393,353	256,898	100,251	750,502
Currency translation effect	63,721	(39,524)	(5,920)	18,277
<b>December 31, 2017</b>	<b>\$ 3,909,134</b>	<b>\$ 217,374</b>	<b>\$ 94,331</b>	<b>\$ 4,220,839</b>
Additions	312,382	357,696	-	670,078
Inflation adjustment	-	62,201	-	62,201
Write-off of mineral property interests	-	-	(54,861)	(54,861)
Currency translation effect	(181,352)	(142,445)	(39,470)	(363,267)
<b>December 31, 2018</b>	<b>\$ 4,040,164</b>	<b>\$ 494,826</b>	<b>\$ -</b>	<b>\$ 4,534,990</b>
Additions	328,774	-	-	328,774
Inflation adjustment	-	(25,772)	-	(25,772)
Currency translation effect	4,050	-	-	4,050
<b>March 31, 2019</b>	<b>\$ 4,372,988</b>	<b>\$ 469,054</b>	<b>\$ -</b>	<b>\$ 4,842,042</b>

The Spinout Exploration Business is comprised of properties located in San Juan Province, Argentina, and Region III, Chile.

The Los Helados Project (Chile)

The Spinout Exploration Business is the majority partner and operator for the Los Helados Project.

The Nacimientos Project (Argentina)

On May 3, 2017, the Spinout Exploration Business signed an option agreement whereby it can acquire a 100% interest in the Nacimientos 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 Spinout Exploration Business must also fund US\$2.5 million in expenditures on the Nacimiento Property on or before the Earn-in Date. The Spinout Exploration Business has paid US\$0.3 million in option payments and has incurred \$2.5 million in exploration expenditures as at December 31, 2018.

### The Acay Project (Argentina)

On November 22, 2017, the Spinout Exploration Business signed an option agreement with Cosmos Minerals S.A. ("Cosmos") whereby it could acquire a 100% interest in the Acay project located in Salta Province, Argentina by funding expenditures on the property and making option payments over a four-year period on or before November 22, 2021 (the "Earn-in Date"). The option agreement included a 2% NSR royalty payable to Cosmos.

On November 30, 2018, the Spinout Exploration Business completed an internal review of its project portfolio and decided to terminate the Acay project option agreement in order to focus on its key projects. Accordingly, all costs previously capitalized were expensed within the carve-out consolidated statements of comprehensive loss for the year ended December 31, 2018.

### ***Summary of Exploration and Project Investigation (In Cdn\$)***

Expenditures that were directly attributable to the Spinout Exploration Business and a pro-rata share of common expenses relating to office, salaries, overhead and other administrative costs (based on the level of exploration activity relative to other projects) have been included in the total expenditures reported for the years ended December 31, 2018 and December 31, 2017.

The exploration and project investigation expenditures attributable to the Spinout Exploration Business are as follows:

	<b>Year ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
Los Helados	\$ 1,534,123	\$ 2,269,753
Nacimientos	2,461,538	873,621
Acay	284,231	222,141
Administration and other projects	476,166	442,564
	<b>\$ 4,756,058</b>	<b>\$ 3,808,079</b>
	<b>Year ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
Land holding costs	\$ 860,183	\$ 1,119,977
Drilling, fuel, camp costs and field supplies	1,059,790	484,886
Roadwork, travel and transport	495,663	422,818
Engineering studies, consultants, geochemistry and geophysics	387,664	75,256
Environmental and community relations	379,794	383,417
VAT, other taxes and fees	530,995	310,330
Office and general, salaries, and overhead	897,351	939,481
Share-based compensation	125,599	71,914
Inflation adjustment	19,019	-
	<b>\$ 4,756,058</b>	<b>\$ 3,808,079</b>

## ***Risks and Uncertainties***

The Company is subject to various risks and uncertainties, including but not limited to, those listed below.

### ***Nature of the Securities and No Assurance of any Listing***

Spinco Common Shares are not currently listed on any stock exchange and there is no assurance that the shares will be listed. Even if a listing is obtained, the holding of Spinco Common Shares will involve a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Spinco Common Shares should not be held by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in securities of Spinco should not constitute a major portion of an investor's portfolio.

### ***Possible Non-Completion of Arrangement***

There is no assurance that the Arrangement will receive regulatory, court or shareholder approval or will complete. If the Arrangement does not complete, Spinco will remain a private company and wholly-owned subsidiary of NGEEx.

### ***Limited Operating History***

Spinco was incorporated on February 21, 2019 and has a limited operating history and no operating revenues.

### ***No History of Earnings***

Spinco has no history of earnings or of a return on investment, and there is no assurance that the Los Helados Project or the exploration properties or any other property or business that Spinco may acquire or undertake will generate earnings, operate profitably or provide a return on investment in the future. Spinco has no plans to pay dividends for some time in the future. The future dividend policy of Spinco will be determined by the Spinco Board.

### ***Exploration and Development Risk***

Mining exploration, development and operations generally involve a high degree of risk that cannot be eliminated, which can adversely impact our success and financial performance. Exploration for and development of mineral deposits involves a high degree of risk and few properties that are explored are ultimately developed into producing mines.

Major expenses are typically required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a mineral deposit will be commercially viable depends on a number of factors, which include, among other things, the following:

- the interpretation of geological data obtained from drill holes and other sampling techniques;
- feasibility studies (which include estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed);
- the particular attributes of the deposit, such as size, grade and metallurgy; expected recovery rates of metals from the ore;
- proximity to infrastructure and labour; the ability to acquire and access land; the availability and cost of water and power; anticipated climatic conditions;
- cyclical metal prices; fluctuations in inflation and currency exchange rates;
- higher input commodity and labour costs; and

- government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

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.

Our operations are subject to all of the hazards and risks normally encountered in the exploration and development of copper, gold, and silver projects and properties, including unusual and unexpected geologic formations, seismic activity, rock slides, ground instabilities or failures, mechanical failures, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of facilities, damage to life or property, environmental damage and possible legal liability.

We are concentrated in the copper/gold/silver mining industry, and as such, our success will be sensitive to changes in, and our performance will depend to a greater extent on, the overall condition of the copper/gold/silver mining industry. Our business may be negatively impacted by fluctuations in the copper/gold/silver mining industry generally. We may be susceptible to an increased risk of loss, including losses due to adverse occurrences affecting us more than the market as a whole, as a result of the fact that our projects and properties are concentrated in the copper/gold/silver mining sector.

The Company attempts to mitigate its exploration risk by maintaining a diversified portfolio and by balancing its exploration risks through joint ventures and option agreements with other companies.

### ***Mineral Resources Estimates***

The reported mineral resources on the Los Helados Project are only estimates. No assurance can be given that the estimated mineral resources will be recovered. By their nature mineral resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which 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 estimates 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 estimated resources. 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

Mineral resource estimates may be affected by the following factors:

- Changes in interpretations of mineralization geometry and continuity of mineralization zones;
- Assumptions used in generating the block cave shapes for the mineral resources considered amenable to underground mining methods, including geotechnical and hydrogeological parameters
- Metallurgical and mining recoveries;
- Operating and capital cost assumptions;
  
- Metal price and exchange rate assumptions;
- Concentrate grade and smelting/refining terms;
- Confidence in the modifying factors, including assumptions that surface rights to allow infrastructure such as tailings storage facilities and desalination plants to be constructed will be forthcoming;
- Delays or other issues in reaching agreements with local or regulatory authorities and stakeholders; and
- Changes in land tenure requirements or in permitting requirements

The Company's mineral resource estimations as reported in this MD&A have been prepared in accordance with the CIM Definition Standards that are incorporated by reference in NI 43-101.

### ***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. 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 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 certain provinces of Argentina, there is environmental opposition to both mineral exploration and mining. Accordingly, 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. 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 the 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 including the law protecting the country's glaciers 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 Nacimientos Project and other exploration projects 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 Project 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 Corporation'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 will be 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. If such officers and key employees do not remain employed with Spinco then the ability of the Company to share employee costs with Josemaria Resources or Filo Mining pursuant to the terms of the proposed Cost Sharing Arrangement may be adversely affected.

### ***Spinco's Operations Are Subject To Human Error***

Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage Spinco's interests, and even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to Spinco. These could include loss or forfeiture of mineral claims or other assets for non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort Spinco might undertake and legal claims for errors or mistakes by Spinco personnel.

### ***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 Common 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 that the Company currently believes it will need for future exploration, development and mining.

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.

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 future development plans, and these delays may be significant. Such delays may have a material adverse effect on 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 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 may 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 proposed 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 pursuant to the terms of 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 Conditions***

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 Spinco Common Shares. The Company will be 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.

### ***Dividend Policy***

No dividends on Spinco Common Shares have been paid by Spinco to date. Spinco anticipates that it will retain all earnings and other cash resources for the foreseeable future for the operation and development of its business. Spinco does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the board of directors of Spinco after taking into account many factors, including Spinco's operating results, financial condition and current and anticipated cash needs.

### ***Permitting***

Spinco's mineral property interests are subject to receiving and maintaining permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all

necessary renewals of existing permits, additional permits for any possible future developments or changes to operations or additional permits associated with new legislation. Prior to any development of any of their properties, Spinco must receive permits from appropriate governmental authorities. There can be no assurance that Spinco will continue to hold all permits necessary to develop or continue its activities at any particular property. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, may have a material adverse impact on Spinco, resulting in increased capital expenditures and other costs or abandonment or delays in development of properties.

### ***Influence of Third-Party Stakeholders***

The mineral properties in which Spinco holds an interest, or the exploration equipment and road or other means of access which Spinco intends to utilize in carrying out its work programs or general business mandates, may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims, Spinco's work programs may be delayed even if such claims are not meritorious. Such claims may result in significant financial loss and loss of opportunity for Spinco.

### **Related Party Transactions**

Management services were provided to the Spinout Exploration Business by NGE's board of directors and members of its executive management team. Total compensation expense for key management personnel attributable and allocated to the Spinout Exploration Business, and the composition thereof, is as follows:

	For the year ended Dec 31, 2018	For the year ended Dec 31, 2017
Salaries	\$ 391,354	\$ 511,301
Employee Benefits	12,764	13,251
Director Fees	68,937	77,720
Share-based compensation	308,586	181,870
<b>TOTAL</b>	<b>\$ 781,641</b>	<b>\$ 784,142</b>

Spinco formalized a Management Services Agreement with Josemaria Resources and Filo Mining Corp. for the provisions of key management personnel services and consulting services to Spinco.

### **Financial Instruments**

The Spinout Exploration Business' financial instruments consist of cash, receivables and other assets, and trade payables and accrued liabilities, with carrying values considered to be reasonable approximations of fair value due to the short-term nature of these instruments.

Effective January 1, 2018, the Spinout Exploration Business' financial instruments and their respective classification are summarized as follows:

Financial instruments	Amortized costs
Receivables and others, cash and cash equivalents	<b>X</b>
Receivables and others	<b>X</b>
Trade payables and accrued liabilities	<b>X</b>

Financial assets and liabilities at amortized costs are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

The Spinout Exploration Business' financial instruments are exposed to certain financial risks including credit, liquidity and currency risks:

- Credit risks associated with cash and cash equivalents is minimal as the Spinout Exploration Business deposits the majority of its cash with large financial institutions that has been accorded a strong investment grade rating by a primary rating agency.
- Liquidity risks associated with the inability to meet obligations as they become due is minimized through the management of its capital structure and by maintaining good relationships with bankers. The Spinout Exploration Business received \$7.3 million in cash and cash equivalents under the Arrangement on completion of the spinout. The Spinout Exploration Business closely monitors and reviews its costs to date and actual cash flows on a monthly basis to ensure funds are adequate to support its operations on an ongoing basis. The maturities of the Spinout Exploration Business' financial liabilities as at December 31, 2018 are as follows:

	Total	Less than 1 year	1 to 5 years	More than 5 years
Trade payables and accrued liabilities	\$ 389,125	\$ 389,125	-	-
<b>Total</b>	<b>\$ 389,125</b>	<b>\$ 389,125</b>	<b>-</b>	<b>-</b>

Trade payables and accrued liabilities are due within twelve months of the Statement of Financial Position date.

- Foreign currency risk is the risk that the value of financial assets and liabilities may change due to changes in the value of two different currencies. The Spinout Exploration Business is exposed to foreign currency risks as its parent is headquartered in Canada and its capital is raised in Canadian dollars, while its foreign operations are conducted in Argentina and Chile. While the Spinout Exploration Business has not used any hedging strategies to manage its exposure to currency fluctuations, management strives to minimize foreign currency risks by sending its cash to its foreign operation as required and maintaining most of its excess cash in Canadian dollars. Based on the Spinout Exploration Business' net exposures at December 31, 2018, a 10% depreciation or appreciation in the Argentina and Chilean pesos relative to the Canadian dollar would have resulted in an approximate \$0.2 million increase or decrease in net loss, respectively.

### **Significant Accounting Estimates and Judgements**

The preparation of the carve-out consolidated financial statements 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 outcomes could differ from these estimates and assumptions. 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 Spinout Exploration Business' assets and liabilities are accounted for prospectively.

The key accounting judgment applied in the preparation of the carve-out consolidated financial statements relates to the allocation of common costs of NGEx attributable to the Spinout Exploration Business, while assets and liabilities that are not directly attributable to the Spinout Exploration Business have been excluded from the carve-out consolidated financial statements.

### **New Accounting Pronouncements**

On January 1, 2019, the Company adopted IFRS 16 Leases which eliminates the classification of leases as either operating or finance leases for a lessee and requires all leases to be recognized on the balance sheet for the lessee unless certain criteria for exclusion are met. As the Spinout Exploration Business does not have any leases with terms exceeding 12 months from January 1, 2019, the adoption of the new standard would not have a material impact on the future financial position and results of the Spinout Exploration Business.

### **Liquidity and Capital Resources**

Historically, NGEx funded its share of the ownership interest in the Spinout Exploration Business through short term debenture credit facilities or capital contributions, with such funding made available upon completion of private placements on the Toronto Stock Exchange ("TSX") and Nasdaq Stockholm stock exchanges. NGEx has raised net financing proceeds totaling \$20 million during the first quarter of 2019 to further advance its exploration projects carried under NGEx's operations.

With the completion of the Arrangement on July 17, 2019, Spinco has approximately \$7.3 million of cash and cash equivalent on hand. The cash resources will be used to fund ongoing technical work and meet working capital requirements for the upcoming 2019/2020 exploration season. As detailed in the Los Helados Report dated May 31, 2019, approximately US\$1 million has been budgeted toward completing Phase I and Phase II of the program, which includes updating the mineral resource and investigating options and trade off studies for mine planning; as well as updating the previous Los Helados standalone PEA to incorporate the updated resource model and mine planning work including various project optimizations.

The TSXV listing requirements are expected to be satisfied by August 2019, at which time Spinco would have additional cash proceeds available to fund the other phases of the program. Based on the amount of funding raised, the Company's work program may be tailored accordingly.

Spinco is part of the Lundin Group of Companies with strong financial backings and well-connected investor groups. The board of directors and officers of the Company also possess significant experience and expertise in the mining industry, which should enable them to manage the assets and resources of the Company in the best interests of its shareholders.

### **Management of Capital**

Spinco's objectives when managing capital will be 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 level of risk. In the management and definition of capital, Spinco will consider the items included in shareholders' equity to be capital.

Spinco will manage the capital structure and make 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, Spinco 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, Spinco will prepares annual expenditures budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

### **Off Balance-Sheet Arrangements**

As of the date of this MD&A, the Spinout Exploration Business had no off-balance sheet arrangements such as guarantee contracts, derivative instruments obligations or any obligations that trigger financing, liquidity, market, or credit risk to the Spinout Exploration Business.

### **Qualified Persons**

Technical disclosure for the Company's Los Helados Project and exploration properties included in this MD&A has been reviewed and approved by Bob Carmichael, P. Eng. (BC). Mr. Carmichael is Spinco's Vice-President of Exploration and a Qualified Person as defined under NI 43-101.

## **Cautionary Note Regarding Forward Looking Information and Statements**

Certain statements made and information contained herein in the MD&A constitutes "forward-looking information" and "forward-looking statements" within the meaning of applicable securities legislation (collectively, "forward-looking information"). The forward-looking information contained in this MD&A is based on information available to the Company as of the date of this MD&A. Except as required under applicable securities legislation, the Company does not intend, and does not assume any obligation, to update this forward-looking information. Generally, this forward-looking information can frequently, but not always, be identified by use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events, conditions or results "will", "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotations thereof. All such forward-looking information is based on the opinions and estimates of the relevant management as of the date such statements are made and are subject to important risk factors and uncertainties, many of which are beyond the Company's ability to control or predict.

