



## *Independent auditor's report*

To the Shareholders of NGEEx Minerals Ltd.

---

### *Our opinion*

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of NGEEx Minerals Ltd. and its subsidiaries (together, the Company) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

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

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated 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 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 consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

---

*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.



---

### *Emphasis of matter*

We draw attention to the fact that, as described in note 3 to the consolidated financial statements, NGEx Minerals Ltd. did not operate as a separate entity prior to the reorganization on July 17, 2019. The carve-out financial information as at and for the year ended December 31, 2018 and for the period from January 1, 2019 to July 17, 2019 included in these consolidated financial statements is, therefore, not necessarily indicative of results that would have occurred in NGEx Minerals Ltd. had it been a separate stand-alone entity during the years presented or of future results of NGEx Minerals Ltd. Our opinion is not modified in respect of this matter.

---

### *Other information*

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

---

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

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

In preparing the consolidated 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.



---

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

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the 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 Company to express an opinion on the 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Lana Kirk.

**(signed) PricewaterhouseCoopers LLP**

Chartered Professional Accountants

Vancouver, British Columbia  
April 16, 2020

**NGEx Minerals Ltd.**  
**Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

	<i>Note</i>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
<b>ASSETS</b>			
Current assets:			
Cash		\$ 5,559,454	\$ 255,759
Receivables and other assets		479,886	212,238
		<u>6,039,340</u>	<u>467,997</u>
Non-current assets:			
Equipment		35,106	-
Mineral properties	<i>6</i>	4,765,205	4,534,990
		<u>4,800,311</u>	<u>4,534,990</u>
<b>TOTAL ASSETS</b>		<u>10,839,651</u>	<u>5,002,987</u>
<b>LIABILITIES</b>			
Current liabilities:			
Trade payables and accrued liabilities		718,065	389,125
Non-current liabilities:			
Due to exploration partner	<i>7</i>	309,481	-
<b>TOTAL LIABILITIES</b>		<u>1,027,546</u>	<u>389,125</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	<i>8</i>	43,053,810	-
Other capital reserves		-	114,010,099
Contributed surplus		419,228	-
Deficit		(31,893,537)	(108,186,386)
Accumulated other comprehensive loss		(1,767,396)	(1,209,851)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>9,812,105</u>	<u>4,613,862</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>\$ 10,839,651</u>	<u>\$ 5,002,987</u>

Nature of Operations and Liquidity Risk (Note 1)  
Commitments (Note 16)  
Subsequent Events (Note 17)

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

On behalf of the Board:

/s/William A. Rand  
Director

/s/Wojtek A. Wodzicki  
Director

**NGEx Minerals Ltd.**  
**Consolidated Statements of Comprehensive Loss**  
**(Expressed in Canadian Dollars)**

	<i>Note</i>	<b>2019</b>	<b>Year ended December 31, 2018</b>
<b>Expenses</b>			
Exploration and project investigation	<i>10</i>	\$ 3,850,337	\$ 4,756,058
General and administration:			
Salaries and benefits		508,147	538,706
Share-based compensation	<i>9c</i>	430,840	360,259
Management fees		54,173	106,359
Professional fees		219,621	140,275
Travel		31,281	27,779
Promotion and public relations		37,335	161,460
Office and general		169,204	151,980
<b>Operating loss</b>		<b>5,300,938</b>	<b>6,242,876</b>
<b>Other expenses</b>			
Financing costs		13,292	-
Foreign exchange gain		(22,633)	-
Net monetary loss	<i>5</i>	31,882	39,199
Other gains	<i>7</i>	(16,560)	-
Write-down of mineral property		-	54,861
<b>Net loss</b>		<b>5,306,919</b>	<b>6,336,936</b>
<b>Other comprehensive loss</b>			
Items that may be reclassified subsequently to net loss:			
Foreign currency translation adjustment		508,120	444,169
Impact of hyperinflation	<i>5</i>	49,427	(61,227)
<b>Comprehensive loss</b>		<b>\$ 5,864,466</b>	<b>\$ 6,719,878</b>
<b>Basic and diluted loss per common share</b>		<b>\$ 0.04</b>	<b>\$ 0.05</b>
<b>Weighted average common shares outstanding</b>	<i>8</i>	<b>124,793,652</b>	<b>124,793,652</b>

