

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

**For the period from Incorporation on February 21, 2019 to June 30, 2019**

Notice to Reader Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of financial statements by an entity's auditor.

# **Interim Financial Statements**

**For the period from Incorporation on February  
21, 2019 to June 30, 2019**

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

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**June 30, 2019**

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<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$	1
<b>TOTAL ASSETS</b>	<b>\$</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>\$</b>	<b>1</b>

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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 June 30, 2019</b>
<b>Expenses</b>	
Professional fees	\$ 4,750
<b>Net Loss and Comprehensive Loss for the Period</b>	<b>\$ 4,750</b>

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<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 June 30, 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, June 30, 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 Inc. (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 consolidated financial statements were authorized for issuance by the Board of Directors of NGEx Minerals Ltd. on August 29, 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

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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.



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**Notes to the Interim Financial Statements**  
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**7. INCOME TAXES**

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

	<b>June 30, 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>June 30, 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 is a large copper-gold porphyry deposit located in Chile’s Region III. Under the Arrangement, Josemaria distributed 100% of the common shares of Spinco it receives to its shareholders on the basis of one common share of the Company for every two common shares of Josemaria held. On August 20, 2019, the Company commenced trading on the Toronto Stock Venture Exchange under the ticker symbol NGEX.