All statements other than statements of historical fact may be forward-looking information. Forward-looking information is necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks and uncertainties relating to, among other things, the risk of the Company not obtaining court, NGEx shareholder and NGEx optionholder (together, the ("NGEx Securityholders")) or stock exchange approvals to proceed with the Arrangement; the risk of unexpected tax consequences to the Arrangement, the risk of unanticipated material expenditures required by the Company prior to completion of the Arrangement; risks of the market valuing NGEx and Spinco in a manner not anticipated by the Company; risks relating to the benefits of the Arrangement not being realized or as anticipated, Spinco being unable to add additional properties to its portfolio, the inherent uncertainties regarding mineral resource and reserve estimates and cost estimates, changes in commodity and metal prices, currency fluctuation, financing, unanticipated mineral resource and mineral reserve grades and recoveries, infrastructure, results of exploration activities, cost overruns, availability of materials and equipment, timeliness of government approvals, taxation, anticipated synergies not being realized, political risk and related economic risk and unanticipated environmental impact on operations as well as other risks and uncertainties and other factors, including, without limitation, those more fully described under "Risks Factors". These risks and uncertainties, as well as other factors, 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 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 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 completion of the Arrangement; the availability of working capital for both NGEx and Spinco; tax consequences of the Arrangement; benefits of the Arrangement; obtaining NGEx Securityholder, court and TSX approvals of the Arrangement; the listing of Spinco Common Shares on the TSXV; the change of name of NGEx; completing the Arrangement; the effective date of the Arrangement; the potential development of the Los Helados Project; acquisition of exploration properties for the Spinco exploration portfolio; engagement with potential development partners or acquirers; the Company's expectations and estimates with respect to mineral resources and the assumptions used in the mineral resources estimates for the Los Helados deposit; 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, estimations for

copper and other commodity prices, mineral resources, costs, success of exploration activities; adding to mineral resources through exploration; permitting time lines; ability to obtain surface and water rights and property interests; currency exchange rate fluctuations; operations in a hyperinflationary economy; 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.

The forward-looking information contained in this MD&A is made as at the date of this MD&A and Spinco does not undertake any obligations to publicly update and/or revise any of the included forward-looking information, whether as a result of additional information, future events and/or otherwise, except as may be required by applicable securities laws. Forward-looking information is provided for the purpose of providing information about management's current expectations and plans and allowing investors and others to get a better understanding of the Company's operating environment. 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 MD&A 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.

**SCHEDULE "C"**  
**SPINCO FINANCIAL STATEMENTS**

**(see attached)**

NGEx Minerals Ltd.  
(Formerly 11264796  
Canada Inc.)  
("Spinco")  
Interim Financial Statements

**For the period from Incorporation on February 21, 2019 to March 31, 2019**

# **Interim Financial Statements**

**For the period from Incorporation on February  
21, 2019 to March 31, 2019**

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## *Independent auditor's report*

To the Board of Directors of NGEx Minerals Ltd. (Formerly 11264796 Canada Inc.)

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### *Our opinion*

In our opinion, the accompanying condensed interim financial statements present fairly, in all material respects, the financial position of NGEx Minerals Ltd. (the Company) as at March 31, 2019, and its financial performance and its cash flows for the period from incorporation on February 21, 2019 to March 31, 2019 in accordance with International Financial Reporting Standards (IFRS).

### **What we have audited**

The Company's condensed interim financial statements comprise:

- the interim statement of financial position as at March 31, 2019;
  - the interim statement of comprehensive loss for the period from February 21, 2019 to March 31, 2019;
  - the interim statement of cash flows for the period from February 21, 2019 to March 31, 2019;
  - the interim statement of changes in equity for the period from February 21, 2019 to March 31, 2019; and
  - the notes to the interim financial statements, which include a summary of significant accounting policies.
- 

### *Basis for opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the condensed interim financial statements* section of our report.

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

### **Independence**

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the condensed interim financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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*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*

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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### *Responsibilities of management and those charged with governance for the condensed interim financial statements*

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

In preparing the condensed interim financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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### *Auditor's responsibilities for the audit of the condensed interim financial statements*

Our objectives are to obtain reasonable assurance about whether the condensed interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these condensed interim financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the condensed interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed interim financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the condensed interim financial statements, including the disclosures, and whether the condensed interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**(signed) PricewaterhouseCoopers LLP**

Chartered Professional Accountants

Vancouver, British Columbia  
July 24, 2019

**NGEx Minerals Ltd. (Formerly, 11264796 Canada Inc.) (“Spinco”)**  
**Interim Statement of Financial Position**  
**(All amounts expressed in Canadian Dollars)**

---

**March 31, 2019**

<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1
<b>TOTAL ASSETS</b>	<b>\$ 1</b>
<b>LIABILITIES</b>	
Current liabilities:	
Trade payables and accrued liabilities	\$ 4,750
<b>TOTAL LIABILITIES</b>	<b>4,750</b>
<b>SHAREHOLDER’S EQUITY</b>	
Share capital (Note 1,4)	1
Deficit	(4,750)
<b>TOTAL EQUITY</b>	<b>(4,749)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER’S EQUITY</b>	<b>\$ 1</b>

Subsequent Event (Note 8)

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

ON BEHALF OF THE BOARD:

/s/William A. Rand  
Director

/s/Wojtek A. Wodzicki  
Director

**NGEx Minerals Ltd. (Formerly, 11264796 Canada Inc.) ("Spinco")**  
**Interim Statement of Comprehensive Loss**  
**(All amounts expressed in Canadian Dollars)**

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	<b>Period from incorporation on February 21, 2019 To March 31, 2019</b>
<b>Expenses</b>	
Professional fees	\$ 4,750
<b>Net Loss and Comprehensive Loss for the Period</b>	<b>\$ 4,750</b>

---

<b>Basic and diluted loss per common share</b>	(4,750)
<b>Weighted average common shares outstanding</b>	1

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

**NGEx Minerals Ltd. (Formerly, 11264796 Canada Inc.) ("Spinco")**  
**Interim Statement of Cash Flows**  
**(All amounts expressed in Canadian Dollars)**

	<b>Period from incorporation on February 21, 2019 to March 31, 2019</b>
<b>Cash flows used in operating activities</b>	
Net loss for the period	\$ (4,750)
Net change in working capital items:	
Trade payables and accrued liabilities	4,750
	-
<b>Cash flows used in financing activities</b>	
Share subscription	1
<b>Increase in cash and cash equivalents during the period</b>	<b>1</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>-</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1</b>

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

**NGEx Minerals Ltd. (Formerly, 11264796 Canada Inc.) (“Spinco”)**  
**Interim Statement of Changes in Equity**  
**(All amounts expressed in Canadian Dollars)**

	Number of shares issued and outstanding	Share capital	Deficit	Total
<b>Balance, Incorporation on February 21, 2019</b>	-	\$ -	\$ -	-
Share issued on incorporation (Note 1,4)	1	1	-	1
Net loss and comprehensive loss for the period	-	-	(4,750)	(4,750)
<b>Balance, March 31, 2019</b>	1	\$ 1	\$ (4,750)	(4,750)

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

**NGEx Minerals Ltd. (Formerly, 11264796 Canada Inc.) (“Spinco”)**  
**Notes to the Interim Financial Statements**  
**(All amounts expressed in Canadian Dollars)**

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**1. NATURE OF OPERATIONS**

NGEx Minerals Ltd. (formerly 11264796 Canada Inc., the “Company” or “Spinco”) was incorporated on February 21, 2019 under the laws of Canada Business Corporations Act in anticipation of a plan of arrangement to reorganize the exploration business of Josemaria Resources (formerly “NGEx Resources Inc.”) (“Josemaria”), the Company’s current parent company (see Note 8). The Company’s intended business activity is the exploration and development of the Los Helados and other mineral properties located in South America. To date, the Company has not commenced operations. The Company’s registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada.

With the \$7.3 million in cash consideration that was transferred from Josemaria to Spinco as part of the Arrangement on July 17, 2019 (see Note 8), the Company has secured the necessary financial support from NGEx to conduct its exploration activity for at least the next twelve months.

**2. BASIS OF PRESENTATION**

These interim financial statements have been prepared on a historical cost basis in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including International Accounting Standards 34, Interim Financial Reporting.

These interim financial statements were authorized for issuance by the Board of Directors of NGEx Minerals Ltd. on July 24, 2019.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**a) Functional and presentation currency**

The functional and presentation currency of the Company is the Canadian dollars.

**b) Financial instruments classification**

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive loss and those measured at amortized cost. Measurement and classification of financial assets is dependent on the Company’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Company has the following financial instruments and their respective basis of recognition and measurement:

<b>Financial instruments</b>	<b>Classification</b>
Cash and cash equivalents	Amortized cost
Trade payables and accrued liabilities	Amortized cost

**c) 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

**NGEx Minerals Ltd. (Formerly, 11264796 Canada Inc.) (“Spinco”)**  
**Notes to the Interim Financial Statements**  
**(All amounts expressed in Canadian Dollars)**

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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.

#### **4. SHARE CAPITAL**

The Company is authorized to issue an unlimited number of common shares, without par value. On February 21, 2019, the Company issued one common share upon incorporation to Josemaria.

#### **5. CAPITAL 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 exploration 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.

#### **6. MANAGEMENT OF FINANCIAL RISKS**

The Company relies upon Josemaria, its parent company, in managing its capital structure. The Company’s financial instruments are exposed to the following financial risk:

- (i)* Liquidity risks associated with the inability to meet obligations as they become due is minimized through its dependence on Josemaria. Trade payables and accrued liabilities are due within twelve months of the Statement of Financial Position date.

**NGEx Minerals Ltd. (Formerly, 11264796 Canada Inc.) ("Spinco")**  
**Notes to the Interim Financial Statements**  
**(All amounts expressed in Canadian Dollars)**

**7. INCOME TAXES**

A reconciliation of current income taxes at statutory rates with the period income tax is as follows:

	<b>March 31, 2019</b>
Combined basic federal and provincial income tax rates	27%
Net loss before taxes	\$ (4,750)
Expected income tax recovery	\$ (1,282)
Income tax benefits not recognized	1,282
Future income tax recovery	\$ -
	<b>March 31, 2019</b>
Loss carry-forwards	1,282
Unrecognized deferred tax assets	\$ 1,282

The income tax benefit, if any, of these losses have not been recorded in the interim financial statements due to the uncertainty of their recovery.

**8. SUBSEQUENT EVENT**

On July 17, 2019, Josemaria completed the plan of arrangement under the Canada Business Corporation Act ("Arrangement"). Under the terms of the Arrangement, Josemaria transferred its wholly-owned subsidiaries that directly or indirectly hold the Los Helados project and the other exploration projects located in Argentina and Chile, along with approximately \$7.3 million in cash, to the Company in exchange for common shares of the Company. The Los Helados project, in which Josemaria held an approximately 63% interest, is a large copper-gold porphyry deposit located in Chile's Region III. Under the Arrangement, Josemaria will distribute 100% of the common shares of Spinco it receives to Josemaria shareholders on a pro rata basis. Josemaria shareholders will receive one common share of the Company for every two common shares of Josemaria held.

The Company has applied to list the shares of NGEx Minerals Ltd. on the TSX Venture Exchange ("TSXV") under the trading symbol "NGEX". Listing will be subject to NGEx fulfilling all of the listing requirements of the TSXV. The Company has not applied for a listing of its shares in Sweden and has arranged with its Swedish agent to provide shareholders who receive their Spinco common shares under the Arrangement through Euroclear Sweden the opportunity to cross-border their Spinco common shares.

**SCHEDULE "D"**  
**SPINCO PRO FORMA FINANCIAL STATEMENTS AND CARVE OUT FINANCIAL STATEMENTS**

**(see attached)**

NGEx Minerals Ltd.  
(Formerly, 11264796 Canada Inc.)  
("Spinco")

Pro forma Financial Statements

March 31, 2019

# Pro Forma Financial Statements

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**NGEx Minerals Ltd. (“Spinco”)**  
**Pro forma Consolidated Statement of Financial Position**  
**As at March 31, 2019**  
**(Unaudited – prepared by management)**  
**(All amounts expressed in Canadian Dollars)**

	Spinco	Spinout Exploration Business	Pro forma Adjustments	Note	Spinco Consolidated Pro Forma
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 1	\$ 206,249	\$ 7,300,000	4(a)	\$ 7,506,250
Receivables and other assets	-	171,948	-		171,948
	1	378,197	7,300,000		7,678,198
Non-current assets					
Mineral properties	-	4,842,042	-		4,842,042
<b>TOTAL ASSETS</b>	<b>1</b>	<b>5,220,239</b>	<b>7,300,000</b>		<b>12,520,240</b>
<b>LIABILITIES</b>					
Current liabilities					
Trade payables and accrued liabilities	4,750	462,565	-		467,315
Other liabilities	-	-	325,670	4(a)	325,670
	4,750	462,565	325,670		792,985
<b>EQUITY</b>					
Share capital	1	-	11,732,004	4(a)(b),5	11,732,005
Owner’s net investment	-	4,757,674	(4,757,674)	4(b)	-
Deficit	(4,750)	-	-		(4,750)
<b>TOTAL EQUITY</b>	<b>(4,749)</b>	<b>4,757,674</b>	<b>6,974,330</b>		<b>11,727,255</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1</b>	<b>\$ 5,220,239</b>	<b>\$ 7,300,000</b>		<b>\$ 12,520,240</b>

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

**NGEx Minerals Ltd. (“Spinco”)**  
**Pro forma Consolidated Statement of Comprehensive Loss**  
**For the three months ended March 31, 2019**  
**(Unaudited – prepared by management)**  
**(All amounts expressed in Canadian Dollars)**

	Spinco	Spinout Exploration Business	Pro forma Adjustments	Note	Spinco Consolidated Pro Forma
<b>Expenses</b>					
Exploration and project investigation	\$ -	\$ 1,405,414	-		\$ 1,405,414
General and administrative					
Salaries and benefits	-	136,162	-		136,162
Share based compensation	-	54,961	-		54,961
Management fees	-	8,667	-		8,667
Professional fees	4,750	75,896	-		80,646
Travel	-	3,621	-		3,621
Promotion and public relations	-	8,810	-		8,810
Office and general	-	14,723	-		14,723
<b>Operating loss</b>	4,750	1,708,254	-		1,713,004
Other expenses					
Foreign exchange gain	-	(64)	-		(64)
Gain on net monetary position	-	(5,955)	-		(5,955)
<b>Net loss</b>	4,750	1,702,235	-		1,706,985
<b>Other comprehensive loss</b>					
Foreign currency translation adjustment	-	17,988	-		17,986
Impact of hyperinflation	-	36,311	-		36,313
<b>Net comprehensive loss</b>	\$ 4,750	\$ 1,756,534	-		1,761,284
<b>Loss per share</b>					
<i>Basic and diluted</i>	4,750	-	-	6	0.01
<i>Weighted average common shares outstanding</i>	-	-	124,793,652		124,793,652

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

**NGEx Minerals Ltd. (“Spinco”)**  
**Pro forma Consolidated Statement of Comprehensive Loss**  
**For the year ended December 31, 2018**  
**(Unaudited – prepared by management)**  
**(All amounts expressed in Canadian Dollars)**

	Spinco	Spinout Exploration Business	Pro forma Adjustments	Note	Spinco Consolidated Pro Forma
<b>Expenses</b>					
Exploration and project investigation	\$ -	\$ 4,756,058	-		\$ 4,756,058
General and administrative					
Salaries and benefits	-	538,706	-		538,706
Share based compensation	-	360,259	-		360,259
Management fees	-	106,359	-		106,359
Professional fees	4,750	140,275	-		145,025
Travel	-	27,779	-		27,779
Promotion and public relations	-	161,460	-		161,460
Write down of mineral property interests	-	54,861	-		54,861
Office and general	-	151,980	-		151,980
<b>Operating loss</b>	4,750	6,297,737	-		6,302,487
Other expenses					
Loss on net monetary position	-	39,199	-		39,199
<b>Net loss</b>	4,750	6,336,936	-		6,341,686
<b>Other comprehensive loss</b>					
Foreign currency translation adjustment	-	444,169	-		444,169
Impact of hyperinflation	-	(61,227)	-		(61,227)
<b>Net comprehensive loss</b>	\$ 4,750	\$ 6,719,878	-		6,724,628
<b>Loss per share</b>					
<i>Basic and diluted</i>	4,750	-	-	6	0.05
<i>Weighted average common shares outstanding</i>	-	-	124,793,652		124,793,652

**NGEx Minerals Ltd. (“Spinco”)  
Notes to the Pro forma Consolidated Financial Statements  
For the three months ended March 31, 2019  
(Unaudited – prepared by management)  
(All amounts expressed in Canadian Dollars)**

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**1. PLAN OF ARRANGEMENT**

These unaudited pro forma financial statements of NGEx Minerals Ltd. (formerly, 11264796 Canada Inc.) (“Spinco” or the “Company”) have been prepared for inclusion in the listing application with the Toronto Stock Venture Exchange of Josemaria Resources Inc. (formerly NGEx Resources Inc., “Josemaria Resources”) dated August 16, 2019. They should be read in conjunction with the March 31, 2019 audited financial statements of Spinco (“March 2019 Spinco Financial Statements”), the condensed interim carve-out consolidated financial statement of the Spinout Exploration Business of NGEx Resources Inc. as at and for the three months ended March 31, 2019 (“2019 Spinout Business”) and the audited carve-out financial statements of the Spinout Exploration Business of NGEx Resources Inc. as at and for the year ended December 31, 2018.

