

NEWS RELEASE

NGEX REPORTS SECOND QUARTER 2016 RESULTS

August 12, 2016: NGEx Resources Inc. (TSX: NGQ) (OMX: NGQ) ("NGEx" or the "Company") is pleased to announce its results for the three and six months ended June 30, 2016.

HIGHLIGHTS

On August 11, 2016 the Company received approval from its shareholders to spin out its wholly-owned Filo del Sol property (the "Filo del Sol Project"), together with \$3 million in cash, into a wholly-owned subsidiary of NGEx, Filo Mining Corp. ("Filo Mining"), through a Plan of Arrangement under the Canada Business Corporations Act (the "Arrangement"). The Arrangement is designed to deliver greater value to shareholders by unlocking the value of the Filo del Sol Project and minimizing dilution of the Constellation Project. Project Constellation is a combination of the Los Helados and Josemaria Projects which are advanced exploration stage copper-gold projects located in Chile and Argentina, respectively. Upon completion of the Arrangement, NGEx will retain and focus on the advancement of its 60% owned Constellation Project and Filo Mining will focus on the advancement of its 100% owned Filo del Sol Project. Filo Mining holds other early stage exploration projects and over time it is expected that Filo Mining may also add new exploration stage projects to its portfolio.

Pursuant to the Arrangement NGEx intends to distribute 100% of the common shares of Filo Mining that it receives to NGEx shareholders on a pro-rata basis. NGEx shareholders will be entitled to receive one common share of Filo Mining for every four common shares of NGEx held as of August 23, 2016, the record date of the Arrangement. There will be no change in shareholders' holdings in NGEx as a result of the Arrangement. Filo Mining has applied for a listing of the shares of Filo Mining on the TSX Venture Exchange ("TSX-V") and Nasdaq First North Exchange under the trading symbol "FIL". Any such listing will be subject to Filo Mining fulfilling all of the requirements of the TSX-V and the Nasdaq First North Exchange. NGEx expects the shares of Filo Mining to commence trading prior to the end of August, 2016 and will provide further guidance on the effective date of the Arrangement and any listing of the common shares of Filo Mining on the TSX-V and Nasdaq First North Exchange

Mr. Wojtek Wodzicki, President and CEO commented, "The spin out of Filo Mining creates a focused exploration vehicle that will provide investors with exposure to the upside potential that we see at Filo del Sol and to the proven ability of our exploration team to add value. At the same time this transaction will allow NGEx to focus on advancing the Constellation Project and laying the groundwork for a future transaction, while minimizing future stock dilution. During the coming year we plan targeted work add value to the Constellation project including leach test work on the oxide gold zone at Josemaria, targeted exploration on some of the earlier stage prospects between Los Helados and Josemaria, as well as continued environmental baseline studies."

FINANCIAL RESULTS

<i>(in thousands, except per share amounts)</i>	Three months ended		Six months ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Exploration expenses	1,052	2,765	3,327	15,132
General and administration ("G&A")	802	1,171	1,745	2,163
Net loss	(2,113)	(4,434)	(5,484)	(17,002)
Basic and diluted loss per share	(0.01)	(0.02)	(0.03)	(0.09)

SELECTED FINANCIAL INFORMATION

<i>(in thousands)</i>	June 30, 2016	December 31, 2015
Cash	5,823	2,113
Working capital	6,290	930
Mineral properties	12,272	12,770
Total assets	21,063	17,008
Long-term liabilities	805	875

The \$1.7 million decrease in exploration and project investigation costs for the current quarter in 2016 compared to the second quarter of 2015 was reflective of the reduction in the scale of exploration activities performed on its projects during 2016 following the completion of its Integrated PEA in February 2016, compared to the work performed in 2015. The scoping level study to evaluate the potential of combining the Los Helados and Josemaria operations began in April 2015, resulting in higher costs of conceptual study as well as consulting, geochemistry and geophysics work during the second quarter of 2015. In addition to a reduction in level of exploration activities, the decrease in exploration and project investigation costs was also attributed to the impact of a devalued Argentine peso in 2016 compared to 2015, which resulted in cost savings of conducting exploration activities in Argentina for the current quarter of 2016.