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

**NGEx Minerals Ltd.**  
**Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**

	<i>Note</i>	<b>2019</b>	<b>Year ended December 31, 2018</b>
<b>Cash flows used in operating activities</b>			
Net loss for the period		\$ (5,306,919)	\$ (6,336,936)
Items not involving cash:			
Depreciation		2,943	8,982
Share-based compensation	<i>9c</i>	535,464	485,858
Finance costs		13,292	-
Foreign exchange loss		8,437	43
Net monetary loss		101,231	39,199
Other gains	<i>7</i>	(16,560)	-
Write-down of mineral property		-	54,861
Net changes in working capital items:			
Receivables and other		(335,960)	(73,966)
Trade payables and accrued liabilities		453,451	(356,032)
		<u>(4,544,621)</u>	<u>(6,177,991)</u>
<b>Cash flows from financing activities</b>			
Cash received pursuant to the Josemaria Arrangement	<i>2</i>	7,300,000	-
Funding received from Josemaria for operations	<i>2</i>	3,547,819	7,069,548
Payments made on behalf of exploration partner		(13,292)	-
		<u>10,834,527</u>	<u>7,069,548</u>
<b>Cash flows used in investing activities</b>			
Acquisition of equipment		(35,578)	-
Mineral properties and related expenditures	<i>6</i>	(735,664)	(670,078)
		<u>(771,242)</u>	<u>(670,078)</u>
<b>Effect of exchange rate change on cash</b>		(214,969)	(104,829)
<b>Increase in cash during the year</b>		5,303,695	116,650
<b>Cash, beginning of year</b>		\$ 255,759	\$ 139,109
<b>Cash, end of year</b>		<u>\$ 5,559,454</u>	<u>\$ 255,759</u>

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

**NGEx Minerals Ltd.**  
**Consolidated Statements of Changes in Equity**  
**(Expressed in Canadian Dollars)**

	<i>Note</i>	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Other Capital Reserves</b>	<b>Deficit</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total Shareholders' Equity</b>	
<b>Balance, January 1, 2018</b>		-	\$ -	\$ -	-	106,454,691	\$ (101,849,450)	\$ (826,907)	\$ 3,778,334
Funding and expenses paid by Josemaria		-	-	-	7,069,548	-	-	7,069,548	
Share-based compensation		-	-	-	485,858	-	-	485,858	
Net loss and other comprehensive loss		-	-	-	-	(6,336,936)	(382,942)	(6,719,878)	
<b>Balance, December 31, 2018</b>		-	\$ -	\$ -	-	\$ 114,010,097	\$ (108,186,386)	\$ (1,209,849)	\$ 4,613,862
<b>Balance, January 1, 2019</b>		-	\$ -	\$ -	\$ 114,010,097	\$ (108,186,386)	\$ (1,209,849)	\$ 4,613,862	
Funding and expenses paid by Josemaria		-	-	-	3,549,600	-	-	3,549,600	
Share-based compensation	9c	-	-	419,228	116,236	-	-	535,464	
Net cash received and liabilities assumed pursuant to the Josemaria Arrangement	2	-	-	-	6,977,645	-	-	6,977,645	
Shares issued pursuant to the Josemaria Arrangement	2 & 8	124,793,652	43,053,810	-	(43,053,810)	-	-	-	
Adjustment for shares issued pursuant to the Josemaria Arrangement	2	-	-	-	(81,599,768)	81,599,768	-	-	
Net loss and other comprehensive loss		-	-	-	-	(5,306,919)	(557,547)	(5,864,466)	
<b>Balance, December 31, 2019</b>		<b>124,793,652</b>	<b>\$ 43,053,810</b>	<b>\$ 419,228</b>	<b>\$ -</b>	<b>\$ (31,893,537)</b>	<b>\$ (1,767,396)</b>	<b>\$ 9,812,105</b>	