On July 17, 2019, Josemaria Resources completed the previously announced plan of arrangement under the Canada Business Corporation Act (“Arrangement”). Under the terms of the Arrangement, Josemaria Resources transferred its wholly-owned subsidiaries that directly or indirectly hold the Los Helados project and the other exploration projects located in Argentina and Chile, along with approximately \$7.3 million in cash, to the Company in exchange for common shares of the Company. The Los Helados project is a large copper-gold porphyry deposit located in Chile’s Region III. Under the Arrangement, Josemaria Resources distributed 100% of the common shares of Spinco it receives to Josemaria Resources shareholders on the basis of one Spinco share for every two Josemaria Resources shares held, by way of a reduction and return of share capital.

The Spinout Exploration Business includes the Los Helados property and the La Rioja properties, which will continue to be subject to a Joint Exploration Agreement with Pan Pacific Copper Co., Ltd. (“PPC”) upon completion of the Arrangement. In connection with the Arrangement, Josemaria Resources assigned its existing obligations in respect of funding PPC’s US\$3.5 million share of future exploration activities on the La Rioja properties (the “La Rioja Assignment”) to Spinco for cash consideration of \$0.3 million, which was the estimated present value of the obligation at the time of the assignment. The \$0.3 million cash consideration for the La Rioja Assignment is included in the \$7.3 million in cash and cash equivalents that was transferred to Spinco as disclosed above.

On completion of the Arrangement, Spinco:

- became the majority partner in the Los Helados property and the La Rioja properties, owning a 63% interest in the Los Helados property, a 60% interest in the La Rioja properties, and a 100% interest in the other exploration projects comprising the Spinout Exploration Business; and
- received \$7.3 million in cash and cash equivalents from Josemaria Resources.

Spinco was incorporated on February 21, 2019 and its registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada. On June 10, 2019, Spinco changed its name from “11264796 Canada Inc.” to “NGEx Minerals Ltd.” To date, Spinco has not commenced operations.

**2. BASIS OF PRESENTATION**

The unaudited pro forma consolidated financial statements are prepared to give effect to and reflect the transactions as described in Note 1 (the “Transactions”) and the pro-forma assumptions and adjustment described in note 4 below and include:

- Unaudited pro forma consolidated statement of financial position as at March 31, 2019 prepared from the March 2019 Spinco Financial Statements and the unaudited carve-out condensed interim consolidated financial statements of the Spinout Exploration Business of NGEx Resources

**NGEx Minerals Ltd. (“Spinco”)  
Notes to the Pro forma Consolidated Financial Statements  
For the three months ended March 31, 2019  
(Unaudited – prepared by management)  
(All amounts expressed in Canadian Dollars)**

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Inc. as at and for the three months ended March 31, 2019, reflecting the Transactions as if they occurred on March 31, 2019.

- Unaudited pro forma consolidated statement of operations and comprehensive loss for the year ended December 31, 2018 and for the three months ended March 31, 2019 prepared from the February 2019 Spinco Financial Statements and the condensed interim carve-out consolidated financial statements of the Spinout Exploration Business of NGEx Resources Inc. as at and for the three months ended March 31, 2019, reflecting the Transactions as if they occurred on January 1, 2018.

These pro forma consolidated financial statements are not intended to reflect the financial position and results of operations that would have occurred if the events reflected therein had been in effect at the dates indicated. Further, these pro forma interim financial statements are not necessarily indicative of the financial position and results of operations that may be obtained in the future.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in the preparation of these unaudited pro forma financial statements are those as set out in the audited carve-out consolidated financial statements of the Spinout Exploration Business of NGEx Resources Inc. as at and for the year ended December 31, 2018.

### **4. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS**

The unaudited pro forma consolidated financial statements incorporate the following pro forma adjustments and/or assumptions:

- a) Spinco received \$7.3 million in cash and cash equivalents from Josemaria Resources, of which \$0.3 million of the cash consideration related to the La Rioja Assignment as disclosed above, and
- b) The amount contained within owner’s net investment of \$4,757,674 was transferred to share capital upon issuance of shares of Spinco to Josemaria Resources.

### **5. SHARE CAPITAL**

The changes in share capital that occurred pursuant to the Arrangement are as follows:

	Number of Common shares	Amount
<u>Issued under the Arrangement</u>	<u>124,793,652</u>	<u>\$ 11,732,004</u>
<u>Balance end of period</u>	<u>124,793,652</u>	<u>\$ 11,732,004</u>

The shares of Spinco issued on incorporation was cancelled in connection with the Arrangement.

### **6. BASIS OF CALCULATION OF BASIC AND DILUTED LOSS PER SHARE**

Pro forma basic and diluted loss per share are calculated based upon the weighted average number of Spinco common shares that would have been outstanding, assuming that any shares issued under the Arrangement would have been issued and outstanding for the periods presented. The weighted average number of shares outstanding for the basic and diluted loss per share calculations for the three months ended March 31, 2019 was assumed to be 124,793,652.

**The Spinout Exploration  
Business of NGE  
Resources Inc.**

**Condensed Interim Carve-out Consolidated  
Financial Statements**

**March 31, 2019**

# **Carve-Out Consolidated Financial Statements**

**March 31, 2019**

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**The Spinout Exploration Business of NGEx Resources Inc.  
Condensed Interim Carve-out Consolidated Statements of Financial Position  
(All amounts expressed in Canadian Dollars)  
(Unaudited)**

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 206,249	\$ 255,759
Receivables and other assets	171,948	212,238
	378,197	467,997
Mineral properties (Note 6)	4,842,042	4,534,990
<b>TOTAL ASSETS</b>	<b>\$ 5,220,239</b>	<b>\$ 5,002,987</b>
<b>LIABILITIES</b>		
Current liabilities:		
Trade payables and accrued liabilities	\$ 462,565	\$ 389,125
<b>OWNER'S NET INVESTMENT</b>		
Owner's net investment (Note 7)	4,757,674	4,613,862
<b>TOTAL LIABILITIES AND OWNER'S NET INVESTMENT</b>	<b>\$ 5,220,239</b>	<b>\$ 5,002,987</b>

Subsequent Event (Note 1)

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

ON BEHALF OF THE BOARD OF NGEX RESOURCES INC.:

/s/William A. Rand  
Director

/s/Wojtek A. Wodzicki  
Director

**The Spinout Exploration Business of NGEx Resources Inc.  
Condensed Interim Carve-out Consolidated Statements of Comprehensive Loss  
(All amounts expressed in Canadian Dollars)  
(Unaudited)**

	<b>For the Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Expenses</b>		
Exploration and project investigation (Note 9)	\$ 1,405,414	\$ 2,109,728
General and Administration:		
Salaries and benefits (Note 8)	136,162	487,771
Share-based compensation	54,961	435,858
Management fees	8,667	44,583
Professional fees	75,896	78,102
Travel	3,621	16,198
Promotion and public relations	8,810	75,947
Office and general	14,723	94,115
<b>Operating loss</b>	<b>1,708,254</b>	<b>3,342,302</b>
<b>Other expenses</b>		
Foreign exchange gain	(64)	(22,544)
Gain on net monetary position (Note 5)	(5,955)	-
<b>Net loss</b>	<b>\$ 1,702,235</b>	<b>\$ 3,319,758</b>
<b>Other comprehensive loss</b>		
Items that may be reclassified subsequently to net loss:		
Foreign currency translation adjustment	17,988	(141,471)
Impact of hyperinflation (Note 5)	36,311	-
<b>Total comprehensive loss</b>	<b>\$ 1,756,534</b>	<b>\$ 3,178,287</b>

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

**The Spinout Exploration Business of NGEx Resources Inc.  
Condensed Interim Carve-out Consolidated Statements of Cash Flows  
(All amounts expressed in Canadian Dollars)  
(Unaudited)**

	<b>For the Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash flows used in operating activities</b>		
Net loss for the period	\$ (1,702,235)	\$ (3,319,758)
Items not involving cash and cash equivalents:		
Share-based compensation	73,334	587,327
Foreign exchange gain	(64)	(22,544)
Gain on net monetary position	(5,955)	-
Net changes in working capital items:		
Receivables and other	43,368	(58,910)
Trade payables and accrued liabilities	54,726	628,236
	<b>(1,536,826)</b>	<b>(2,185,649)</b>
<b>Cash flows from financing activities</b>		
Funding provided by NGEx Resources Inc.	1,827,012	4,503,390
	<b>1,827,012</b>	<b>4,503,390</b>
<b>Cash flows used in investing activities</b>		
Mineral properties and related expenditures	(328,774)	(391,975)
	<b>(328,774)</b>	<b>(391,975)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(10,922)</b>	<b>32,229</b>
<b>(Decrease)/increase in cash and cash equivalents during the period</b>	<b>(49,510)</b>	<b>1,957,995</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>255,759</b>	<b>139,109</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 206,249</b>	<b>\$ 2,097,104</b>

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

**The Spinout Exploration Business of NGEx Resources Inc.  
Condensed Interim Carve-out Consolidated Statements of Changes in Owner's Net Investment  
(All amounts expressed in Canadian Dollars)  
(Unaudited)**

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	<b>2019</b>	<b>2018</b>
<b>Owner's net investment, beginning of period</b>	\$ 4,613,862	\$ 3,778,334
Total comprehensive loss	(1,756,534)	(3,178,287)
Net contributions from owner	1,827,012	4,503,390
Share-based compensation	73,334	587,327
<b>Owner's net investment, end of period</b>	<b>\$ 4,757,674</b>	<b>\$ 5,690,764</b>

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

**The Spinout Exploration Business of NGEx Resources Inc.**  
**Notes to the Condensed Interim Carve-out Consolidated Financial Statements**  
**March 31, 2019**  
**(All amounts expressed in Canadian Dollars)**  
**(Unaudited)**

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## **1. ARRANGEMENT AGREEMENT**

On April 17, 2019, NGEx Resources Inc. ("NGEx" or the "Company") announced that its Board of Directors unanimously approved a strategic reorganization of its exploration business through a plan of arrangement under the Canada Business Corporation Act (the "Arrangement"). Subject to regulatory, shareholders' and other approvals, pursuant to the Arrangement, NGEx will transfer to NGEx Minerals Ltd. (formerly, 11264796 Canada Inc.), a newly incorporated wholly owned subsidiary ("Spinco") directly or indirectly through its subsidiaries Suramina Resources Inc., NGEx RioEx Holdings Inc., and NGEx Argentina Holdings Inc., the Los Helados Project located in Chile and other exploration projects located in Argentina (collectively the "Spinout Exploration Business") and approximately CAD\$7.3 million in cash, in exchange for Spinco common shares. On June 10, 2019, NGEx changed its name from "11264796 Canada Inc." to "NGEx Minerals Ltd."

Under the Arrangement, NGEx will distribute all of the shares of Spinco to its shareholders on the basis of one Spinco share for every two NGEx shares held, by way of a reduction and return of share capital. Upon closing of the transaction, Spinco will be owned exclusively by existing NGEx shareholders in identical proportion to their previous shareholdings of NGEx. There will be no change to shareholders' existing holdings in the Company. The Company will apply for a listing of the Spinco shares on the TSX Venture Exchange.

The Spinout Exploration Business includes the Los Helados property and the La Rioja properties, which will continue to be subject to a Joint Exploration Agreement with Pan Pacific Copper Co., Ltd. ("PPC") upon completion of the Arrangement. Subsequent to the date of these financial statements and in connection with the Arrangement, NGEx is expected to assign and transfer its existing obligations in respect of funding PPC's US\$3.5 million share of future exploration activities on the La Rioja properties (the "La Rioja Assignment") to Spinco for cash consideration of \$0.3 million, which is the estimated present value of the obligation at the time of the assignment. The \$0.3 million cash consideration for the La Rioja Assignment is included in the \$7.3 million in cash and cash equivalents to be transferred to Spinco as disclosed above.

On completion of the Arrangement, Spinco will:

- be the majority partner in the Los Helados property and the La Rioja properties, owning a 63% interest in the Los Helados property, a 60% interest in the La Rioja properties, and a 100% interest in the other exploration projects comprising the Spinout Exploration Business; and
- receive approximately \$7.3 million in cash and cash equivalents from NGEx.

Spinco was incorporated on February 21, 2019 and its registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada. To date, Spinco has not commenced operations.

These condensed interim carve-out consolidated financial statements reflect the assets, liabilities, expenses and cash flows of the Spinout Exploration Business that will be spun out by NGEx to Spinco as described in Note 3 below.

## **2. NATURE OF OPERATIONS**

The Spinout Exploration Business is engaged in the acquisition, exploration and development of mineral properties located in South America and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The continued operations of the Spinout Exploration Business through Spinco and the recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of Spinco to obtain necessary financing to complete the development of such properties, and upon future profitable production from or disposition of such properties.

## **3. BASIS OF PRESENTATION**

These condensed interim carve-out consolidated statements of financial position, comprehensive loss, changes in owner's net investment, and cash flows, which comprise these condensed interim carve-out consolidated financial statements have been prepared in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting.

The condensed interim carve-out consolidated financial statements should be read in conjunction with the audited carve-out consolidated financial statements of the Spinout Exploration Business of NGEx for the years ended December 31, 2018, 2017 and 2016, which includes information necessary or useful to understand the Company's businesses and financial statement presentation. In particular, the Spinout Exploration Business' basis of presentation and significant accounting policies were presented as Note 4, 5, and 6 to the audited carve-out consolidated financial statements for the years ended December 31, 2018, 2017 and 2016, and have been consistently applied in the preparation of these condensed interim carve-out consolidated financial statements, except as disclosed in Note 4 which describes the adoption of IFRS 16 effective January 1, 2019.

These condensed interim carve-out consolidated financial statements were authorized for issuance by the Board of Directors of the Company on June 18, 2019.

**The Spinout Exploration Business of NGEx Resources Inc.**  
**Notes to the Condensed Interim Carve-out Consolidated Financial Statements**  
**March 31, 2019**  
**(All amounts expressed in Canadian Dollars)**  
**(Unaudited)**

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#### **4. NEW ACCOUNTING POLICY – ACCOUNTING FOR LEASES**

On January 1, 2019, the Spinout Exploration Business adopted IFRS 16 Leases which eliminates the classification of leases as either operating or finance leases for a lessee, and requires all leases to be recognized on the balance sheet for the lessee.

At inception of a contract, the Spinout Exploration Business assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Spinout Exploration Business assesses whether the contract involves the use of an identified asset, whether the Spinout Exploration Business has the right to obtain substantially all of economic benefits from use of the asset during the term of the arrangement and if the Spinout Exploration Business has the right to direct the use of the asset.

As a lessee, the Spinout Exploration Business recognizes a right-of-use asset, which is included in fixed assets and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any commissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimated or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option.

The Spinout Exploration Business has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term. As the Spinout Exploration Business does not currently have any leases with terms that exceed 12 months from January 1, 2019, the adoption of this new standard did not have an impact on the condensed interim carve-out consolidated financial statements.

#### **5. ACCOUNTING FOR HYPERINFLATION**

Due to various qualitative factors and developments with respect to the economic environment in Argentina during the year ended December 31, 2018, including, but not limited to, the acceleration of multiple local inflation indices, the three-year cumulative inflation rate of the local Argentine wholesale price index exceeding 100% in May 2018 and the significant devaluation of the Argentine Peso, Argentina was designated a hyper-inflationary economy as of July 1, 2018 for accounting purposes.

Accordingly, IAS 29, Financial Reporting in Hyper-Inflationary Economies, has been applied to these carve-out consolidated financial statements as the Spinout Exploration Business' Argentine operating subsidiaries (the "Argentine Subsidiaries") use the Argentine Peso as its functional currency. The Spinout Exploration Business also followed the interpretive guidance for first time adoption of IAS 29 included within IFRIC 7. The carve-out consolidated financial statements are based on the historical cost approach in IAS 29.

The application of hyperinflation 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 carve-out consolidated financial statements. To measure the impact of inflation on its financial position and results, the Spinout Exploration Business 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 carve-out consolidated financial statements of the Spinout Exploration Business are presented in Canadian dollars, a stable currency, the comparative period amounts do not require restatement. For the three months ended March 31, 2019, the Spinout Exploration Business recognized a loss of \$36,311 in relation to the impact of hyperinflation within other comprehensive income. This amount is primarily the result of hyperinflation adjustments recognized on non-monetary assets held by its Argentine subsidiaries as of July 1, 2018, which have been restated from the historic date when they were first recognized to July 1, 2018 (the "Opening Hyperinflation Adjustment"), and then to December 31, 2018. On initial application of IAS 29, there is an accounting policy choice to recognize the Opening Hyperinflation Adjustment directly to opening equity or

**The Spinout Exploration Business of NGEx Resources Inc.**  
**Notes to the Condensed Interim Carve-out Consolidated Financial Statements**  
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to other comprehensive loss. The Spinout Exploration Business has elected to recognize this amount to other comprehensive loss and it is included in the figure noted above.