The \$0.3 million reduction in G&A costs for the current period, compared to the second quarter of 2015, was reflective of a conscious effort by management to minimize corporate overhead spending and incurring a lower share-based compensation charge. With the execution of the Arrangement to spin out the Filo del Sol project in 2016, there were higher professional fees included in the current quarter, which offset some of the G&A reduction during the current quarter. The Company will be formalizing a cost-sharing arrangement with Filo Mining as of the effective date of the Arrangement, upon which both NGEx and Filo Mining will benefit from cost synergies of sharing certain corporate administrative and overhead costs.

The Company's net loss for the current quarter totaled \$2.1 million, which was lower than the \$4.4 million net loss reported during the second quarter of 2015. The decrease in net loss was primarily due to a reduction in exploration expenditures and G&A costs as described above. The Company also recorded a lower foreign exchange loss during the current quarter as the Company reduced its holdings of USD dollars in 2016.

The reduction in net loss reported for the first half of 2016 compared to the first half of 2015 was the result of conducting fewer exploration activities on its projects, applying cost saving measures to minimize corporate

overhead costs, and realizing the positive impact of a devalued Argentine peso on the costs of its Argentina operations, as described above.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2016, the Company had cash and working capital of \$5.8 million and \$6.3 million, respectively, as compared to cash and working capital of \$2.1 million and \$0.9 million, respectively, at December 31, 2015. The increase in cash and working capital is due to funds received from two separate private placement financings during the 2016 period. The net cash received from these financing totaled \$10.5 million, of which \$5.8 million has been used to fund ongoing exploration activities at Project Constellation and Filo del Sol as well as for corporate working capital purposes. An additional \$0.9 million was spent on mineral property option payments in South America.

As of the effective date of the Arrangement, \$3 million in cash will be transferred to Filo Mining to enable the newly incorporated entity to conduct exploration programs on the Filo del Sol project for the next twelve months. The remaining cash and working capital of the Company will be used to complete the Arrangement and to focus on exploring all potential development scenarios for the Project Constellation assets.

The Company currently has a credit facility of US\$525,000 as an additional source of liquidity to manage its cash flow. As at June 30, 2016, the Company had no outstanding balance due on the credit facility. Subsequent to June 30, 2016, the Company amended the terms of the agreement to extend the maturity date of the debenture to the earlier of January 20, 2017 and the completion date of the next equity financing.

OUTLOOK

The Arrangement and the listing the shares of Filo Mining on the TSXV and Nasdaq First North are expected to be complete during the third quarter of 2016, at which time the Company will be able to solely focus on the advancement of Project Constellation and on continued efforts to lay the groundwork for the development of this significant asset.

The Integrated PEA identified additional opportunities to de-risk and add value to Project Constellation, including:

- Land acquisition to secure surface access rights;
- Continued environmental baseline studies;
- Ongoing community relations programs;
- Updating and renewing required permits;
- Exploring potential regional synergies and cooperative development plans with other regional operators to utilize spare capacity of processing plants and infrastructure, including desalination plants, water pipeline routes and ports; and
- Defining the exploration potential on the remainder of the land package.

The Company continues to pursue these de-risking opportunities and will seek to engage with potential partners to lay the groundwork for an eventual transaction. Efforts will be focused on exploring all potential development scenarios for the Project Constellation assets while keeping costs to a minimum.

Qualified Persons

Technical disclosure for the Company's projects included in this press release, with the exception of the technical disclosure related to ongoing engineering studies, has been reviewed and approved by Bob Carmichael, P. Eng. (BC). Mr. Carmichael is NGE's Vice-President of Exploration and a Qualified Person ("QP") under National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101). Technical disclosure related to the engineering studies has been reviewed and approved by James Beck, P. Eng. (ON). Mr. Beck is the Company's Project Manager and a QP under National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101).

About NGE

NGE is a Canadian mineral exploration company with exploration projects in Chile and Argentina. The Company's shares are listed on the Toronto Stock Exchange and on NASDAQ Stockholm under the symbol "NGQ". The Company's focus is on the Constellation Project, which are advanced exploration stage copper-gold systems located on a contiguous land package that the Company holds in Chile's Region III and adjacent San Juan Province, Argentina. Los Helados is part of a joint venture in which the Company holds approximately a 60.72% interest and Pan Pacific Copper Co., Ltd. holds approximately a 39.28% interest. Josemaria is part of a joint venture in which the Company holds 60% and Japan Oil, Gas, and Metals National Corporation (JOGMEC) owns 40%.