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

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

**1. NATURE OF OPERATIONS AND LIQUIDITY RISK**

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

The Company's registered office is located at Suite 2000, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada. The Company's common shares commenced trading on the TSX Venture Exchange (the "TSXV") under the symbol "NGEX" on August 20, 2019.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that it will be able to meet its existing obligations and commitments and fund ongoing operations in the normal course of business for at least twelve months from December 31, 2019. The foregoing notwithstanding, the Company anticipates the need for further funding shortly thereafter to support its ongoing South American operations, and for general corporate and working capital purposes. The Company is currently evaluating potential additional sources of financing. Historically, including the period prior to the completion of the plan of arrangement with Josemaria (see Note 2), capital requirements have been primarily funded through equity financing, joint ventures, disposition of mineral properties and investments, and the use of short-term credit facilities.

While management is confident that its current working capital balance is sufficient, or that additional sources of funding will be secured, to fund planned expenditures for at least twelve months from December 31, 2019, factors that could affect the availability of financing include the progress and results of ongoing exploration at the Company's mineral properties, the state of international debt and equity markets (see Note 17), and investor perceptions and expectations of the global copper, gold, and/or silver markets. There can be no assurance that such financing will be available in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. If necessary, the Company may explore opportunities to revise the due dates of its liabilities, negotiate deferrals on upcoming lump sum payments with respect to the Company's mineral properties, and/or settle its liabilities through the issuance of the common shares and other equity instruments. Based on the actual deployment of the Company's current working capital and/or the amount of funding raised, if any, the Company's planned initiatives and other work programs may be postponed, or otherwise revised, as necessary.

**2. PLAN OF ARRANGEMENT**

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

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

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

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

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

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

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

Assets:	
Cash	\$ 7,538,929
Receivables and other assets	204,857
Mineral properties	5,227,730
<b>Total assets</b>	<b>12,971,516</b>
Liabilities:	
Trade payables and accrued liabilities	(447,141)
Due to exploration partner	(317,605)
<b>Carrying value of net assets</b>	<b>12,206,770</b>
Accumulated losses	112,446,808
Subtotal	124,653,578
Shares issued pursuant to the Josemaria Arrangement	43,053,810
<b>Adjustment for shares issued in connection with the Josemaria Arrangement</b>	<b>\$ 81,599,768</b>

An adjustment of \$81,599,768 was made through accumulated deficit to reconcile the carrying values of the net assets contributed and recorded under the continuity of interest basis of accounting, to the fair value of the common shares issued upon closing of the Josemaria Arrangement and the allocated Josemaria accumulated losses, which amounted to \$112,446,808 up to the close of the Josemaria Arrangement.

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

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

**3. BASIS OF PRESENTATION**

These 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. These consolidated financial statements are prepared on a historical cost basis except for certain financial assets, which are measured at fair value.

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

The preparation of these consolidated financial statements pursuant to the carve-out basis of accounting requires the identification and allocation of pre-arrangement assets, liabilities, results from operations and cash flows of Josemaria, which are deemed to be attributable to the Company. In performing such allocations, management was required to make certain judgments, including that the use of relative levels of investments during any given period is a reasonable basis to allocate common expenses.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on April 16, 2020.

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Consolidation**

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

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

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

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

**b) Critical accounting estimates and assumptions**

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenditures on the financial statements. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual results could differ from those estimates and such differences could be material. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. Information about estimates, assumptions and other sources of estimation uncertainty as at December 31, 2019 that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year are provided below:

**Valuation of mineral properties** – The Company carries the acquisition costs of its mineral properties at cost less any provision for impairment. The Company undertakes periodic reviews of its mineral properties for indicators of impairment, and if any are identified, it would further review the carrying values of the applicable mineral properties to determine if their carrying values may exceed their recoverable amount. In undertaking the initial review for indicators of impairment, and also any subsequent review of a mineral property's carrying value, management of the Company is required to make significant judgements and estimates. These judgments and estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties.