As a result of the change in the IPC from January 1, 2019 to March 31, 2019, the Spinout Exploration Business recognized a net monetary gain within the Argentine Subsidiaries of \$5,955 for the three months ended March 31, 2019, to adjust transactions for the period into a measuring unit current as of March 31, 2019.

The level of the IPC at March 31, 2019 was 206, which represents an increase of 12% over the IPC at December 31, 2018, and an approximate 4.3% increase over the average level of the IPC during the three months ended March 31, 2019.

**6. MINERAL PROPERTIES**

	<b>Los Helados (Joint Exploration Agreement - "JEA")</b>	<b>Nacimientos</b>	<b>Acay</b>	<b>TOTAL</b>
	Chile	Argentina	Argentina	
December 31, 2017	\$ 3,909,134	\$ 217,374	\$ 94,331	\$ 4,220,839
Additions	312,382	357,696	-	670,078
Inflation adjustment (Note 5)	-	62,201	-	62,201
Write-off of mineral property interests	-	-	(54,861)	(54,861)
Currency translation effect	(181,352)	(142,445)	(39,470)	(363,267)
December 31, 2018	\$ 4,040,164	\$ 494,826	\$ -	\$ 4,534,990
Additions	328,774	-	-	328,774
Inflation adjustment (Note 5)	-	(25,772)	-	(25,772)
Currency translation effect	4,050	-	-	4,050
March 31, 2019	\$ 4,372,988	\$ 469,054	\$ -	\$ 4,842,042

**7. OWNER'S NET INVESTMENT**

NGEx's investment in the operations of the Spinout Exploration Business is presented as Owner's Net Investment in the carve-out consolidated financial statements. Owner's Net Investment represents the accumulated net contributions from owners net of the accumulated losses of the operations. Net financing transactions with NGEx as presented in the carve-out consolidated statements of cash flows represent the net contributions related to the funding of operations between the Spinout Exploration Business and NGEx.

**The Spinout Exploration Business of NGEx Resources Inc.**  
**Notes to the Condensed Interim Carve-out Consolidated Financial Statements**  
**March 31, 2019**  
**(All amounts expressed in Canadian Dollars)**  
**(Unaudited)**

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**8. RELATED PARTY TRANSACTIONS**

**a) Related party services and balances**

NGEx, the parent of the Spinout Exploration Business, has a cost sharing arrangement with Filo Mining Corp. ("Filo Mining"), a related party by way of providing key management personnel services to the Spinout Exploration Business. Filo Mining was incorporated during 2016 and spun out of NGEx as a separate legal entity pursuant to a plan of arrangement in the same year. 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.

The income received by NGEx for the provision of related party services to Filo Mining which were attributable and allocated to the Spinout Exploration Business and the costs of Filo Mining's executive management and personnel services attributable and allocated to the Spinout Exploration Business are as follows:

	<b>Three months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Income received from Filo Mining for the provision of financial management and administrative services	\$ 65,973	\$ 173,050
Costs of executive management and personnel services paid to Filo Mining	(78,547)	(135,818)

The amounts due from/to related parties by the Spinout Exploration Business, and the components of the carve-out consolidated statement of financial position in which they are included, are as follows:

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Receivables and other assets	\$ 66,313	\$ 32,614
Trade payables and accrued liabilities	(125,217)	(98,428)

**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 attributable and allocated to the Spinout Exploration Business inclusive of costs of key management personnel services received from Filo Mining as described in Note 8a, and the composition thereof, is as follows:

	<b>Three months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Salaries	\$ 110,327	\$ 433,210
Employee benefits	1,964	12,932
Director fees	6,664	37,620
Share-based compensation	48,139	372,652
	<b>\$ 167,094</b>	<b>\$ 856,414</b>

**The Spinout Exploration Business of NGEx Resources Inc.**  
**Notes to the Condensed Interim Carve-out Consolidated Financial Statements**  
**March 31, 2019**  
**(All amounts expressed in Canadian Dollars)**  
**(Unaudited)**

**9. EXPLORATION AND PROJECT INVESTIGATION**

The exploration and project investigation expenditures attributable to the Spinout Exploration Business are as follows:

	<b>Three months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Los Helados	\$ 1,079,149	\$ 946,030
Nacimientos	77,229	911,111
Administration and other projects	249,036	252,587
	<b>\$ 1,405,414</b>	<b>\$ 2,109,728</b>

	<b>Three months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Land holding costs	\$ 805,077	\$ 779,784
Drilling, fuel, camp costs and field supplies	27,919	231,371
Roadwork, travel and transport	71,950	165,683
Engineering studies, consultants, geochemistry and geophysics	40	272,597
Environmental and community relations	66,250	99,986
VAT, other taxes and fees	50,651	181,323
Office and general, salaries, and overhead	355,846	227,515
Share-based compensation	18,372	151,469
Inflation adjustment	9,309	-
	<b>\$ 1,405,414</b>	<b>\$ 2,109,728</b>

**10. SEGMENTED INFORMATION**

The Spinout Exploration Business is principally engaged in the acquisition, exploration and development of the Los Helados mineral properties in South America. The segments presented below together with the mineral property information presented in Note 6 and Note 9 reflect the way in which the management of NGEx reviews its business performance. All of the Spinout Exploration Business' non-current assets and exploration and project investigation costs are located and incurred within South America, whereas materially all of the cash and general and administrative costs are held and incurred by NGEx until it is required to be deployed to the Spinout Exploration Business's South American subsidiaries in support of ongoing and planned work programs. Following is a summary of the net losses and non-current assets by segment:

	<b>Three months ended March 31,</b>	
<b>Net losses</b>	<b>2019</b>	<b>2018</b>
Exploration expenditures - Los Helados	1,079,149	946,030
Exploration expenditures - Nacimientos	77,229	911,111
Exploration expenditures - other projects	249,036	252,587
Total Exploration Expenses	1,405,414	2,109,728
G&A and other items	296,821	1,210,030
Net loss for the period	<b>\$ 1,702,235</b>	<b>\$ 3,319,758</b>
<b>Non-current assets</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Los Helados	4,372,988	4,040,164
Other projects	469,054	494,826
Total mineral properties	<b>\$ 4,842,042</b>	<b>\$ 4,534,990</b>

# The Spinout Exploration Business of NGE Resources Inc.

Carve-out consolidated financial statements

For the years ended December 31, 2018, 2017 and 2016

# **Carve-Out Consolidated Financial Statements**

**December 31, 2018, 2017 and 2016**

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## *Independent auditor's report*

To the Board of Directors of NGEx Resources Inc. (the Company)

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### *Our opinion*

In our opinion, the accompanying carve-out consolidated financial statements present fairly, in all material respects, the financial position of The Spinout Exploration Business of NGEx Resources Inc. and its subsidiaries (together, the Spinout Exploration Business) as at December 31, 2018 and 2017, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2018 in accordance with International Financial Reporting Standards (IFRS).

#### **What we have audited**

The Spinout Exploration Business' carve-out consolidated financial statements comprise:

- the carve-out consolidated statements of financial position as at December 31, 2018 and 2017;
- the carve-out consolidated statements of comprehensive loss for each of the three years in the period ended December 31, 2018;
- the carve-out consolidated statements of cash flows for each of the three years in the period ended December 31, 2018;
- the carve-out consolidated statements of changes in owner's net investment for each of the three years in the period ended December 31, 2018;
- the notes to the carve-out consolidated financial statements, which include a summary of significant accounting policies.

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### *Basis for opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the carve-out consolidated financial statements* section of our report.

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

#### **Independence**

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the carve-out consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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*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*



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### *Emphasis of matter – arrangement agreement*

We draw attention to Notes 1 and 3 to the carve-out consolidated financial statements which describe the fact that the Spinout Exploration Business has not operated as a separate entity. These carve-out consolidated financial statements are, therefore, not necessarily indicative of results that would have occurred if the Spinout Exploration Business had been a separate stand-alone entity during the years presented or of the future results of the Spinout Exploration Business. Our opinion is not modified in respect of this matter.

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### *Responsibilities of management and those charged with governance for the carve-out consolidated financial statements*

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

In preparing the carve-out consolidated financial statements, management is responsible for assessing the Spinout Exploration Business' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Spinout Exploration Business or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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### *Auditor's responsibilities for the audit of the carve-out consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the carve-out consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these carve-out consolidated financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the carve-out consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Spinout Exploration Business' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the carve-out consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Spinout Exploration Business to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the carve-out consolidated financial statements, including the disclosures, and whether the carve-out consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Spinout Exploration Business to express an opinion on the carve-out consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**(signed) PricewaterhouseCoopers LLP**

Chartered Professional Accountants

Vancouver, British Columbia  
May 7, 2019

**The Spinout Exploration Business of NGEx Resources Inc.  
Carve-out Consolidated Statements of Financial Position  
(All amounts expressed in Canadian Dollars)**

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	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 255,759	\$ 139,109
Receivables and other assets (Note 7)	212,238	153,062
	467,997	292,171
Mineral properties (Note 8)	4,534,990	4,220,839
<b>TOTAL ASSETS</b>	<b>\$ 5,002,987</b>	<b>\$ 4,513,010</b>
<b>LIABILITIES</b>		
Current liabilities:		
Trade payables and accrued liabilities	\$ 389,125	\$ 734,676
<b>OWNER'S NET INVESTMENT</b>		
Owner's net investment (Note 9)	4,613,862	3,778,334
<b>TOTAL LIABILITIES AND OWNER'S NET INVESTMENT</b>	<b>\$ 5,002,987</b>	<b>\$ 4,513,010</b>

Subsequent Event (Note 1)  
Commitment (Note 14)

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

ON BEHALF OF THE BOARD OF NGEX RESOURCES INC.:

/s/William A. Rand  
Director

/s/Wojtek A. Wodzicki  
Director

**The Spinout Exploration Business of NGEx Resources Inc.  
Carve-out Consolidated Statements of Comprehensive Loss  
(All amounts expressed in Canadian Dollars)**

	<b>For the Year Ended December 31,</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Expenses</b>			
Exploration and project investigation (Note 11)	\$ 4,756,058	\$ 3,808,079	\$ 3,288,067
General and Administration:			
Salaries and benefits (Note 10)	538,706	713,500	402,868
Share-based compensation	360,259	220,411	326,876
Management fees	106,359	92,106	156,318
Professional fees	140,275	180,058	435,993
Travel	27,779	21,478	27,247
Promotion and public relations	161,460	56,360	124,868
Office and general	151,980	167,194	253,204
Write-down of mineral property interests	54,861	-	-
<b>Operating loss</b>	<b>6,297,737</b>	<b>5,259,186</b>	<b>5,015,441</b>
<b>Other expenses</b>			
Loss on net monetary position (Note 4)	39,199	-	-
<b>Net loss</b>	<b>\$ 6,336,936</b>	<b>\$ 5,259,186</b>	<b>\$ 5,015,441</b>
<b>Other comprehensive loss</b>			
Items that may be reclassified subsequently to net loss:			
Foreign currency translation adjustment	444,169	(111,044)	10,510
Impact of hyperinflation (Note 4)	(61,227)	-	-
<b>Total comprehensive loss</b>	<b>\$ 6,719,878</b>	<b>\$ 5,148,142</b>	<b>\$ 5,025,951</b>

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

**The Spinout Exploration Business of NGEx Resources Inc.  
Carve-out Consolidated Statements of Cash Flows  
(All amounts expressed in Canadian Dollars)**

	<b>For the Year Ended December 31,</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Cash flows used in operating activities</b>			
Net loss for the year	\$ (6,336,936)	\$ (5,259,186)	\$ (5,015,441)
Items not involving cash and cash equivalents:			
Depreciation	8,982	9,240	11,486
Share-based compensation	485,858	292,325	447,489
Other expenses	43	214	245
Loss on net monetary position	39,199	-	-
Write off of mineral property interests	54,861	-	-
Net changes in working capital items:			
Receivables and other	(73,966)	(84,312)	61,400
Trade payables and accrued liabilities	(356,032)	292,826	(260,891)
	<u>(6,177,991)</u>	<u>(4,748,893)</u>	<u>(4,755,712)</u>
<b>Cash flows from financing activities</b>			
Funding provided by NGEx Resources Inc.	7,069,548	5,351,909	4,545,833
	<u>7,069,548</u>	<u>5,351,909</u>	<u>4,545,833</u>
<b>Cash flows used in investing activities</b>			
Mineral properties and related expenditures	(670,078)	(750,502)	(264,098)
	<u>(670,078)</u>	<u>(750,502)</u>	<u>(264,098)</u>
<b>Effect of exchange rate change on cash and cash equivalents</b>	(104,829)	(14,285)	(20,737)
<b>Increase/(decrease) in cash and cash equivalents during the year</b>	116,650	(161,771)	(494,714)
<b>Cash and cash equivalents, beginning of year</b>	139,109	300,880	795,594
<b>Cash and cash equivalents, end of year</b>	\$ 255,759	\$ 139,109	\$ 300,880

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

**The Spinout Exploration Business of NGEx Resources Inc.  
Carve-out Consolidated Statements of Changes in Owner's Net Investment  
(All amounts expressed in Canadian Dollars)**

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	December 31, 2018	December 31, 2017	December 31, 2016
<b>Owner's net investment, beginning of year</b>	\$ 3,778,334	\$ 3,282,242	\$ 3,314,871
Total comprehensive loss	(6,719,878)	(5,148,142)	(5,025,951)
Net contributions from owner	7,069,548	5,351,909	4,545,833
Share-based compensation	485,858	292,325	447,489
<b>Owner's net investment, end of year</b>	<b>\$ 4,613,862</b>	<b>\$ 3,778,334</b>	<b>\$ 3,282,242</b>

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

**The Spinout Exploration Business of NGEx Resources Inc.  
Notes to the Carve-out Consolidated Financial Statements  
For the years ended December 31, 2018, 2017 and 2016  
(All amounts expressed in Canadian Dollars)**

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## **1. ARRANGEMENT AGREEMENT**

On April 17, 2019, NGEx Resources Inc. (“NGEx” or the “Company”) announced that its Board of Directors unanimously approved a strategic reorganization of its exploration business through a plan of arrangement under the Canada Business Corporation Act (the “Arrangement”). Subject to regulatory, shareholders’ and other approvals, pursuant to the Arrangement, NGEx will transfer to 11264796 Canada Inc., a newly incorporated wholly owned subsidiary (“Spinco”) directly or indirectly through its subsidiaries Suramina Resources Inc., NGEx RioEx Holdings Inc., and NGEx Argentina Holdings Inc., the Los Helados Project located in Chile and other exploration projects located in Argentina (collectively the “Spinout Exploration Business”) and approximately CAD\$7.3 million in cash, in exchange for Spinco common shares.

Under the Arrangement, NGEx will distribute all of the shares of Spinco to its shareholders on the basis of one Spinco share for every two NGEx shares held, by way of a reduction and return of share capital. Upon closing of the transaction, Spinco will be owned exclusively by existing NGEx shareholders in identical proportion to their previous shareholdings of NGEx. There will be no change to shareholders’ existing holdings in the Company. The Company will apply for a listing of the Spinco shares on the TSX Venture Exchange.

The Spinout Exploration Business includes the Los Helados property and the La Rioja properties, which will continue to be subject to a Joint Exploration Agreement with Pan Pacific Copper Co., Ltd. (“PPC”) upon completion of the Arrangement as described on Note 8. Subsequent to the date of these financial statements and in connection with the Arrangement, NGEx will assign and transfer its existing obligations in respect of funding PPC’s US\$3.5 million share of future exploration activities on the La Rioja properties (the “La Rioja Assignment”) to Spinco for cash consideration of \$0.3 million, which is the estimated present value of the obligation at the time of the assignment. The \$0.3 million cash consideration for the La Rioja Assignment is included in the \$7.3 million in cash and cash equivalents to be transferred to Spinco as disclosed above.

On completion of the Arrangement, Spinco will:

- be the majority partner in the Los Helados property and the La Rioja properties, owning a 63% interest in the Los Helados property, a 60% interest in the La Rioja properties, and a 100% interest in the other exploration projects comprising the Spinout Exploration Business; and
- receive approximately \$7.3 million in cash and cash equivalents from NGEx.

Spinco was incorporated on February 21, 2019 and its registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada. To date, Spinco has not commenced operations.

These carve-out consolidated financial statements reflect the assets, liabilities, expenses and cash flows of the Spinout Exploration Business that has been spun out by NGEx to Spinco as more fully described in Note 3 below.

## **2. NATURE OF OPERATIONS**

The Spinout Exploration Business is engaged in the acquisition, exploration and development of mineral properties located in South America and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The continued operations of the Spinout Exploration Business through Spinco and the recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of Spinco to obtain necessary financing to complete the development of such properties, and upon future profitable production from or disposition of such properties.