Additional Information

This information is information that NGE is obliged to make public pursuant to the Swedish Securities Market Act and/or the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, on August 12, 2016 at 2:00pm Pacific Time.

On behalf of the board

Wojtek Wodzicki
President and CEO

For further information, please contact: Sophia Shane, Corporate Development (604) 689-7842.

Cautionary Note Regarding Forward-Looking Statements

Certain statements made and information contained herein in the press release 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 press release is based on information available to the Company as of the date of this press release. Except as required under applicable securities legislation, the Company does not intend, and does not assume any obligation, to update this forward looking information. Generally, this forward-looking information can frequently, but not always, be identified by use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events, conditions or results "will", "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotations thereof.

All statements other than statements of historical fact may be forward-looking statements. 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 inherent uncertainties regarding cost estimates, changes in commodity prices, currency fluctuation, financing, unanticipated resource grades, infrastructure, results of exploration activities, cost overruns, availability of materials and equipment, timeliness of government approvals, taxation, political risk and related economic risk and unanticipated environmental impact on operations as well as other risks. uncertainties and other factors, including, without limitation, those referred to in the "Risks and Uncertainties" section of the press release, the Company's Annual Information Form for the year ended December 31, 2015, under the heading "Risks Factors", and elsewhere, which may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information.

The Company believes that the expectations reflected in the forward-looking statements and information included in this press release are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements and information should not be unduly relied upon. This statement and information speaks as of the date of the press release. In particular, this press release contains forward-looking statements or information pertaining to the Company's expectations and estimates with respect to cost estimates and other assumptions used in the Integrated PEA and expectations from the Integrated PEA; assumptions used in the updated mineral resources estimates for the Los Helados, Josemaria, and Filo del Sol projects; exploration and development expenditures; the timing and nature of any potential development scenarios; opportunities to improve project economics; estimation of commodity prices, mineral resources, costs and the success of exploration activities; expectations with regard to adding to mineral resources through exploration; permitting time lines; ability to obtain surface rights and property interests; currency exchange rate fluctuations; requirements for additional capital; government regulation of mining activities; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; and other risks and uncertainties.

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

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



JUNE 30, 2016

**NGEx RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED JUNE 30, 2016**

This management's discussion and analysis ("MD&A") of the results of operations and financial condition for NGEx Resources Inc. ("the Company", "NGEx", "we" or "us") has been prepared as of August 12, 2016 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the six months ended June 30, 2016 and the Company's annual audited consolidated financial statements for the year ended December 31, 2015 and the related notes therein (collectively the "Financial Statements") and the MD&A for the fiscal year ended December 31, 2015. The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A focuses on significant factors that have affected the Company and its subsidiaries and such factors that may affect its future performance. All dollars amounts are presented in Canadian dollars, unless otherwise indicated. References to the "2016 period" and "2015 period" relate to the six months ended June 30, 2016 and June 30, 2015, respectively.

The effective date of this MD&A is August 12, 2016.

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein.

Additional information about the Company and its business activities is available on SEDAR at www.sedar.com and on the Company's website at www.ngexresources.com.

HIGHLIGHTS AND SIGNIFICANT EVENTS

On August 11, 2016 the Company received approval from its shareholders to spin out its wholly-owned Filo del Sol property (the "Filo del Sol Project"), together with \$3 million in cash, into a wholly-owned subsidiary of NGEx, Filo Mining Corp. ("Filo Mining"), through a Plan of Arrangement under the Canada Business Corporations Act (the "Arrangement"). The Arrangement is designed to deliver greater value to shareholders by unlocking the value of the Filo del Sol Project and minimizing dilution of the Constellation Project. Project Constellation is a combination of the Los Helados and Josemaria Projects which are advanced exploration stage copper-gold projects located in Chile and Argentina, respectively. Upon completion of the Arrangement, NGEx will retain and focus on the advancement of its 60% owned Constellation Project and Filo Mining will focus on the advancement of its 100% owned Filo del Sol Project. Filo Mining holds other early stage exploration projects and over time it is expected that Filo Mining may also add new exploration stage projects to its portfolio.