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

**c) Foreign currency translation**

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

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

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

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

**d) Mineral properties and exploration expenditure**

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

Mineral exploration costs and maintenance payments in relation to a mineral property are expensed prior to the establishment that the mineral property is sufficiently advanced towards the development stage and that economic viability has been demonstrated. Once established, all further expenditures of the current year and subsequent years are capitalized as incurred and subsequently amortized on a units of production based on proven and probable reserves of the assets to which they relate.

**e) Impairment of non-financial assets**

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

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

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

**f) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, and deposits held with financial institutions with a fixed deposit term of three months or less, net of bank overdrafts.

**g) Equipment**

Equipment is carried at cost less accumulated depreciation and impairment losses. The cost of an asset consists of its purchase price, any directly attributable costs of bringing the asset to the working condition and location of its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation of each asset is calculated using the straight line method to allocate its cost less its residual value over its estimated useful life. The depreciation rates and methods for the Company's equipment are as follows:

Vehicles/Mobile Equipment	Straight line over 5 years
---------------------------	----------------------------

The assets' residual values, depreciation methods, and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

When an asset is disposed of, the difference between the net sale proceeds and its carrying amount is recognized as a gain or loss within net loss on the consolidated statement of comprehensive loss.

**h) Current and deferred income tax**

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

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

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

**i) Share capital**

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

**j) Share-based compensation**

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

**k) Provisions**

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

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

**l) Segment reporting**

As the Company primarily focuses its activity on the exploration and development of mineral properties, its operating and reportable segments are the Los Helados Project, the Company's exploration projects in Argentina, other exploration projects, and the Company's corporate administration function. Operating segments are components of an entity that engage in business activities from which they incur expenses and whose operating results are regularly reviewed by a chief operating decision maker to make resource allocation decisions and to assess performance. The Chief Executive Officer, the chief operating decision-maker for the Company, obtains and reviews operating results of each operating segment on a monthly basis.

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

**m) Hyperinflation**

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

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

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

**n) Adoption of new accounting policy: leases**

On January 1, 2019, the Company adopted IFRS 16, *Leases*, which specifies how leases should be recognized, measured, presented and disclosed, and replaces IAS 17. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for almost all leases, unless the lease term is 12 months or less or the underlying asset has a low value, in which case, lease payments are recognized as an expense on a straight-line basis over the lease term or another systematic basis, if deemed more representative.

The Company has adopted IFRS 16 retroactively from January 1, 2019, but has not restated the 2018 comparative periods presented, as permitted under the specific transitional provision in the standard. Under this transitional provision, any adjustments arising from the new lease accounting rules would have been recognized in the opening balance sheet on January 1, 2019, however as at that date, the Company's only leases had terms less than 12 months, and accordingly, the adoption of IFRS 16 has resulted in no impact to the Company.

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

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

**o) New accounting pronouncements**

The IASB and the IFRS Interpretations Committee (previously the International Financial Reporting Interpretations Committee, IFRIC) have issued standards and amendments, or interpretations to existing standards, that were not yet effective and not applied by the Company as at December 31, 2019. These new standards and interpretations are not expected to be applicable for the Company for the annual period beginning on or after January 1, 2020.

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

**5. HYPERINFLATION**

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

The Company recognized a loss of \$49,427 for the year ended December 31, 2019 (2018: gain of \$61,227) in relation to the impact of hyperinflation within other comprehensive income, which is primarily the result of devaluation of the Argentine Peso relative to the Canadian dollar during the period.

As a result of changes in the IPC and changes to the Company's net monetary position during the year ended December 31, 2019, the Company recognized a net monetary loss of \$31,882 during the year ended December 31, 2019 (2018: \$39,199) to adjust transactions recorded during the respective periods into a measuring unit current as of December 31, 2019.

The level of the IPC at December 31, 2019 was 283.4 (December 31, 2018: 184.2), which represents an increase of approximately 54% over the IPC at December 31, 2018, and an approximate 22% increase over the average level of the IPC during the year ended December 31, 2019.