## **3. BASIS OF PRESENTATION**

These carve-out statements of financial position, comprehensive loss, changes in owner’s net investment, and cash flows, which comprise these carve-out consolidated financial statements have been prepared in accordance with a financial reporting framework specified in subsection 3.11(6) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards for carve-out consolidated financial statements.

These carve-out consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. Except for the accounting of certain financial instruments measured at fair value and the application of inflation accounting as further described on Note 4 and Note 5, these carve-out consolidated financial statements, including comparatives, are prepared on a historical cost basis, applying IFRS standards that are effective as at December 31, 2018.

The formation of the Spinout Exploration Business is the result of the transfer of assets between entities under common control; accordingly, the transaction is excluded from the scope of IFRS 3 (R), Business Combinations. These carve-out consolidated financial statements have been presented based on the amounts recorded by NGEx. During the periods presented, the Spinout Exploration Business did not operate as an independent entity, and accordingly, standalone financial information does not exist. Accordingly, these carve-out consolidated financial statements represent an extraction of the financial information relating to the Spinout Exploration Business.

**The Spinout Exploration Business of NGEx Resources Inc.**  
**Notes to the Carve-out Consolidated Financial Statements**  
**For the years ended December 31, 2018, 2017 and 2016**  
**(All amounts expressed in Canadian Dollars)**

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These carve-out consolidated financial statements may not be indicative of the Spinout Exploration Business' financial performance and do not necessarily reflect what its carved-out results of operations, financial position and cash flows would have been had the Spinout Exploration Business operated as an independent entity during the years presented. The following basis of preparation for the carve-out statements of financial position, comprehensive loss, cash flows and changes in owner's net investment of the Spinout Exploration Business have been applied:

- All assets and liabilities of the companies disclosed in note 6(a) below that are directly attributable to the Spinout Exploration Business have been extracted in these carve-out consolidated financial statements and;
- All expenditures of the companies listed in Note 6(a) below have been extracted in these carve-out consolidated financial statements and are directly attributable to the Spinout Exploration Business.
- Common expenses incurred by companies other than the companies listed in note 6(a) below have been allocated on a pro-rata basis to the Spinout Exploration Business based on the level of exploration expenditures incurred in each period.
- Income taxes have been calculated as if the Spinout Exploration Business had been a separate legal entity and had filed a separate tax return for the periods presented.

These carve-out consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 7, 2019.

#### **4. ADOPTION OF NEW ACCOUNTING POLICY – HYPERINFLATION**

Due to various qualitative factors and developments with respect to the economic environment in Argentina during the year ended December 31, 2018, including, but not limited to, the acceleration of multiple local inflation indices, the three-year cumulative inflation rate of the local Argentine wholesale price index exceeding 100% in May 2018 and the significant devaluation of the Argentine Peso, Argentina was designated a hyper-inflationary economy as of July 1, 2018 for accounting purposes.

Accordingly, IAS 29, Financial Reporting in Hyper-Inflationary Economies, has been applied to these carve-out consolidated financial statements as the Spinout Exploration Business' Argentine operating subsidiaries (the "Argentine Subsidiaries") use the Argentine Peso as its functional currency. The Spinout Exploration Business also followed the interpretive guidance for first time adoption of IAS 29 included within IFRIC 7. The carve-out consolidated financial statements are based on the historical cost approach in IAS 29.

The application of hyperinflation 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 carve-out consolidated financial statements. To measure the impact of inflation on its financial position and results, the Spinout Exploration Business 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 carve-out consolidated financial statements of the Spinout Exploration Business are presented in Canadian dollars, a stable currency, the comparative period amounts do not require restatement. For the year ended December 31, 2018, the Spinout Exploration Business recognized a gain of \$61,227 in relation to the impact of hyperinflation within other comprehensive income. This amount is primarily the result of hyperinflation adjustments recognized on non-monetary assets held by its Argentine subsidiaries as of July 1, 2018, which have been restated from the historic date when they were first recognized to July 1, 2018 (the "Opening Hyperinflation Adjustment"), and then to the current date, December 31, 2018. On initial application of IAS 29, there is an accounting policy choice to recognize the Opening Hyperinflation Adjustment directly to opening equity or to other comprehensive loss. The Spinout Exploration Business has elected to recognize this amount to other comprehensive loss and it is included in the figure noted above.

As a result of the change in the IPC from July 1, 2018 to December 31, 2018, the Spinout Exploration Business recognized a net monetary loss within the Argentine Subsidiaries of \$39,199 for the year ended December 31, 2018, to adjust transactions for the period into a measuring unit current as of December 31, 2018.

The level of the IPC at December 31, 2018 was 184.2, which represents an increase of 27% over the IPC at July 1, 2018, and an approximate 10% increase over the average level of the IPC during the six month period ended December 31, 2018.

#### **5. CHANGE IN ACCOUNTING POLICY – FINANCIAL INSTRUMENTS**

On January 1, 2018, the Spinout Exploration Business adopted *IFRS 9 Financial Instruments* which sets out the accounting standards for the classification and measurement of financial instruments. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. As most of the requirements in IAS 39 for classification and measurement of

**The Spinout Exploration Business of NGEx Resources Inc.  
Notes to the Carve-out Consolidated Financial Statements  
For the years ended December 31, 2018, 2017 and 2016  
(All amounts expressed in Canadian Dollars)**

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financial liabilities were carried forward in IFRS 9, the Spinout Exploration Business' accounting policy with respect to financial liabilities is unchanged.

The Spinout Exploration Business has determined that the adoption of this standard has resulted in no material impact to its carved-out consolidated financial statements.

**a) Classification and measurement**

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive loss and those measured at amortized cost. Measurement and classification of financial assets is dependent on the business model of the Spinout Exploration Business for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Spinout Exploration Business' financial instruments and their respective classification are summarized as follows:

	<b>Original Classification (IAS 39)</b>	<b>New Classification (IFRS 9)</b>
Cash and cash equivalents	Amortized cost	Amortized cost
Receivables and others	Amortized cost	Amortized cost
Trade payables and accrued liabilities	Amortized cost	Amortized cost

Financial assets and liabilities at amortized costs are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

**b) De-recognition**

The Spinout Exploration Business derecognizes financial assets when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risk and rewards of ownership to another entity. A financial liability is derecognized when the obligation under the liability is discharged, canceled or expired. Gains and losses on de-recognition of financial assets and liabilities are generally recognized in the consolidated statements of net losses.

**c) Impairment**

The Spinout Exploration Business recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized costs based on a probability-weighted estimate of credit losses over the expected life of the financial asset.

The expected credit losses are reviewed and updated at each reporting date as appropriate to reflect changes in the credit risk of the financial instruments, whereby the Spinout Exploration Business measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit loss of the financial asset has not increased significantly since initial recognition, the Spinout Exploration Business measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the expected credit losses are reversed after the impairment was recognized.

**6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of combination**

The carve-out consolidated financial statements include the accounts of the following wholly-owned entities which collectively comprise the Spinout Exploration Business:

**The Spinout Exploration Business of NGEx Resources Inc.  
Notes to the Carve-out Consolidated Financial Statements  
For the years ended December 31, 2018, 2017 and 2016  
(All amounts expressed in Canadian Dollars)**

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

All intercompany balances, transactions, including income and expenses arising from inter-company transactions are eliminated in preparing the carve-out consolidated financial statements.

**b) Foreign currency translation**

The carve-out consolidated financial statements are presented in Canadian dollars. The functional currencies of the Spinout Exploration Business' material entities, namely MFDO and Pampa, which have operations in Chile and Argentina respectively, are the Chilean peso and the Argentine peso, respectively. 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.

Foreign subsidiaries whose functional currency is the currency of a hyperinflationary economy applies hyperinflation accounting in accordance with IAS 29 and the interpretive guidance for first time adoption of IAS 29 included within IFRIC 7 as described in Note 4.

For foreign subsidiaries whose functional currency is the currency of a non-hyperinflationary economy, foreign operations are translated from their functional currencies into the presentation currency 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.

**c) Significant accounting estimates and judgments**

The preparation of these carve-out consolidated financial statements 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 outcomes could differ from these estimates and assumptions. 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 Spinout Exploration Business' assets and liabilities are accounted for prospectively.

The key accounting judgment applied in the preparation of these carve-out consolidated financial statements relates to the allocation of common costs of NGEx attributable to the Spinout Exploration Business, while assets and liabilities that are not directly attributable to the Spinout Exploration Business have been excluded from these carve-out consolidated financial statements, as further described in Note 3.

**d) Mineral properties and exploration expenditure**

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) 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

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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 the 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.

**f) Financial instruments**

Effective January 1, 2018, the Spinout Exploration Business adopted IFRS 9 Financial Instruments which sets out the accounting standards for the classification and measurement of financial instruments and replaces IAS 39 Financial Instruments: Recognition and Measurement, as disclosed on Note 5.

**g) Current and deferred income tax**

The Spinout Exploration Business 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 Spinout Exploration Business 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 Spinout Exploration Business 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-based compensation**

NGEx has a share-based compensation plan, whereby it is authorized to grant stock options to officers, employees, directors, and other eligible persons ("participants"). 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 NGEx 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 statement.

**i) 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 Spinout Exploration Business has the following reportable operating segments: the Los Helados project 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.

**j) 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, 2018. Below is a summary of the new standard that the Spinout Exploration Business will adopt for the annual period beginning on or after January 1, 2019:

Leases:

IFRS 16, Leases (IFRS 16) will be effective on January 1, 2019 and 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.

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**7. RECEIVABLES AND OTHER ASSETS**

	December 31, 2018	December 31, 2017
Prepaid expenses	\$ 79,834	\$ 16,130
Related party receivable (Note 10)	32,614	35,830
Taxes recoverable and other receivables	99,790	101,102
	<u>\$ 212,238</u>	<u>\$ 153,062</u>

**8. MINERAL PROPERTIES**

	Los Helados (Joint Exploration Agreement - "JEA")	Nacimientos	Acay	TOTAL
	Chile	Argentina	Argentina	
December 31, 2016	\$ 3,452,060	\$ -	\$ -	\$ 3,452,060
Additions	393,353	256,898	100,251	750,502
Currency translation effect	63,721	(39,524)	(5,920)	18,277
December 31, 2017	\$ 3,909,134	\$ 217,374	\$ 94,331	\$ 4,220,839
Additions	312,382	357,696	-	670,078
Inflation adjustment (Note 4)	-	62,201	-	62,201
Write-off of mineral property interests	-	-	(54,861)	(54,861)
Currency translation effect	(181,352)	(142,445)	(39,470)	(363,267)
December 31, 2018	\$ 4,040,164	\$ 494,826	\$ -	\$ 4,534,990

The Spinout Exploration Business comprises of properties that straddle the international border between San Juan Province, Argentina, and Region III, Chile.

Los Helados (Chile)

The Spinout Exploration Business is the majority partner and operator for the Los Helados property and the La Rioja properties (collectively the "Los Helados Project"), which are subject to a Joint Exploration Agreement ("JEA") with its joint exploration partner Pan Pacific Copper Co. ("PPC"). NGEx holds a 63% interest in the Los Helados property and a 60% interest in the La Rioja properties. The La Rioja properties are owned by Pampa and lie adjacent to the Los Helados property.

The Nacimientos Project (Argentina)

On May 3, 2017, the Spinout Exploration Business signed an option agreement whereby it can acquire a 100% interest in the Nacimiento 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 Spinout Exploration Business must also fund US\$2.5 million in expenditures on the Nacimiento Property on or before the Earn-in Date. The Spinout Exploration Business has paid US\$0.3 million in option payments and has incurred \$2.5 million in exploration expenditures as at December 31, 2018.

The Acay Project (Argentina)

On November 22, 2017, the Spinout Exploration Business signed an option agreement with Cosmos Minerals S.A. ("Cosmos") whereby it could acquire a 100% interest in the Acay Property located in Salta Province, Argentina by funding expenditures on the property and making option payments over a four-year period on or before November 22, 2021 (the "Earn-in Date"). The Agreement included a 2% NSR royalty payable to Cosmos.

On November 30, 2018, the Spinout Exploration Business completed an internal review of its project portfolio and decided to terminate the Acay Property option agreement in order to focus on its key projects. Accordingly, all costs previously capitalized were expensed within the carve-out consolidated statements of comprehensive loss for the year ended December 31, 2018.

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**9. OWNER'S NET INVESTMENT**

NGEx's investment in the operations of the Spinout Exploration Business is presented as Owner's Net Investment in the carve-out consolidated financial statements. Owner's Net Investment represents the accumulated net contributions from owners net of the accumulated losses of the operations. Net financing transactions with NGEx as presented in the carve-out consolidated statements of cash flows represent the net contributions related to the funding of operations between the Spinout Exploration Business and NGEx.

**10. RELATED PARTY TRANSACTIONS**

**a) Related party services and balances**

NGEx, the parent of the Spinout Exploration Business, has a cost sharing arrangement with Filo Mining Corp. ("Filo Mining"), a related party by way of providing key management personnel services to the Company. Filo Mining was incorporated during 2016 and spun out of NGEx as a separate legal entity pursuant to a plan of arrangement in the same year. 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.

The income received by NGEx for the provision of related party services to Filo Mining which were attributable and allocated to the Spinout Exploration Business and the costs of Filo Mining's executive management and personnel services attributable and allocated to the Spinout Exploration Business are as follows:

	<b>Year ended December 31,</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
Income received from Filo Mining for the provision of financial management and administrative services	\$ 405,462	\$ 89,117	\$ 19,387
Costs of executive management and personnel services paid to Filo Mining	(376,039)	(867,345)	(111,495)

The amounts due from/to related parties by the Spinout Exploration Business, and the components of the carve-out consolidated statement of financial position in which they are included, are as follows:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Receivables and other assets	\$ 32,614	\$ 35,830
Trade payables and accrued liabilities	(98,428)	(189,180)

**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 attributable and allocated to the Spinout Exploration Business inclusive of costs of key management personnel services received from Filo Mining as described in Note 10a, and the composition thereof, is as follows:

	<b>Year ended December 31,</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
Salaries	\$ 391,354	\$ 511,301	\$ 341,703
Employee benefits	12,764	13,251	20,315
Director fees	68,937	77,720	37,756
Share-based compensation	308,586	181,870	286,071
	<b>\$ 781,641</b>	<b>\$ 784,142</b>	<b>\$ 685,845</b>

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**11. EXPLORATION AND PROJECT INVESTIGATION**

The exploration and project investigation expenditures attributable to the Spinout Exploration Business are as follows:

	Year ended December 31,		
	2018	2017	2016
Los Helados	\$ 1,534,123	\$ 2,269,753	\$ 2,379,303
Nacimiento	2,461,538	873,621	-
Acay	284,231	222,141	-
Administration and other projects	476,166	442,564	908,764
	<b>\$ 4,756,058</b>	<b>\$ 3,808,079</b>	<b>\$ 3,288,067</b>

	Year ended December 31,		
	2018	2017	2016
Land holding costs	\$ 860,183	\$ 1,119,977	\$ 1,206,531
Drilling, fuel, camp costs and field supplies	1,059,790	484,886	356,631
Roadwork, travel and transport	495,663	422,818	144,704
Engineering studies, consultants, geochemistry and geophysics	387,664	75,256	75,281
Environmental and community relations	379,794	383,417	181,200
VAT, other taxes and fees	530,995	310,330	222,091
Office and general, salaries, and overhead	897,351	939,481	981,016
Share-based compensation	125,599	71,914	120,613
Inflation adjustment (Note 4)	19,019	-	-
	<b>\$ 4,756,058</b>	<b>\$ 3,808,079</b>	<b>\$ 3,288,067</b>

**12. INCOME TAXES**

	December 31, 2018	December 31, 2017	December 31, 2016
Combined basic federal and provincial income tax rates	27.00%	26.00%	26.00%
Net loss before taxes	\$ (6,336,936)	\$ (5,259,186)	\$ (5,015,441)
Expected income recovery	\$ (1,710,972)	\$ (1,367,388)	\$ (1,304,015)
Non-deductible share based compensation	131,182	76,005	116,347
Other non-deductible expenses and permanent differences	106,035	95,623	229,841
Difference in foreign currency and tax rates	291,789	19,756	(47,378)
Income tax benefits not recognized and other items	1,181,966	1,176,004	1,005,205
Future income tax recovery	\$ -	\$ -	\$ -
	<b>December 31, 2018</b>	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Loss carry-forwards	1,708,992	1,342,055	1,136,929
Mineral properties and related expenditures	24,539,517	24,591,609	21,969,716
Unrecognized deferred tax assets	\$ 26,248,509	\$ 25,933,664	\$ 23,106,645

The income tax benefit, if any, of these losses have not been recorded in the consolidated financial statements due to the uncertainty of their recovery.