Pursuant to the Arrangement NGEx intends to distribute 100% of the common shares of Filo Mining that it receives to NGEx shareholders on a pro-rata basis. NGEx shareholders will be entitled to receive one common share of Filo Mining for every four common shares of NGEx held as of August 23, 2016, the record date of the Arrangement. There will be no change in shareholders' holdings in NGEx as a result of the Arrangement. Filo Mining has applied for a listing of the shares of Filo Mining on the TSX Venture Exchange ("TSX-V") and Nasdaq First North Exchange under the trading symbol "FIL". Any such listing will be subject to Filo Mining fulfilling all of the requirements of the TSX-V and the Nasdaq First North Exchange. NGEx expects the shares of Filo Mining to commence trading prior to the end of August, 2016 and will provide further guidance on the effective date of the Arrangement and any listing of the common shares of Filo Mining on the TSX-V and Nasdaq First North Exchange.

For a complete discussion of the Arrangement, please refer to the Company's Notice of Meeting and Information Circular dated July 8, 2016, which is available on SEDAR at www.sedar.com and on the Company's website at www.ngexresources.com.

CORE BUSINESS AND BACKGROUND

The Company is principally engaged in the acquisition, exploration, and development of precious and base metal properties located in Chile and Argentina. The Company's common shares are listed on the Toronto Stock Exchange (the "TSX") and NASDAQ OMX Stockholm ("Nasdaq Stockholm") under the symbol "NGQ".

NGEx has built a strong portfolio of copper-gold projects in Chile and Argentina. The Company has a strong management team and board with extensive experience in Chile and Argentina and an appropriate mix of geological, engineering, financial, and business skills to advance its projects and to generate value for its shareholders.

The Company's principal project is Project Constellation, a combination of the Los Helados and Josemaria Projects which are advanced exploration stage copper-gold projects located in Chile and Argentina, respectively.

Over the last several years, the Company has been focused on advancing its Constellation Project, which pursuant to an Integrated Preliminary Economic Assessment ("Integrated PEA"), initially announced by the Company on January 7, 2016, and updated on February 22, 2016, is expected to produce a life-of-mine annual average of approximately 150,000 tonnes of copper, 180,000 ounces of gold and 1,180,000 ounces of silver over a project life of 48 years. Pursuant to the Integrated PEA, the after-tax NPV of Project Constellation is estimated at \$2.61 billion, representing an after-tax IRR of 16.6%.

The spinout of the Filo del Sol Project will allow the market to value Project Constellation independently of this earlier stage project and will further enhance NGEx's ability to focus on the advancement of Project Constellation and on continued efforts to lay the groundwork for the development of this significant asset.

Likewise, the creation of Filo Mining is expected to enhance shareholder value by bringing increased investor focus to the Filo del Sol Project, accelerate its development, and give scope to new acquisitions. The Filo del Sol Project hosts an estimated total Inferred Resource, using a 0.30% copper equivalent cutoff grade, of 381.0 million tonnes at a grade of 0.39% copper, 0.33 g/t gold and 12 g/t silver for a copper equivalent grade of 0.69% (or 3.3 billion pounds of copper, 4.0 million ounces of gold, and 149.8 million ounces of silver).

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 development by the Company and its partners or by third parties. 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 copper industry investment.

PROJECTS

Project Constellation

The Integrated PEA, initially announced on January 7, 2016, contemplates an integrated project combining the Los Helados and Josemaria projects, whereby materials from both deposits would be processed at a centralized processing plant located in Argentina. Following the removal of an export retention tax that was applicable to copper concentrate exports in Argentina, the results of the Integrated PEA were updated on February 22, 2016, which resulted in an increase in Project Constellation's after-tax NPV and after-tax IRR to US\$2.61 billion and 16.6% respectively.

A National Instrument 43-101 Technical Report with an effective date of February 12, 2016, an amended signature date of March 31, 2016, and titled "*Constellation Project incorporating the Los Helados Deposit, Chile and the Josemaria Deposit, Argentina NI 43-101 Technical Report on Preliminary Economic Assessment*" (the "Project Constellation Report") was prepared by Amec Foster Wheeler International Ingeniería y Construcción Limitada ("AMEC") under the direction of Jamie Beck, P. Eng, Project Manager (NGEx Resources). The report has been filed on SEDAR and is available for review under the Company's profile on SEDAR (www.sedar.com).