**6. MINERAL PROPERTIES**

	<b>Los Helados Project</b>	<b>Nacimientos Properties</b>	<b>Acay Properties</b>	<b>Total</b>
<b>January 1, 2018</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
Write-off of mineral properties	-	-	(54,861)	(54,861)
Effect of foreign currency translation	(181,352)	(142,445)	(39,470)	(363,267)
Adjustments for impacts of hyperinflation	-	62,201	-	62,201
<b>December 31, 2018</b>	<b>\$ 4,040,164</b>	<b>\$ 494,826</b>	<b>\$ -</b>	<b>\$ 4,534,990</b>
Additions	328,774	406,890	-	735,664
Effect of foreign currency translation	(444,564)	-	-	(444,564)
Adjustments for impacts of hyperinflation	-	(60,885)	-	(60,885)
<b>December 31, 2019</b>	<b>\$ 3,924,374</b>	<b>\$ 840,831</b>	<b>\$ -</b>	<b>\$ 4,765,205</b>

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

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

Los Helados Project

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

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

Nacimientos Properties

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

As at December 31, 2019, the Company has paid US\$0.6 million in option payments and has satisfied the minimum exploration expenditure requirement. The next option payment is US\$0.4 million, payable in May 2020.

Valle Ancho Properties

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

**7. DUE TO EXPLORATION PARTNER**

Pursuant to the Josemaria Arrangement, the Company assumed from Josemaria an obligation to fund a partner's share of exploration expenditures related to the La Rioja Properties (the "Obligation"). In accordance with the terms of the JEA between the Company and the partner, PPC, the Company has elected to settle the Obligation through funding PPC's share of exploration expenditures, which remained US\$3.4 million as at December 31, 2019, and has no defined timeline for settlement.

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

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

As at December 31, 2019, the Company reviewed the nature and timing of future expenditures at the La Rioja Properties and lowered its expected annual funding of PPC's share of future exploration expenditures from US\$20,000 to US\$19,600 based on its best estimate of exploration activities to be conducted on the project. This revision extends the estimated timeframe for the settlement of the Obligation. The effect of this change in future estimated expenditures at the La Rioja Properties is a reduction in the amount due to exploration partner by \$16,560, with a corresponding amount recognized within other gains on the consolidated statement of comprehensive loss for the year ended December 31, 2019.

**8. SHARE CAPITAL AND OTHER CAPITAL RESERVES**

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

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

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

**9. SHARE OPTIONS**

**a) Share option plan**

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

**b) Share option outstanding**

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

	<b>Number of shares issuable pursuant to share options</b>	<b>Weighted average exercise price per share</b>
Balance at January 1, 2019	-	\$ -
Options pursuant to Josemaria Arrangement	3,305,000	0.81
Options granted	3,445,000	0.48
Expired	(92,500)	0.86
<b>Balance at December 31, 2019</b>	<b>6,657,500</b>	<b>\$ 0.64</b>

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

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

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

The Company uses the Black-Scholes option pricing model to estimate the fair value for all options granted and the resulting stock-based compensation. The weighted average assumptions used in this pricing model, and the resulting fair values per option, for the 3,445,000 share options granted during the year ended December 31, 2019, are as follows:

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

The following table details the share options outstanding and exercisable as at December 31, 2019:

Exercise prices	Outstanding options			Exercisable options		
	Options outstanding	Weighted average remaining contractual life (Years)	Weighted average exercise price	Options exercisable	Weighted average remaining contractual life (Years)	Weighted average exercise price
\$0.475	3,445,000	4.74	\$0.475	1,148,334	4.74	\$0.475
\$0.68	1,215,000	3.78	\$0.68	1,215,000	3.78	\$0.68
\$0.85	1,052,500	1.10	\$0.85	1,052,500	1.10	\$0.85
\$0.93	945,000	0.19	\$0.93	945,000	0.19	\$0.93
	<u>6,657,500</u>	3.35	\$0.64	<u>4,360,834</u>	2.61	\$0.72

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

**c) Share-based compensation**

	<b>Year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
Exploration and project investigation	104,624	125,599
General and administration	430,840	360,259
	<b>535,464</b>	<b>485,858</b>

For the year ended December 31, 2019, share-based compensation as presented in the consolidated statement of comprehensive loss includes \$116,236 (2018: \$485,858) recognized pursuant to the continuity of interest accounting, relating to the share options previously granted and vested under Josemaria prior to the Josemaria Arrangement.