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**13. SEGMENTED INFORMATION**

The Spinout Exploration Business is principally engaged in the acquisition, exploration and development of the Los Helados mineral properties in South America. The segments presented below together with the mineral property information presented in Note 8 and Note 11 reflect the way in which the management of NGEx reviews its business performance. All of the Spinout Exploration Business' non-current assets and exploration and project investigation costs are located and incurred within South America, whereas materially all of the cash and general and administrative costs are held and incurred by NGEx until it is required to be deployed to the Company's South American subsidiaries in support of ongoing and planned work programs. Following is a summary of the net losses and non-current assets by segment:

<b>Net losses</b>	<b>Year ended December 31,</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
Exploration expenditures - Los Helados	1,534,123	2,269,753	2,379,303
Exploration expenditures - other projects	3,221,935	1,538,326	908,764
Total Exploration Expenses	4,756,058	3,808,079	3,288,067
G&A and other items	1,580,878	1,451,107	1,727,374
Net loss for the year	\$ 6,336,936	\$ 5,259,186	\$ 5,015,441

<b>Non-current assets</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Los Helados	4,040,164	3,909,134
Other projects	494,826	311,705
Total mineral properties	\$ 4,534,990	\$ 4,220,839

**14. COMMITMENT**

The Spinout Exploration Business 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 Spinout Exploration Business 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, 2018, the Spinout Exploration Business has paid land surface access rights payment totaling US\$0.5 million, which was expensed on the statement of comprehensive loss.

**15. FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISKS**

The Spinout Exploration Business' financial instruments consist of cash, receivables and other assets, and trade payables and accrued liabilities, with carrying values considered to be reasonable approximations of fair value due to the short-term nature of these instruments.

The fair values of financial instruments are determined by valuation methods depending on hierarchy levels as defined below:

- Level 1 – Quoted market price in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted market prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. observed prices) or indirectly (i.e. derived from prices).
- Level 3 – Inputs for the assets or liabilities are not based on observable market data.

The Spinout Exploration Business' financial instruments are exposed to certain financial risks, including credit, liquidity and currency risks.

- Credit risks associated with cash and cash equivalents is minimal as the Spinout Exploration Business deposits the majority of its cash with large financial institutions that has been accorded a strong investment grade rating by a primary rating agency.

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- Liquidity risks associated with the inability to meet obligations as they become due is minimized through the management of its capital structure and by maintaining good relationships with bankers. The Spinout Exploration Business will receive \$7.3 million in cash and cash equivalents under the Arrangement on completion of the spinout as described on Note 1. The Spinout Exploration Business closely monitors and reviews its costs to date and actual cash flows on a monthly basis to ensure funds are adequate to support its operations on an ongoing basis. The maturities of the Spinout Exploration Business' financial liabilities as at December 31, 2018 are as follows:

	Total	Less than 1 year	1 to 5 years	More than 5 years
Trade payables and accrued liabilities	\$ 389,125	\$ 389,125	-	-
Total	\$ 389,125	\$ 389,125	-	-

Trade payables and accrued liabilities are due within twelve months of the Statement of Financial Position date.

- Foreign currency risk is the risk that the value of financial assets and liabilities may change due to changes in the value of two different currencies. The Spinout Exploration Business is exposed to foreign currency risks as its parent is headquartered in Canada and its capital is raised in Canadian dollars, while its foreign operations are conducted in Argentina and Chile. While the Spinout Exploration Business has not used any hedging strategies to manage its exposure to currency fluctuations, management strives to minimize foreign currency risks by sending its cash to its foreign operation as required and maintaining most of its excess cash in Canadian dollars. Based on the Spinout Exploration Business' net exposures at December 31, 2018, a 10% depreciation or appreciation in the Argentina and Chilean pesos relative to the Canadian dollar would have resulted in an approximate \$0.2 million increase or decrease in net loss, respectively.

**SCHEDULE “E”  
CORPORATE GOVERNANCE DISCLOSURE**

Required Disclosure of Corporate Governance Practices	Response
<p><b>Board of Directors</b> - Disclose how the Spinco Board of directors (the Spinco Board) facilitates its exercise of independent supervision over management, including</p> <ul style="list-style-type: none"> <li>(i) the identity of directors that are independent, and</li> <li>(ii) the identity of directors who are not independent, and the basis for that determination</li> </ul>	<p>Directors are considered to be “independent” if they have no direct or indirect material relationship with Spinco. A “material relationship” is a relationship which could, in the view of the Spinco Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.</p> <p>The Spinco Board is expected to be composed of six directors, of which five will be considered to be independent. Mr. Wodzicki will not be independent, as he will be the President and CEO of Spinco.</p>
<p><b>Directorships</b> — If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p>	<p>Certain proposed directors of Spinco are directors of other reporting issuers, as disclosed in this Circular under the heading “Spinco — Directors and Officers”.</p>
<p><b>Orientation and Continuing Education</b> - Describe what steps, if any, the Spinco Board takes to orient new board members, and describe any measures the Spinco Board takes to provide continuing education for directors.</p>	<p>All directors will be expected to pursue educational opportunities as appropriate to enable them to perform their duties as directors. Spinco will make appropriate funding to directors to attend seminars or conferences relevant to their position as directors of Spinco. Included in the Corporate Governance and Nomination Committee mandate will be the requirement to develop, with the assistance of management, an orientation and education program for new recruits to the Spinco Board, where necessary. Spinco’s outside legal counsel will also provide directors and senior officers with summary updates of any developments relating to the duties and responsibilities of directors and officers and corporate governance matters.</p>
<p><b>Ethical Business Conduct</b> — Describe what steps, if any, the Spinco Board takes to encourage and promote a culture of ethical business conduct</p>	<p>The Spinco Board will adopt a written Code of Business Conduct and Ethics (the “Code”), following the completion of the Arrangement, for directors, officers, and employees of Spinco, which will be substantially similar to the Code of Business Conduct and Ethics of Josemaria, which is available for review on the website of Josemaria at <a href="https://www.josemariaresources.com/">https://www.josemariaresources.com/</a></p> <p>Directors, officers or employees of Spinco who have concerns or questions about violations of laws, rules or regulations, or of the Code, once implemented, will be required to report them to the Corporate Secretary or to the chair of the Audit Committee, once formed. Following receipt of any complaints, the Corporate Secretary or chair of the Audit Committee, as the case may be, will investigate each matter so reported and report to the Audit Committee. The Spinco Board will be ultimately responsible, acting through the Audit Committee, for the Code and monitoring compliance with the Code. In addition to the requirements of the Code, once implemented, directors are also required to comply with the relevant provisions of the CBCA regarding conflicts of interests. Directors with an interest in a material transaction are required to declare their interest and abstain from voting on such transactions. A thorough discussion of the documentation related to a material transaction is required for review by the Spinco Board, particularly independent directors.</p>

<p><b>Nomination of Directors</b> — Disclose what steps, if any, are taken to identify new candidates for board nomination, including:</p> <ul style="list-style-type: none"> <li>(i) who identifies new candidates, and</li> <li>(ii) the process of identifying new candidates.</li> </ul>		<p>The Spinco Board will establish a Corporate Governance and Nominating Committee following the completion of the Arrangement, which will have the primary responsibility for identifying prospective Board members. The Corporate Governance and Nominating Committee will coordinate the search for qualified candidates with input from management and other Board members, giving careful consideration to the competencies and skills that the Spinco Board as a whole should possess, and the skills and experience of existing Board members. Other factors will be considered which may include the ability of the individual candidate to contribute on an overall basis, the ability of the individual to contribute sufficient time and resources to the Spinco Board, as well as the individual's direct experience with public companies in general and mining companies, in particular. The Corporate Governance and Nominating Committee will recommend a nominee and seek full Spinco Board endorsement of the selected candidate.</p>
<p><b>Compensation</b> — Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:</p> <ul style="list-style-type: none"> <li>(i) who determines compensation, and</li> <li>(ii) the process of determining compensation.</li> </ul>		<p>The Compensation Committee, to be formed following the completion of the Arrangement, will review and make recommendations to the Spinco Board on the compensation packages for the CEO and other senior officers, as well as evaluating annually the performance of the CEO. The Compensation Committee will meet at least annually to discuss compensation issues but will also meet from time to time as necessary.</p>
<p><b>Other Board Committees</b> – If the Spinco Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>		<p>Other than the Audit Committee, the Corporate Governance and Nominating Committee and the Compensation Committee, it is not anticipated that Spinco will have any additional board committees immediately following the completion of the Arrangement. The Spinco Board may, however, establish additional committees after the completion of the Arrangement, depending on the needs of Spinco.</p>
<p><b>Assessments</b> – Disclose what steps, if any, that the Spinco Board takes to satisfy itself that the Spinco Board, its committees, and its individual directors are performing effectively.</p>		<p>Once established, the Corporate Governance and Nominating Committee will establish and administer a process for assessing the effectiveness of the Spinco Board as a whole, the committees of the Spinco Board, the chairman of the Spinco Board, the committee chairs and individual directors. The Corporate Governance and Nominating Committee will report regularly to the Spinco Board on all of its activities and findings.</p>

<p><b>Consideration Given to the Representation of Women in Executive Officer Appointments</b> - Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.</p>	<p>Pursuant to the Diversity Policy, management of the Corporation shall, as part of the hiring process of Executive Officers, actively seek out women, having the necessary skills, knowledge and experience, to evaluate as potential candidates as part of its standard recruitment process. The ultimate decision by management to recommend a candidate for appointment as an Executive Officer shall be made on merit and the contribution the candidate can bring to the position.</p>
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**SCHEDULE "F"**  
**SPINCO STOCK OPTION PLAN**

**NGEX MINERALS LTD.**  
**(formerly 11264796 CANADA INC.)**

**(the “Corporation”)**

**SHARE OPTION PLAN**  
**(Adopted by the Board on May 7, 2019)**

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**ARTICLE 1**

**GENERAL**

**1.1 Purpose**

The purpose of this Plan is to advance the interests of the Corporation by (i) providing Eligible Persons with additional incentive; (ii) encouraging stock ownership by Eligible Persons; (iii) increasing the proprietary interest of Eligible Persons in the success of the Corporation; (iv) encouraging Eligible Persons to remain with the Corporation or its Affiliates; and (v) attracting Employees, officers, Directors and Consultants to the Corporation or its Affiliates.

**1.2 Administration**

- (a) This Plan will be administered by the Board or a committee of the Board duly appointed for this purpose by the Board and consisting of not less than 3 directors. If a committee is appointed for this purpose, all references to the term “Board” will be deemed to be references to the committee.
  
- (b) Subject to the limitations of this Plan, the Board has the authority: (i) to grant Options to purchase Shares to Eligible Persons; (ii) to determine the terms, including the limitations, restrictions and conditions, if any, upon such grants; (iii) to interpret this Plan and to adopt, amend and rescind such administrative guidelines and other rules relating to this Plan as it may from time to time deem advisable, subject to required prior approval by any applicable regulatory authority; and (iv) to make all other determinations and to take all other actions in connection with the implementation and administration of this Plan as it may deem necessary or advisable. The Board’s guidelines, rules, interpretations and determinations will be conclusive and binding upon all parties.

**1.3 Interpretation**

For the purposes of this Plan, the following terms will have the following meanings unless otherwise defined elsewhere in this Plan:

“**Affiliate**” means an affiliate of the Corporation within the meaning of Section 1.3 of National Instrument 45-106 – *Prospectus Exemptions*, as may be amended or replaced from time to time;

“**Affiliated Entity**” means, a person or company that controls or is controlled by the Corporation or that is controlled by the same person or company that controls the Corporation;

“**Associate**” where used to indicate a relationship with any person or company, means: (i) any company of which such person or company beneficially owns, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of the company for the time being outstanding; (ii) any partner of that person or company; (iii) any trust or estate in which such person or company has a substantial beneficial interest or as to which such person or company serves as trustee or in a similar capacity; (iv) any relative of that person who resides in the same home as that person; (v) any person who resides in the same home as that person and to whom that person is married or with whom that person is living in a conjugal relationship outside marriage; or (vi) any relative of a person mentioned in clause (v) who has the same home as that person;

“**Board**” means the Board of Directors of the Corporation or any committee of the board of directors to which the duties of the board of directors hereunder are delegated;

“**Change of Control**” means the occurrence of any one or more of the following events:

- (a) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Affiliates and another corporation or other entity, as a result of which the holders of Shares prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction;
- (b) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Corporation and/or any of its Subsidiaries which have an aggregate book value greater than 50% of the book value of the assets, rights and properties of the Corporation and its Subsidiaries on a consolidated basis to any other person or entity, other than a disposition to a majority-owned subsidiary of the Corporation in the course of a reorganization of the assets of the Corporation and its subsidiaries;
- (c) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;
- (d) any person, entity or group of persons or entities acting jointly or in concert (an “**Acquiror**”) acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Voting Securities of the Corporation which, when added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or associates and/or affiliates of the Acquiror (as such terms are defined in the *Securities Act* (British Columbia)) to cast or to direct the casting of 40% or more of the votes attached to all of the Corporation’s outstanding Voting Securities which may be cast to elect directors of the Corporation or the successor corporation (regardless of whether a meeting has been called to elect directors), unless a majority of the Board as constituted immediately prior to the time that such person, entity or group of persons or entities acting jointly or in concert becomes the Acquiror determines that the circumstances are such that a Change of Control should be deemed to not have occurred and any such determination shall be binding and conclusive for all purposes of the Plan;

- (e) as a result of or in connection with: (A) a contested election of directors; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Corporation or any of its affiliates and another corporation or other entity, the nominees named in the most recent management information circular of the Corporation for election to the Board shall not constitute a majority of the Board; or
- (f) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

For the purposes of the foregoing, “**Voting Securities**” means Shares and any other shares entitled to vote for the election of directors and shall include any security, whether or not issued by the Corporation, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors including any options or rights to purchase such shares or securities;

“**Consultant**” means, in relation to a Corporation, an individual (other than an Employee or a Director of the Corporation) or company that:

- (a) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to an Affiliate of the Corporation, other than services provided in relation to a distribution;
- (b) provides the services under a written contract between the Corporation or the Affiliate and the individual or the Corporation, as the case may be;
- (c) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate of the Corporation; and
- (d) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation;

“**Consultant Company**” means a Consultant that is a company or partnership of which the individual is an Employee, shareholder or partner;

“**Corporation**” means 11264796 Canada Inc. and includes any successor thereto;

“**Director**” means a director, senior officer or Management Company Employee of the Corporation or a subsidiary;

“**Eligible Person**” means, subject to the terms hereof and to all applicable law, any Employee, officer, director, or Consultant of (i) the Corporation or (ii) any Affiliated Entity;

**“Employee”** means:

- (a) an individual who is considered an Employee of the Corporation or its subsidiary under the *Income Tax Act* (Canada) (and for whom income tax, employment insurance and CPP deductions must be made at source);
- (b) an individual who works full-time for a Corporation or its subsidiary providing services normally provided by an Employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an Employee of the Corporation, but for whom income tax deductions are not made at source; or
- (c) an individual who works for a Corporation or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an Employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an Employee of the Corporation, but for whom income tax deductions are not made at source;

**“Holding Company”** means a holding company wholly owned and controlled by an Eligible Person;

**“Insider”** means (a) a director or senior officer of the Corporation; (b) a director or senior officer of a company that is an Insider or subsidiary of the Corporation; or (c) a person that beneficially owns or controls, directly or indirectly, 10% of the Shares;

**“Investor Relations Activities”** means any activities or oral or written communications, by or on behalf of the Corporation or shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:

- (a) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation
  - (i) to promote the sale of products or services of the Corporation, or
  - (ii) to raise public awareness of the Corporation,that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
- (b) activities or communications necessary to comply with the requirements of
  - (i) applicable securities laws, policies or regulations,
  - (ii) the rules and regulations of the TSXV or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;

- (c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if
  - (i) the communication is only through the newspaper, magazine or publication, and
  - (ii) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
- (d) activities or communications that may be otherwise specified by the TSXV.

**“Management Company Employee”** means an individual employed by a person providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a person engaged in Investor Relations Activities;

**“Market Price”** means the closing price of the Shares on the TSXV (or, if such Shares are not then listed and posted for trading on the TSXV, on such other stock exchange or dealing network on which the Shares are listed and posted for trading) on the last business day immediately preceding the day the Option is granted. If there is no such closing price or trade on the prior business day, the Market Price shall be the volume weighted average trading price of the Shares, calculated by dividing the total value of Shares by the total volume of Shares traded on the TSXV for the five trading days immediately preceding the day the Option is granted or, if such Shares are not then listed and posted for trading on the TSXV, on such other stock exchange or dealing network on which the Shares are listed and posted for trading or as determined by the Board in their absolute discretion if the Shares are not listed or traded on any stock exchange or dealing network;

**“Option”** means a right granted to an Eligible Person to purchase Shares pursuant to the terms of this Plan;

**“Optionee”** shall mean a Participant to whom an Option has been granted under the terms of the Plan or who holds an Option that is otherwise subject to the terms of the Plan;

**“Participant”** means an Eligible Person to whom or to whose RRSP or to whose Holding Company an Option has been granted hereunder;

**“Plan”** means this Share Option Plan of the Corporation, as it may be amended from time to time;

**“RRSP”** means a registered retirement savings plan as defined in the *Income Tax Act* (Canada);

**“Shares”** means the common shares in the capital of the Corporation;

**“subsidiary”** means a corporation which is a subsidiary of the Corporation as defined under the *Securities Act* (British Columbia);

**“Termination”** means: (i) in the case of an Employee, the termination of the employment of the Employee by the Corporation or an Affiliated Entity or cessation of employment of the Employee with the Corporation or an Affiliated Entity as a result of resignation; (ii) in the case of an officer or director, the removal or resignation of, or failure to re-elect or re-appoint the individual as an officer or director of the Corporation or an Affiliated Entity; and (iii) in the case of a Consultant, the termination of the services of a Consultant by the Corporation or an Affiliated Entity;

**“Termination Date”** means the date on which a Participant ceases to be an Eligible Person due to the Termination of the Participant;

**“Transfer”** includes any sale, exchange, assignment, gift, bequest, disposition, mortgage, charge, pledge, encumbrance, grant of security interest or other arrangement by which possession, legal title or beneficial ownership passes from one person to another, or to the same person in a different capacity, whether or not voluntary and whether or not for value, and any agreement to effect any of the foregoing; and

**“TSXV”** means the TSX Venture Exchange, or such other stock exchange or quotation system on which the Shares are listed or quoted from time to time.