Pursuant to the updated results of the Integrated PEA, Project Constellation is estimated to produce a life-of-mine annual average of approximately 150,000 tonnes of copper, 180,000 ounces of gold and 1,180,000 ounces of silver over a project life of 48 years. Forecast annual metal production over the first five years of production is 185,000 tonnes of copper, 345,000 ounces of gold and 1,310,000 ounces of silver.

Integrated PEA Summary

Pre-Tax NPV (8%) & IRR	\$4.43 billion NPV 20.7% IRR	
After-Tax NPV (8%) & IRR	\$2.61 billion NPV 16.6% IRR	
Payback Period (undiscounted, after-tax cash flow)	3.6 years	
Metals Prices Assumed	\$3.00/lb Cu \$1,275/oz Au \$20.00/oz Ag	
Initial Capital Expenditures	\$3.08 billion	
LOM Sustaining Capital Expenditures	\$4.36 billion	
LOM C-1 Cash Costs (net of by-product credits)	\$1.05/lb Cu payable	
Nominal Mill Capacity	150,000 t/d	
Mine Life	48 years	
Average Annual Metal Production (rounded)	Life of Mine	First 5 years
	150,000 t Cu	185,000 t Cu
	180,000 oz Au	345,000 oz Au
	1,180,000 oz Ag	1,310,000 oz Ag
LOM Average Process Recovery	88.3% Cu 72.7% Au 61.4% Ag	

* All figures in the table above are in 2015 US dollars and on a 100% Project and 100% equity basis valuation.

Note: The reader is advised that the Integrated PEA results in this MD&A are only intended to provide an initial, high-level summary of the project. The Integrated PEA is preliminary in nature and includes the use of inferred mineral resources, which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the Integrated PEA results will be realized. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Both Los Helados and Josemaria are subject to separate Joint Exploration Agreements with joint exploration partners. The Company acts as the operator of both agreements and, in each case, both parties are required to contribute their pro-rata share of expenditures or dilute their interest in their respective projects.

Los Helados is subject to a Joint Exploration Agreement ("PPC JEA") with Pan Pacific Copper Ltd. ("PPC"), whereby the Company holds approximately a 60% interest and PPC holds approximately a 40% interest in the Los Helados Project. Effective September 1, 2015, PPC has elected not to fund its pro-rata share of expenditures and, as a result, has elected to dilute its interest pursuant to the PPC JEA. Accordingly,

the Company has funded 100% of the Los Helados project starting September 1, 2015. As at June 30, 2016, PPC's interest in the Los Helados Project has been diluted by approximately 0.7%.

Josemaria is subject to a Joint Exploration Agreement with Japan Oil, Gas, and Metals National Corporation ("JOGMEC"), whereby the Company owns a 60% interest and JOGMEC holds a 40% interest in the Josemaria project. JOGMEC is currently funding its pro-rata share of expenditures.

Activities in the Current Quarter

During the 2016 period, the Company continued with environmental baseline data collection and studies in support of Project Constellation. Negotiations towards the acquisition of surface rights were also ongoing.

Filo del Sol Property, Argentina

Filo del Sol is a high sulphidation epithermal copper-gold-silver system associated with a porphyry copper-gold system. Filo del Sol is a very large mineralized system, with dimensions, based on wide spaced drill holes, of at least 3.7 kilometres in a north-south direction and 1 kilometre in an east-west direction. The mineralized system includes both disseminated and stockwork mineralization and is open in most directions. Filo del Sol is located on the border between Chile and Argentina and is 100% controlled by NGEx.

The total Inferred Resource for the Filo del Sol deposit, at a 0.30% copper equivalent cutoff grade, is:

- 381.0 million tonnes at a grade of 0.39% copper, 0.33 g/t gold and 12 g/t silver for a copper equivalent grade of 0.69% (3.3 billion pounds of copper, 4.0 million ounces of gold, and 149.8 million ounces of silver).