**10. EXPLORATION AND PROJECT INVESTIGATION**

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

The Company expensed the following exploration and project investigation costs for the years ended December 31, 2019 and 2018:

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

<b>Year ended December 31,</b>		<b>Los Helados Project</b>	<b>Nacimientos Properties</b>	<b>Valle Ancho</b>	<b>Other</b>	<b>Total</b>
<b>2019</b>	Land holding and access costs	862,184	10,193	21,996	40,284	934,657
	Fuel, camp costs and field supplies	59,241	42,380	110,783	81	212,485
	Roadwork, travel and transport	65,889	76,540	122,622	17	265,068
	Consultants, geochemistry and geophysics	-	3,893	307,554	18,570	330,017
	Environmental and community relations	515,527	2,232	23,429	-	541,188
	VAT and other taxes	58,778	51,057	34,929	8,819	153,583
	Office, field and administrative salaries, overhead and other administrative costs	657,455	170,553	439,050	41,657	1,308,715
	Share-based compensation	65,448	11,238	24,953	2,985	104,624
	<b>Total</b>	<b>2,284,522</b>	<b>368,086</b>	<b>1,085,316</b>	<b>112,413</b>	<b>3,850,337</b>
<b>2018</b>	Land holding and access costs	802,920	25,279	-	31,984	860,183
	Fuel, camp costs and field supplies	79,094	956,481	-	24,215	1,059,790
	Roadwork, travel and transport	30,170	342,107	-	123,386	495,663
	Consultants, geochemistry and geophysics	28,461	325,577	-	33,626	387,664
	Environmental and community relations	300,600	68,956	-	10,238	379,794
	VAT and other taxes	21,174	376,889	-	132,932	530,995
	Office, field and administrative salaries, overhead and other administrative costs	231,190	286,713	-	398,467	916,370
	Share-based compensation	40,514	79,536	-	5,549	125,599
	<b>Total</b>	<b>1,534,123</b>	<b>2,461,538</b>	<b>-</b>	<b>760,397</b>	<b>4,756,058</b>

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

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

**11. RELATED PARTY TRANSACTIONS**

Under the normal course of operations, the Company may undertake transactions or hold balances with related parties. Namely, the Company engages with Josemaria and Filo Mining Corp. ("Filo Mining"), related parties by way of directors, officers and shareholders in common, and MOAR Consulting Inc. ("MOAR"), an exploration consulting firm, of which a director of the Company is the sole proprietor.

**a) Related party services**

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

	<b>Year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
Management Services to Josemaria	84,051	-
Management Services to Filo Mining	363,373	405,462
Management Services from Josemaria	(72,485)	-
Management Services from Filo Mining	(238,003)	(376,039)
Exploration Consultation from MOAR	(15,625)	-

**b) Related party balances**

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

	<b>Related Party</b>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Receivables and other assets	Josemaria	16,848	28,289
Receivables and other assets	Filo Mining	57,490	32,614
Accounts payable and accrued liabilities	Josemaria	(102,675)	(4,009)
Accounts payable and accrued liabilities	Filo Mining	(64,222)	(98,428)
Accounts payable and accrued liabilities	MOAR	(17,656)	-

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

**c) Key management compensation**

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

	<b>Year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
Salaries and wages	304,824	391,354
Short-term employee benefits	6,351	12,764
Directors fees	60,538	68,937
Stock-based compensation	404,852	308,586
	<b>776,565</b>	<b>781,641</b>

**12. INCOME TAXES**

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to the loss for the year. These differences result from the following items:

	<b>Year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
Loss before taxes	5,306,919	6,336,936
Combined Canadian federal and provincial statutory income tax rates	<u>27.00%</u>	<u>27.00%</u>
Income tax recovery based on the above rate	1,432,868	1,710,972
Income tax benefits that have not been recognized and other items	1,643,886	(1,181,966)
Impacts of changes and differences in foreign tax and currency rates	(2,872,459)	(291,789)
Non-deductible expenses and permanent differences	(204,295)	(237,217)
<b>Total income tax recovery</b>	<b>-</b>	<b>-</b>

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

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

	<b>Year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
Non-capital losses carried forward	891,741	1,708,992
Mineral properties and related expenditures	18,946,275	24,539,517
	<b>19,838,016</b>	<b>26,248,509</b>

As at December 31, 2019, the non-capital loss carry-forwards and their respective expiration dates are as follows:

<b>Year</b>	<b>Canada</b>	<b>Argentina</b>	<b>Other</b>	<b>Total</b>
2020	-	128,242	14,225	142,467
2021	-	29,333	30,172	59,505
2022	-	29,157	20,354	49,511
2023	-	520,360	23,165	543,525
2024 and onwards	2,505,467	30,448	31,357	2,567,272
	<b>2,505,467</b>	<b>737,540</b>	<b>119,273</b>	<b>3,362,280</b>

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

**13. SEGMENTED INFORMATION**

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

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

		<b>Los Helados</b>	<b>Nacimientos &amp; Valle Ancho</b>	<b>Corporate</b>	<b>Total</b>
<b>December 31, 2019</b>	Current assets	219,069	663,209	5,157,062	6,039,340
	Equipment	-	35,106	-	35,106
	Mineral properties	3,924,374	840,831	-	4,765,205
	Total assets	4,143,443	1,539,146	5,157,062	10,839,651
	Current liabilities Due to exploration partner	112,396	359,599	246,070	718,065
	Total liabilities	112,396	359,599	555,551	1,027,546
<b>December 31, 2018</b>	Current assets	210,211	257,786	-	467,997
	Mineral properties	4,040,164	494,826	-	4,534,990
	Total assets	4,250,375	752,612	-	5,002,987
	Current liabilities	167,343	221,782	-	389,125
	Total liabilities	167,343	221,782	-	389,125

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

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

<b>Year ended December 31,</b>		<b>Los Helados</b>	<b>Nacimientos &amp; Valle Ancho</b>	<b>Corporate</b>	<b>Other</b>	<b>Total</b>
<b>2019</b>	Exploration and project investigation	2,284,522	1,453,402	-	112,413	3,850,337
	General and administration and other items	71,770	53,604	1,331,208	-	1,456,582
	<b>Net loss</b>	<b>2,356,292</b>	<b>1,507,006</b>	<b>1,331,208</b>	<b>112,413</b>	<b>5,306,919</b>
<b>2018</b>	Exploration and project investigation	1,534,123	2,461,538	-	760,397	4,756,058
	General and administration and other items	72,140	108,159	1,400,579	-	1,580,878
	<b>Net loss</b>	<b>1,606,263</b>	<b>2,569,697</b>	<b>1,400,579</b>	<b>760,397</b>	<b>6,336,936</b>

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

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

#### **14. 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, as necessary, in light of changes in economic conditions and the risk characteristics of its assets. In order to maintain or adjust the capital structure, the Company may attempt to issue new shares or debt instruments, acquire or dispose of assets, or to bring in joint venture partners.

To facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including, but not limited to, successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

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

The Company has estimated the fair values of its financial instruments based on appropriate valuation methodologies. These values are not materially different from their carrying value.

The Company classifies the fair value of its financial instruments according to the following hierarchy based on the amount and significance of observable inputs used to value the instrument:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash, receivables and other assets, trade payables and accrued liabilities, and the amounts due to its exploration partner. Other than for the amounts due to its exploration partner, the carrying values of the Company's financial instruments are considered to be reasonable approximations of fair value due to their short term nature. For amounts due to its exploration partner, the Company revalued the liability at December 31, 2019 based on revisions to the timing and amounts of expected future settlement (Note 7), which the Company believes is a reasonable approximation of fair value.