Words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine.

This Plan is to be governed by and interpreted in accordance with the laws of the Province of British Columbia.

#### **1.4 Shares Reserved under the Share Option Plan**

- (a) Subject to the approval of the TSXV (as well as the approval of the shareholders of the Corporation of this Plan), Options may be granted in respect of authorized and unissued Shares provided that the maximum aggregate number of Shares which shall be reserved by the Corporation for issuance and which may be purchased upon the exercise of all Options granted under this Plan shall not exceed 10% of the issued and outstanding Shares. Any Shares subject to an Option which has been granted under the Plan and which have been cancelled or terminated in accordance with the terms of the Plan without having been exercised will again be available under the Plan. No fractional Shares may be purchased or issued under the Plan.
- (b) The aggregate number of Shares reserved for issuance to Insiders pursuant to the Plan and all other security-based compensation arrangements of the Corporation shall not exceed 10% of the total number of Shares then outstanding. The aggregate number of Shares issued to Insiders pursuant to the exercise of Options, within a 12 month period, pursuant to the Plan and all other security-based compensation arrangements of the Corporation shall not exceed 10% of the total number of Shares then outstanding.
- (c) The aggregate number of Options granted to any one person within a 12 month period, shall not exceed 5% of the total number of Shares then outstanding.

- (d) For purposes of this Section 1.4, the number of Shares then outstanding shall mean the number of Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable Option or the exercise of the applicable Option.
- (e) For greater certainty, any increase in the issued and outstanding Shares will result in an increase in the available number of the Shares issuable under the Plan, and exercises of Options will make new grants available under the Plan.

### **1.5 Limits with Respect to Consultants and Investor Relations Persons**

- (a) The maximum number of Options which may be granted to any one Consultant under the Plan and any other security based compensation arrangements of the Corporation, within any 12 month period, must not exceed 2% of the number of Shares issued and outstanding at the time of the grant (on a non-diluted basis).
- (b) The maximum number of Options which may be granted to persons conducting Investor Relations Activities under the Plan and any other security based compensation arrangements of the Corporation, within any 12 month period, must not exceed, in the aggregate, 2% of the number of Shares issued and outstanding at the time of the grant (on a non-diluted basis).
- (c) Options issued to persons retained to provide Investor Relations Activities must vest in stages over a period of not less than 12 months with no more than 1/4 of the options vesting in any three month period.

## **ARTICLE 2**

### **OPTION GRANTS AND TERMS OF OPTIONS**

#### **2.1 Grants**

Subject to this Plan, the Board will have the authority to determine the limitations, restrictions and conditions, if any, in addition to those set out in this Plan, applicable to the exercise of an Option, including, without limitation, the nature and duration of the restrictions, if any, to be imposed upon the sale or other disposition of Shares acquired upon exercise of the Option, and the nature of the events, if any, and the duration of the period in which any Participant's rights in respect of Shares acquired upon exercise of an Option may be forfeited. An Eligible Person, an Eligible Person's RRSP and an Eligible Person's Holding Company may receive Options on more than one occasion under this Plan and may receive separate Options on any one occasion.

## 2.2 Exercise of Options

- (a) Options granted must be exercised no later than 10 years after the date of grant or such lesser period as the applicable grant may require. In the event that any Option expires during, or within 48 hours after, a self imposed blackout period on trading securities of the Corporation, such expiry date will become the tenth day following the end of the blackout period.
- (b) The Board may determine when any Option will become exercisable and may determine that the Option will be exercisable in instalments or pursuant to a vesting schedule.
- (c) No fractional Shares may be issued and the Board may determine the manner in which fractional Share value will be treated.
- (d) A minimum of 100 Shares must be purchased by a Participant upon exercise of Options at any one time, except where the remainder of Shares available for purchase pursuant to Options granted to such Participant totals less than 100.

## 2.3 Hold Periods

- (a) If the Corporation grants Options at a discount to the Market Price, such Options and Shares issued upon exercise of such Options must include the following legend:

“Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until **[insert date that is four months and one day after grant.]**”

- (b) If the Corporation grants Options to directors, officers, Promoters of the Corporation (as such term is defined in the TSXV rules and policies) or to a person holding 10% or more of the voting rights of the Corporation’s issued and outstanding Shares at the date of grant, such Options and Shares issued upon exercise of such Options must include the following legend:

“Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until **[insert date that is four months and one day after grant.]**”

## 2.4 Option Price

- (a) The Board will establish the exercise price of an Option at the time each Option is granted provided that such price shall not be less than the “Discounted Market

Price” (as defined in the policies of the TSXV), provided that the exercise price shall not be less than \$0.05 per Share.

- (b) The approval of disinterested shareholders will be required for any reduction in the exercise price of a previously granted Option to an Insider of the Corporation.
- (c) In the event the Corporation grants Options within 90 days of a distribution by prospectus (the “**Distribution**”), the minimum exercise price will be the greater of the Discounted Market Price and the per share price paid by public investors for Shares acquired under the Distribution. The 90 day period shall begin on the date a final receipt is issued for such prospectus.

## **2.5 Grant to Participant’s RRSP or Holding Company**

Upon written notice from an Eligible Person, any Option that might otherwise be granted to that Eligible Person, will be granted, in whole or in part, to an RRSP or a Holding Company established by and for the sole benefit of the Eligible Person.

## **2.6 Termination or Death**

- (a) In the event of the Termination of a Participant, by reason of dismissal without cause or voluntary termination by the Participant, each Option held by the Participant, the Participant’s RRSP or the Participant’s Holding Company will cease to be exercisable within a period of 90 days after the Termination Date, or such longer period as determined by the Board, provided that in no event shall such longer period extend beyond the date that is one year from the date of termination. For greater certainty, such determination of a longer period may be made at any time subsequent to the date of grant of the Options and the Board may delegate authority to the Chief Executive Officer, the President and/or the Chief Financial Officer of the Corporation to make any determination with respect to the expiry or termination date of Options held by any departing Participant. If any portion of an Option has not vested on the Termination Date, the Participant, the Participant’s RRSP or the Participant’s Holding Company may not, after the Termination Date, exercise such portion of the Option which has not vested, provided that the Board may determine at any time, including for greater certainty at any time subsequent to the date of grant of the Options, that such portion of the Option vests automatically or pursuant to a vesting schedule determined by the Board. The Board may delegate authority to the Chief Executive Officer, the President and/or the Chief Financial Officer to make any determination with respect to vesting of Options or any portion thereof held by any departing Participant.
- (b) In the event a Participant is dismissed with cause, each Option held by such Participant, the Participant’s RRSP or the Participant’s Holding Company shall cease to be exercisable immediately upon the Participant being given notice of termination.

- (c) If a Participant dies, the legal representatives of the Participant may exercise the Options held by the Participant, the Participant's RRSP and the Participant's Holding Company within a period after the date of the Participant's death as determined by the Board, for greater certainty such determination may be made at any time subsequent to the date of grant of the Options, provided that no Option shall remain outstanding for any period which exceeds the earlier of (i) the expiry date of such Option; and (ii) 12 months following the date of death of the Participant, but only to the extent the Options were by their terms exercisable on the date of death. The Board may determine at any time, including for greater certainty at any time subsequent to the date of grant of the Options, that such portion of the Option vests automatically or pursuant to a vesting schedule determined by the Board. The Board may delegate authority to the Chief Executive Officer, the President and/or the Chief Financial Officer to make any determination with respect to the expiry or termination date of Options or vesting of Options or any portion thereof held by any deceased Participant. If the legal representative of a Participant who has died exercises the Option of the Participant or the Participant's RRSP or the Participant's Holding Company in accordance with the terms of this Plan, the Corporation will have no obligation to issue the Shares until evidence satisfactory to the Corporation has been provided by the legal representative that the legal representative is entitled to act on behalf of the Participant, the Participant's RRSP or the Participant's Holding Company to purchase the Shares under this Plan.

## **2.7 Option Agreements**

Each Option must be confirmed, and will be governed, by an agreement or certificate (an "**Option Agreement**") in the form of Schedule "A" (as the same may be amended from time to time) signed by the Corporation and the Participant or an RRSP of which the Participant is an annuitant or the Participant's Holding Company. Each Option Agreement shall, if the Participant is an Employee, Consultant or Management Company Employee, contain a representation and warranty by the Corporation and such Participant that such Participant is a bona fide Employee, Consultant or Management Company Employee, as the case may be, of the Corporation or an Affiliate. In the event of any discrepancy between this Plan and an option agreement, the provisions of this Plan shall govern.

## **2.8 Payment of Option Price**

The exercise price of each Share purchased under an Option plus such amount as may be required by applicable legislation for statutory withholdings as set out more fully in Section 2.11 hereof must be paid in full to the Corporation and upon receipt of payment in full, but subject to the terms of this Plan, the number of Shares in respect of which the Option is exercised will be duly issued as fully paid and non-assessable. Share certificates representing the number of Shares in respect of which the Option has been exercised will be issued only upon payment in full of the relevant exercise price and, if applicable, statutory withholdings to the Corporation.

## **2.9 Acceleration on Change of Control**

In the event of a Change of Control, all Options outstanding shall be immediately exercisable, notwithstanding any determination of the Board pursuant to Section 2.2 hereof, if applicable. For greater certainty, upon a Change of Control, Participants shall not be treated any more favourably than holders of Shares with respect to the consideration that the Participants would be entitled to receive for the Shares issuable upon exercise of their Options.

If the Participant elects to exercise its Options following a Change of Control, the Optionee shall be entitled to receive, and shall accept, in lieu of the number of Shares which he was entitled upon such exercise, the kind and amount of shares and other securities, property or cash which such holder would have been entitled to receive as a result of such Change of Control, on the effective date thereof, had the Optionee been the registered holder of the number of Shares to which the Optionee was entitled to purchase upon exercise of such Options.

For greater certainty, the acceleration of any TSXV-imposed vesting conditions will be subject to the prior written approval of the TSXV.

## **2.10 Amendment of Option Terms**

Subject to the prior approval of any applicable regulatory authorities (as required) and the consent of the Participant affected thereby, and without further shareholder approval, the Board may amend or modify any outstanding Option in any manner to the extent that the Board would have had the authority to initially grant the Option as so modified or amended, including without limitation, to change the date or dates as of which, or the price at which, an Option becomes exercisable.

## **2.11 Statutory Withholdings**

The exercise of each Option granted under the Plan is subject to the condition that if at any time the Corporation determines, in its discretion, that the satisfaction of withholding tax or other source deductions is necessary or desirable in respect of such exercise, such exercise is not effective unless such withholding has been effected to the satisfaction of the Corporation. In such circumstances, the Corporation may require that a Participant pay to the Corporation, in addition to and in the same manner as the exercise price for the Shares, such amount as the Corporation is obliged to remit to the relevant taxing authority in respect of the exercise of the Option or, alternatively, the Corporation shall have the right in its discretion to satisfy any such liability for withholding or other required deduction by retaining any Shares acquired upon exercise of any Option and selling such Shares in the open market for and on behalf of the Optionee, or retaining any amount payable, to a Participant by the Corporation, whether or not such amounts are payable under the Plan.

# **ARTICLE 3**

## **MISCELLANEOUS**

### **3.1 Right to Terminate Options on Sale of Corporation**

Notwithstanding any other provision of this Plan, if the Board at any time by resolution declares it advisable to do so in connection with any proposed sale or conveyance of all or substantially all of the property and assets of the Corporation or any proposed merger,

consolidation, amalgamation or offer to acquire all of the outstanding Shares (collectively, the “**Proposed Transaction**”), the Corporation may give written notice to all Participants advising that their respective Options, including Options held by their RRSP’s or Holding Companies, may be exercised only within 90 days after the date of the notice and not thereafter, and that all rights of the Participants, their RRSP’s and Holding Companies under any Options not exercised will terminate at the expiration of the 90-day period, provided that the Proposed Transaction is completed within 180 days after the date of the notice. If the Proposed Transaction is not completed within the 180-day period, no right under any Option will be affected by the notice, except that the Option may not be exercised between the date of expiration of the 90-day period and the day after the expiration of the 180-day period.

### **3.2 Prohibition on Transfer and Assignment of Options**

Subject to Section 2.4, Options are personal to each Eligible Person. No Eligible Person or RRSP or Holding Company of an Eligible Person may deal with any Options or any interest in them or Transfer or assign any Options now or hereafter held by the Eligible Person or RRSP or Holding Company. If a Participant’s Holding Company ceases to be wholly owned and controlled by the Participant, such Participant will be deemed to have transferred any Options held by such Holding Company in violation of the Plan. A purported Transfer or assignment of any Options in violation of the Plan will not be valid, the Corporation will not issue any Share upon the attempted exercise of improperly transferred or assigned Options, and the Options will be forfeited and cancelled.

### **3.3 Capital Adjustments**

If there is any change in the outstanding Shares by reason of a stock dividend or split, recapitalization, consolidation, combination or exchange of shares, or other fundamental corporate change, the Board will make, subject to any prior approval required of relevant stock exchanges or other applicable regulatory authorities, if any, an appropriate substitution or adjustment in (i) the exercise price of any unexercised Options under this Plan; (ii) the number or kind of shares or other securities reserved for issuance pursuant to this Plan; and (iii) the number and kind of shares subject to unexercised Options theretofore granted under this Plan; provided, however, that no substitution or adjustment will obligate the Corporation to issue or sell fractional shares. In the event of the reorganization of the Corporation or the amalgamation or consolidation of the Corporation with another corporation, the Board may make such provision for the protection of the rights of Eligible Persons, Participants, their RRSP’s and their Holding Companies as the Board in its discretion deems appropriate. The determination of the Board, as to any adjustment or as to there being no need for adjustment, will be final and binding on all parties.

### **3.4 Non-Exclusivity**

Nothing contained herein will prevent the Board from adopting other or additional compensation arrangements for the benefit of any Eligible Person or Participant, subject to any required regulatory or shareholder approval.

### **3.5 Amendment and Termination**

Subject to the requisite shareholder and regulatory approvals set forth under subparagraphs 3.5(a) and (b) below, the Board may from time to time amend or revise the terms of the Plan or may discontinue the Plan at any time provided however that no such action may, without the consent of the Optionee, in any manner adversely affect the Optionee's rights under any Option theretofore granted under the Plan.

- (a) The Board may, subject to receipt of requisite shareholder and regulatory approval, make the following amendments to the Plan or any Options granted thereunder:
- (i) any amendment to increase the number of securities issuable under the Plan, including, if applicable, an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage. A change to a fixed maximum percentage which was previously approved by shareholders will not require additional shareholder approval;
  - (ii) any amendment to the Insider participation limits in Section 1.4 which result in the security holder approval to be required on a disinterested basis;
  - (iii) any change to the definition of "Eligible Person" which would have the potential of broadening or increasing Insider participation;
  - (iv) the addition of any form of financial assistance;
  - (v) any amendment to a financial assistance provision which is more favourable to participants;
  - (vi) any addition of a cashless exercise feature, payable in cash or securities which does not provide for a full deduction of the number of underlying securities from the Plan reserve;
  - (vii) the addition of a deferred or restricted share unit or any other provision which results in participants receiving securities while no cash consideration is received by the Corporation;
  - (viii) any amendment to this Section 3.5 relating to the amending provisions of this Plan;
  - (ix) any amendment to Section 3.2 of this Plan that would permit Options to be assigned or transferred, other than for normal estate settlement purposes;
  - (x) any amendment to the exercise price of any Option issued under the Plan where such amendment reduces the exercise price of such Option (for this purpose, a cancellation or termination of an Option of a Participant prior to its expiry for the purpose of re-issuing Options to the same Participant with a lower exercise price shall be treated as an amendment to reduce the exercise price of an Option);

- (xi) any amendment of this Plan that would permit an extension beyond the original expiry date of outstanding Options;
  - (xii) a discontinuance of the Plan; and
  - (xiii) any other amendments that may lead to significant or unreasonable dilution in the Corporation's outstanding securities or may provide additional benefits to eligible participants, especially insiders of the Corporation, at the expense of the Corporation and its existing shareholders.
- (b) The Board may, and without further shareholder approval, subject to receipt of requisite regulatory approval, where required, in its sole discretion make the following amendments to the Plan:
- (i) a change to the termination provisions of an Option or the Plan which do not entail an extension beyond the original expiry date
  - (ii) add or modify a cashless exercise feature providing for payment in cash or securities upon the exercise of Options;
  - (iii) make any amendments required to comply with applicable laws or the requirements of the TSXV or any regulatory body or stock exchange with jurisdiction over the Corporation; and
  - (iv) any change fundamental or otherwise, not requiring shareholder approval under applicable laws or the rules of the Exchange, including amendments of a "clerical" or "housekeeping" nature and amendments to ensure that the Options granted under the Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which an Eligible Person may from time to time be resident or a citizen.
- (c) Notwithstanding the provisions of subsection 3.5(b), the Corporation shall additionally obtain requisite shareholder approval in respect of amendments to the Plan that are contemplated pursuant to subsection 3.5(b), to the extent such approval is required by any applicable laws or regulations.