The Mineral Resource estimate has an effective date of August 26, 2015 and was completed by James N. Gray, P.Geol. of Advantage Geoservices Ltd., an Independent Qualified Person as defined by National Instrument 43-101. Further details of the estimation methods and procedures are described in a Technical Report titled "Geological Report for the Filo del Sol Property, Region III, Chile and San Juan Province, Argentina" dated June 10, 2016, which was prepared for Filo Mining by Fionnuala Devine, M. Sc., P.Geol., of Merlin Geosciences Inc., Diego Charchaflié, M. Sc., P.Geol. of LPF Consulting SRL, and James N. Gray, P.Geol. of Advantage Geoservices Ltd., all of whom are Qualified Persons as defined by NI-43-101 and are independent of the Company and Filo Mining. The Technical Report is available for review under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.ngexresources.com

Copper equivalent assumes metallurgical recoveries of 84% for copper, 70% for gold and 77% for silver based on similar deposits, as only limited acid-leach metallurgical testwork has been done on Filo del Sol mineralization, and metal prices of US\$3/lb copper, US\$1300/oz gold, US\$23/oz silver. The CuEq formula is: $CuEq = Cu + Ag * 0.0102 + Au * 0.5266$.

Activities in the Current Quarter

During the current quarter, exploration data generated during the 2015/2016 field season was compiled and interpreted in order to help guide planning for additional field work during the upcoming season. Although no drilling was done during the past season, additional geological mapping, induced polarization geophysics, talus fine and roadcut trench rock sampling resulted in a better understanding of the controls on mineralization and refined our understanding of specific areas with excellent potential to expand the mineral resource through the discovery of additional mineralization.

In particular, roadcut trench rock sampling in the Flamenco area confirmed the presence of extensive mineralization at surface. This area is located 700 metres south of the existing resource, and contains both high-grade copper oxide and lower grade gold mineralization. Rock sampling of outcrops exposed in

four roadcut trenches returned intervals of 230 metres grading 0.36 g/t gold, 470 metres grading 0.30 g/t gold, 227 metres grading 0.45 g/t gold and 90 metres grading 0.35 g/t gold over a strike distance of 660 metres. None of these trenches exposed the full width of the zone and all will need to be extended.

The upcoming work program will include a number of infill holes which should enable upgrading of part of the resource from Inferred to Indicated.

Other Chilean and Argentinean Projects

The Company holds a number of early stage exploration projects in Chile and Argentina. In addition to its efforts on Project Constellation and Filo del Sol, as part of the Company's strategy of acquiring additional copper-gold assets, the Company continued to focus on its ongoing project generation program through field visits and data reviews of a number of mineral projects during the 2016 period.

SELECTED QUARTERLY INFORMATION

Financial Data for 8 Quarters								
Three Months Ended	Jun-16	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14
	<i>(2nd qtr)</i>	<i>(1st qtr)</i>	<i>(4th qtr)</i>	<i>(3rd qtr)</i>	<i>(2nd qtr)</i>	<i>(1st qtr)</i>	<i>(4th qtr)</i>	<i>(3rd qtr)</i>
(In thousands \$ except for per share amounts)								
Exploration and project investigation expenses	1,052	2,275	2,740	1,965	2,765	12,367	6,900	1,837
Net loss	(2,113)	(3,371)	(1,701)	(2,674)	(4,434)	(12,568)	(7,788)	(1,839)
Total basic and diluted loss per share (i)	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)	(0.07)	(0.04)	(0.01)

(i) As a result of rounding the sum of the quarterly amounts may differ from the year to date.

The \$1.7 million decrease in exploration and project investigation costs for the current quarter in 2016 compared to the second quarter of 2015 was reflective of the reduction in the scale of exploration activities performed on its projects during 2016 following the completion of its Integrated PEA in February 2016, compared to the work performed in 2015. The scoping level study to evaluate the potential of combining the Los Helados and Josemaria operations began in April 2015, resulting in higher costs of conceptual study as well as consulting, geochemistry and geophysics work during the second quarter of 2015. In addition to a reduction in level of exploration activities, the decrease in exploration and project investigation costs was also attributed to the impact of a devalued Argentine peso in 2016 compared to 2015, which resulted in cost savings of conducting exploration activities in Argentina for the current quarter of 2016.