As at December 31, 2019, the Company's financial instruments are exposed to the following financial risks, including credit, liquidity and currency risks:

- (i) Credit risks associated with cash is mitigated through the Company's practice of holding the majority of its cash with a large Canadian financial institution that has been accorded a strong investment grade rating by a primary rating agency.

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

- (ii) Liquidity risks associated with the inability to meet obligations as they become due, as further discussed in Note 1, is minimized through the management of its capital structure as explained in Note 14 and by maintaining good relationships with significant shareholders and creditors. The Company also closely monitors and reviews its costs to date and actual cash flows on a monthly basis.

The maturities of the Company's financial liabilities as at December 31, 2019 are as follows:

	<b>Total</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
Accounts payable and accrued liabilities	718,066	718,066	-	-
Due to exploration partner	4,457,867	-	-	4,457,867
<b>Total</b>	<b>5,175,933</b>	<b>718,066</b>	<b>-</b>	<b>4,457,867</b>

Pursuant to the Josemaria Arrangement, the Company assumed the Obligation from Josemaria (Notes 2 and 7). In accordance with the terms of a JEA between the Company and the partner, PPC, the Company has elected to settle the Obligation through funding PPC's share of exploration expenditures, which remained US\$3.4 million as at December 31, 2019, and has no defined timeline for settlement. The Obligation has been discounted and recorded at its present value at an annual effective rate of 8%.

- (iii) Foreign currency risk can arise when the Company or its subsidiaries transact or have net financial assets or liabilities which are denominated in currencies other than their respective functional currencies.

At December 31, 2019, the Company's largest foreign currency risk exposure existed at the level of its Canadian headquarters, where the Company held a net financial asset position denominated in US dollars having a Canadian dollar equivalent of approximately \$1.4 million. A 10% change in the foreign exchange rate between the US dollar and the Canadian dollar, the functional currency of the Company's Canadian headquarters, would give rise to increases/decreases of approximately \$140,000 in financial position/comprehensive loss.

**NGEx Minerals Ltd.**  
**Notes to Consolidated Financial Statements**  
**For the year ended December 31, 2019 and 2018**  
**(Expressed in Canadian Dollars, unless otherwise stated)**

**16. COMMITMENTS**

The Company has a contractual agreement with the owners of the surface rights covering the Los Helados Properties, which give the Company access over these surface rights for exploration, development, and mining through to closure of any mining operation, in exchange for certain payments which are linked to project activities and certain development milestones. The Agreement provides for minimum annual payments of US\$0.5 million which cover basic access to the property and minimal surface disturbance such as road maintenance. The annual payments would be adjusted up to US\$0.8 million if activities include increased surface disturbance such as construction of new drill pads or new roads. The payments will increase to US\$1.0 million in 2023 and 2024 and to US\$1.5 million from 2025 onwards. The Company may terminate the agreement at any time. If such termination occurs after January 1, 2021, the Company will be obliged to make a one-time termination payment equal to the amount of the most recent annual payment, which is currently US\$0.5 million.

**17. SUBSEQUENT EVENTS**

*COVID-19 Pandemic*

On March 11, 2020, the World Health Organization officially declared the global outbreak of the novel coronavirus, COVID-19, a pandemic. The impacts of COVID-19 on global commerce and financial markets to date have been broad and significant.

In response to COVID-19, many governments of varying levels around the world have issued certain public health orders and travel restrictions, including the respective jurisdictions in which Company's headquarters and operating subsidiaries operate. Among other effects, such restrictions impact the Company's movement of people, its access to properties and facilities, and its general ability to conduct business in the normal course. The impacts to the Company to date have not been material, however going forward, they may result in changes to the timing and nature of the Company's operating plans.

The Company cannot yet determine the impact of the COVID-19 pandemic on its financial position, results of operations and cash flows for the year ending December 31, 2020 and beyond. The foregoing notwithstanding, as the Company's business plan is impacted by its ability to obtain financing through global financial markets, it is anticipated that should the COVID-19 pandemic and/or the general depression of financial markets persist, the Company's ability to access financing on favourable terms may be negatively impacted.