### **3.6 Compliance with Legislation**

The Board may postpone or adjust any exercise of any Option or the issue of any Shares pursuant to this Plan as the Board in its discretion may deem necessary in order to permit the Corporation to effect or maintain registration of this Plan or the Shares issuable pursuant thereto under the securities laws of any applicable jurisdiction, or to determine that the Shares and this Plan are exempt from such registration. The Corporation is not obligated by any provision of this Plan or any grant hereunder to sell or issue Shares in violation of any applicable law. In addition, if the Shares are listed on a stock exchange, the Corporation will have no obligation to issue any Shares pursuant to this Plan unless the Shares have been duly listed, upon official notice of issuance, on a stock exchange on which the Shares are listed for trading.

### **3.7 Designation of Consultants – Liability**

To the maximum extent permitted by applicable law, no officer of the Corporation or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to the Plan or any award granted under it. To the maximum extent permitted by applicable law and the Articles and By-Laws of the Corporation and to the extent not covered by insurance, each Employee of the Corporation and member or former member of the Committee or of the Board shall be indemnified and held harmless by the Corporation against any cost or expense (including reasonable fees of counsel reasonably acceptable to the Corporation) or liability (including any sum paid in settlement of a claim with the approval of the Corporation), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the Plan, except to the extent arising out of such officer's, member's or former member's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the Employees, officers, directors or members or former officers, directors or members may have under applicable law or under the Articles or By-Laws of the Corporation or Affiliate. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by an individual with regard to awards granted to him or her under this Plan.

### **3.8 No Rights as Shareholder**

The holder of an Option shall not have any rights as a holder of Shares with respect to any of the Shares underlying an Option until such holder shall have exercised such Option in accordance with the terms of the Plan (including tendering payment in full of the exercise price in respect of which the Option is being exercised).

### **3.9 No Rights to Continued Employment**

Nothing in the Plan or any Option shall confer upon a Participant any right to continue in the employment or engagement of the Corporation or any Affiliate or affect in any way the right of the Corporation or any Affiliate to terminate his employment or engagement at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Affiliate to extend the employment or engagement of any Participant beyond the date on which he would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Affiliate, or beyond the date on which his relationship with the Corporation or any Affiliate would otherwise be terminated pursuant to the provisions of any employment, consulting or other contract for services with the Corporation or any Affiliate.

### **3.10 Effective Date**

This Plan shall be effective on May 7, 2019, as amended from time to time, subject to its approval by the shareholders of the Corporation and acceptance for filing by the TSXV pursuant to section 1.4.

**SCHEDULE "A"**

**NGEx MINERALS LTD. (Formerly 11264796 CANADA INC.) – SHARE OPTION PLAN**

**OPTION AGREEMENT**

**[Date]**

PERSONAL & CONFIDENTIAL

**[Name]**

**[Address]**

Dear **[Name]**:

This Option Agreement is entered into between 11264796 Canada Inc. (the "**Corporation**") and the Optionee named above pursuant to the Corporation's Share Option Plan (the "**Plan**") and confirms that the Board has granted to you an option (the "**Option**") to purchase Common Shares (the "**Shares**") of the Corporation. This Option is granted on the basis set out in this option agreement, and is subject to the Plan, a copy of which is attached hereto. This Option Agreement and the Plan are referred to collectively below as the "Option Documents". All capitalized terms not otherwise defined shall have the meaning attributed to them in the Plan.

The award date of the Option is: \_\_\_\_\_

The total number of Shares that you may purchase pursuant to this Option is: \_\_\_\_\_

The Option exercise price per Share is: \_\_\_\_\_

Your rights to purchase Shares pursuant to this Option will expire on \_\_\_\_\_, 20\_\_ (the "**Expiry Date**").

Your rights to purchase Shares will vest as follows:

(i) up to \_\_\_\_\_ Shares on or after \_\_\_\_\_;

(ii) up to \_\_\_\_\_ Shares on or after \_\_\_\_\_;

(iii) up to \_\_\_\_\_ Shares on or after \_\_\_\_\_; and

(iv) up to \_\_\_\_\_ Shares on or after \_\_\_\_\_.

all on terms and subject to the conditions set out in the Plan.

Subject to earlier expiration in accordance with the Option Documents, your rights to purchase Shares pursuant to this Option will expire with respect to any vested portion at 5:00 p.m. on the Expiry Date.

This Option may be exercised in whole or in part in respect of vested Options at any time prior to the Expiry Date of the relevant Options by delivery of written notice to the Corporation's head office to the attention of the Corporate Secretary of the Corporation, specifying the number of Shares to be purchased, accompanied by payment by bank draft, certified cheque or such other payment that is acceptable to the Corporation (in its sole discretion) of the total purchase price of the Shares plus such amount as may be required by applicable legislation for statutory withholdings. This Option may not be exercised in amounts of less than 100 Shares in the case of any one exercise unless that exercise would entirely exhaust the Option.

The Optionee authorizes and the Corporation shall have the right to deduct and to collect and withhold from the Optionee or its agent, as the case may be, any amounts required by applicable legislation to be withheld for any taxes or otherwise with respect to awards hereunder. The Optionee acknowledges that in accordance with Section 2.11 of the Plan, the Corporation shall have the right in its discretion to satisfy any such liability for withholding or other required deduction by retaining any Shares acquired upon exercise of any Option and selling such Shares in the open market for and on behalf of the Optionee, or retaining any amount payable, to a Participant by the Corporation, whether or not such amounts are payable under the Plan.

Nothing in the Option Documents will affect our right to terminate your services, responsibilities, duties and authority at any time for any reason whatsoever. Regardless of the reason for your termination, your Option rights will be restricted to those Option rights which have vested on or prior to your date of termination and, in any claim for wrongful dismissal or breach of contract, no consideration will be given to any Options that might have vested during an appropriate notice period or as a result of additional compensation you may receive in place of that notice period.

All decisions made by the Board of Directors with regard to any questions arising in connection with the Option Documents, whether of interpretation or otherwise, will be binding and conclusive on all parties.

This Option Agreement and the Option rights granted to you are personal and may not be sold, pledged, transferred or encumbered in any way.

This Option and the Shares issuable upon exercise of this Option may be subject to certain restrictive hold periods as prescribed by applicable securities legislation and the policies of the TSX Venture Exchange, as may be in force from time to time.

If the Optionee is not a Director or senior officer of the Corporation, the Optionee and the Corporation represent and warrant to each other that the Optionee:

- (a) is a bona fide "Management Company Employee" of the Corporation, which is defined as being an individual employed by a person providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a person engaged in Investor Relations Activities; OR
- (b) is a bona fide "Employee" of the Corporation, which is defined as being:

- (i) an individual who is considered an Employee of the Corporation or its subsidiary under the *Income Tax Act* (Canada) (and for whom income tax, employment insurance and CPP deductions must be made at source);
  - (ii) an individual who works full-time for a Corporation or its subsidiary providing services normally provided by an Employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an Employee of the Corporation, but for whom income tax deductions are not made at source; or
  - (iii) an individual who works for a Corporation or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an Employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an Employee of the Corporation, but for whom income tax deductions are not made at source; OR
- (c) is a bona fide “Consultant” of the Corporation, which is defined as being, in relation to the Corporation, an individual (other than an Employee or Director of the Corporation) or company that:
- (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to an Affiliate of the Corporation, other than services provided in relation to a distribution;
  - (ii) provides the services under a written contract between the Corporation or the Affiliate and the individual or the Corporation, as the case may be;
  - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate of the Corporation; and
  - (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation.

The Corporation hereby certifies that the class of securities that is referenced in this Option is not registered under the United States Securities Exchange Act of 1934.

Note to reporting insiders: Please remember to comply with your reporting issuer requirements within the time prescribed by applicable securities legislation. Insider reports in Canada may only be filed electronically on the web-based system known as SEDI ([www.sedi.ca](http://www.sedi.ca)). We anticipate that you will handle the filing of your own insider reports.

Please acknowledge acceptance of your Option rights on these terms by signing where indicated below on this letter and returning the signed copy to the Corporation to the attention of the Corporate Secretary. By signing and delivering a copy of this option agreement, you are acknowledging receipt of a copy of the Plan and are agreeing to be bound by all of the terms of the Option Documents.

Yours truly,

**NGEx MINERALS LTD.**  
**(formerly 11264796 CANADA INC.)**

By: \_\_\_\_\_

I, \_\_\_\_\_, (the “**Option Holder**”) have read the Option Documents and hereby acknowledge and agree to accept this Option and to be bound by the Option Documents this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Signature of Option Holder \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Witness: \_\_\_\_\_

Witness Name: \_\_\_\_\_  
(Printed)

**[Note: Letter to be revised if Options granted to RRSP or Holding Company.]**

**SCHEDULE "G"**  
**AUDIT COMMITTEE CHARTER**

**NGEx Minerals Ltd.**

**(the "Corporation")**

**CHARTER OF THE AUDIT COMMITTEE**

**(as adopted by the board of directors (the "Board") on June 20, 2019)**

**1. Purpose of the Audit Committee**

The Audit Committee oversees the accounting and financial reporting processes of the Corporation and its subsidiaries and all audits and external reviews of the financial statements of the Corporation on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Corporation and its subsidiaries.

**2. Composition and Procedures of the Audit Committee**

2.1 The Audit Committee shall be appointed annually by the Board and shall be composed of at least three members, each of whom must be a director of the Corporation.

2.2 Each member of the Audit Committee shall hold office as such until the next annual meeting of shareholders after his or her appointment, provided that any member of the Audit Committee may be removed or replaced at any time by the Board and shall at any time cease to be a member of the Audit Committee on ceasing to be a director.

2.3 At least one member of the Audit Committee shall be independent and the Board and the Audit Committee shall endeavour to appoint a majority of independent directors to the Audit Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Audit Committee members' independent judgment.

2.4 At least one member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Corporation. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

**3. Meeting Requirements**

3.1 The times of and the places where meetings of the Audit Committee will be held and the calling of and the procedure at those meetings shall be determined from time to time by the Audit Committee, but in any event, the Audit Committee will meet on a regular basis at least once every quarter; provided that notice of every such meeting shall be given to the Auditor (as defined in paragraph 4.1.1 below) of the Corporation and that meetings shall be convened whenever

requested by the Auditor or any member of the Audit Committee in accordance with the *Canada Business Corporations Act*.

3.2 Two members of the Audit Committee shall constitute a quorum.

#### **4. Duties and Responsibilities**

##### *4.1 Appointment, Oversight and Compensation of Auditor*

- (a) The Audit Committee shall recommend to the Board:
  - (i) the auditor (the “**Auditor**”) to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation; and
  - (ii) the compensation of the Auditor.
- (b) In making such recommendations, the Audit Committee shall evaluate the Auditor’s performance and review the Auditor’s fees for the preceding year.
- (c) The Auditor shall report directly to the Audit Committee.
- (d) The Audit Committee shall be directly responsible for overseeing the work of the Auditor, including the resolution of disagreements between management and the Auditor regarding financial reporting.
- (e) The Audit Committee shall review information, including written statements from the Auditor, concerning any relationships between the Auditor and the Corporation or any other relationships that may adversely affect the independence of the Auditor and assess the independence of the Auditor.

##### *4.2 Non-Audit Services*

- (a) All auditing services and non-audit services provided to the Corporation or the Corporation’s subsidiaries by the Auditor shall, to the extent and in the manner required by applicable law or regulation, be pre-approved by the Audit Committee. In no circumstances shall the Auditor provide any non-audit services to the Corporation that are prohibited by applicable law or regulation.

##### *4.3 Review of Financial Statements etc.*

- (a) The Audit Committee shall review the Corporation’s:
  - (i) interim and annual financial statements and Management’s Discussion and Analysis (“**MD&A**”), intended for circulation among shareholders; and
  - (ii) Annual Information Form only to the extent that it contains financial information or projections, and shall report on them to the Board.
- (b) The Audit Committee shall satisfy itself that the audited financial statements and interim financial statements present fairly the financial position and results of operations in accordance with generally accepted accounting principles and that the auditors have no reservations about such statements.

- (c) The Audit Committee shall review changes in the accounting policies of the Corporation and accounting and financial reporting proposals that are provided by the Auditor that may have a significant impact on the Corporation's financial reports, and report on them to the Board.

#### 4.4 *Review of Public Disclosure of Financial Information*

- (a) The Audit Committee shall review the Corporation's annual and interim press releases relating to financial results before the Corporation publicly discloses this information.
- (b) The Audit Committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection 4.4.1, and must periodically assess the adequacy of those procedures.

#### 4.5 *Review of Annual Audit*

- (a) The Audit Committee shall review the nature and scope of the annual audit, and the results of the annual audit examination by the Auditor, including any reports of the Auditor prepared in connection with the annual audit.
- (b) The Audit Committee shall satisfy itself that there are no unresolved issues between management and the Auditor that could affect the audited financial statements.
- (c) The Audit Committee shall satisfy itself that, where there are unsettled issues that do not affect the audited financial statements (e.g. disagreements regarding correction of internal control weaknesses, or the application of accounting principles to proposed transactions), there is an agreed course of action leading to the resolution of these matters.
- (d) The Audit Committee shall satisfy itself that there is generally a good working relationship between management and the Auditor.

#### 4.6 *Review of Quarterly Review Engagements*

- (a) The Audit Committee shall review the nature and scope of any review engagements for interim financial statements, and the results of such review engagements by the Auditor, including any reports of the Auditor prepared in connection with such review engagements.
- (b) The Audit Committee shall satisfy itself that there are no unresolved issues between management and the Auditor that could affect any interim financial statements.
- (c) The Audit Committee shall satisfy itself that, where there are unsettled issues that do not affect any interim financial statements (e.g. disagreements regarding correction of internal control weaknesses, or the application of accounting principles to proposed transactions), there is an agreed course of action leading to the resolution of these matters.

#### 4.7 *Internal Controls*

- (a) The Audit Committee shall have responsibility for oversight of management reporting and internal control for the Corporation and its subsidiaries.
- (b) The Audit Committee shall satisfy itself that there are adequate procedures for review of interim statements and other financial information prior to distribution to shareholders.

#### 4.8 *Complaints and Concerns*

- (a) The Audit Committee shall establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

#### 4.9 *Hiring Practices*

- (a) The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former Auditors of the Corporation.

#### 4.10 *Other Matters*

- (a) The Audit Committee shall be responsible for oversight of the effectiveness of management's interaction with and responsiveness to the Board;
- (b) The Audit Committee shall review and monitor all related party transactions which may be entered into by the Corporation.
- (c) The Audit Committee shall approve, or disapprove, material contracts where the Board determines it has a conflict.
- (d) The Audit Committee shall satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulations relating to insider trading, continuous disclosure and financial reporting.
- (e) The Audit Committee shall periodically review the adequacy of this Charter and recommend any changes to the Board.
- (f) The Board may refer to the Audit Committee such matters and questions relating to the financial position of the Corporation and its affiliates as the Board from time to time may see fit.

### **5. Rights and Authority of the Audit Committee and the Members Thereof**

#### 5.1 The Audit Committee has the authority:

- (a) To engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) To set and require the Corporation to pay the compensation for any advisors employed by the Audit Committee; and

(c) To communicate directly with the Auditor and, if applicable, the Corporation's internal auditor.

5.2 The members of the Audit Committee shall have the right, for the purpose of performing their duties, to inspect all the books and records of the Corporation and its affiliates and to discuss those accounts and records and any matters relating to the financial position of the Corporation with the officers and Auditor of the Corporation and its affiliates, and any member of the Audit Committee may require the Auditor to attend any or every meeting of the Audit Committee.

## **6. Miscellaneous**

Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Corporation or members of the Audit Committee. The purposes, responsibilities, duties and authorities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.