The \$0.3 million reduction in general and administration ("G&A") costs for the current period, compared to the second quarter of 2015, was reflective of a conscious effort by management to minimize corporate overhead spending and incurring a lower share-based compensation charge. With the execution of the Arrangement to spin out the Filo del Sol project in 2016, there were higher professional fees included in the current quarter, which offset some of the G&A reduction during the current quarter. The Company will be formalizing a cost-sharing arrangement with Filo Mining as of the effective date of the Arrangement, upon which both NGEx and Filo Mining will benefit from cost synergies of sharing certain corporate administrative and overhead costs.

The Company's net loss for the current quarter totaled \$2.1 million, which was lower than the \$4.4 million net loss reported during the second quarter of 2015. The decrease in net loss was primarily due to a reduction in exploration expenditures and G&A costs as described above. The Company also recorded a lower foreign exchange loss during the current quarter as the Company reduced its holdings of USD dollars in 2016.

The reduction in net loss reported for the 2016 period compared to the 2015 period was the result of conducting fewer exploration activities on its projects, applying cost saving measures to minimize corporate overhead costs, and realizing the positive impact of a devalued Argentine peso on the costs of its Argentina operations, as described above.

Net loss, quarter over quarter, is affected by the level of exploration and project investigation expenses incurred and write-off/down of mineral properties interests, and will vary accordingly. Net loss is also impacted by the recognition of share-based payments in each quarter, which depends on the number of stock options granted and vested. Exploration and project investigation expenditures are affected to some extent by seasonal factors, exploration results, share-based payments and availability of funds.

The Company's 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.

As drilling activities are generally not conducted during the winter season in South America, exploration expenditures and net losses in the 2nd and 3rd quarter of each year are typically lower, compared to other quarters. Exploration programs are tailored and performed based on the level of cash resources available.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2016, the Company had cash and working capital of \$5.8 million and \$6.3 million, respectively, as compared to cash and working capital of \$2.1 million and \$0.9 million, respectively, at December 31, 2015. The increase in cash and working capital is due to funds received from two separate private placement financings during the 2016 period. The net cash received from these financing totaled \$10.5 million, of which \$5.8 million has been used to fund ongoing exploration activities at Project Constellation and Filo del Sol as well as for corporate working capital purposes. An additional \$0.9 million was spent on mineral property option payments in South America.

As of the effective date of the Arrangement, \$3 million in cash will be transferred to Filo Mining to enable the newly incorporated entity to conduct exploration programs on the Filo del Sol project for the next twelve months. The remaining cash and working capital of the Company will be used to complete the Arrangement and to focus on exploring all potential development scenarios for the Project Constellation assets.

The Company currently has a credit facility of US\$525,000 as an additional source of liquidity to manage its cash flow. As at June 30, 2016, the Company had no outstanding balance due on the credit facility. Subsequent to June 30, 2016, the Company amended the terms of the agreement to extend the maturity date of the debenture to the earlier of January 20, 2017 and the completion date of the next equity financing.

The operating losses are a reflection of the Company's status as a non-revenue producing mineral exploration company. As the Company has no source of income, losses are expected to continue. The Company finances its exploration activities by raising capital through equity financings, joint ventures or disposition of mineral properties and investments, and additional financings may be required to fund further exploration and corporate expenses. There can be no assurance that such financings will be available to the Company in the amount required at any time, or for any period or, if available, that such financings can be obtained on terms satisfactory to the Company.

OUTLOOK

The Arrangement and the listing the shares of Filo Mining on the TSXV and Nasdaq First North are expected to be complete during the third quarter of 2016, at which time the Company will be able to solely focus on the advancement of Project Constellation and on continued efforts to lay the groundwork for the development of this significant asset.

The Integrated PEA identified additional opportunities to de-risk and add value to Project Constellation, including:

- Land acquisition to secure surface access rights;
- Continued environmental baseline studies;
- Ongoing community relations programs;
- Updating and renewing required permits;
- Exploring potential regional synergies and cooperative development plans with other regional operators to utilize spare capacity of processing plants and infrastructure, including desalination plants, water pipeline routes and ports; and
- Defining the exploration potential on the remainder of the land package.

The Company continues to pursue these de-risking opportunities and will seek to engage with potential partners to lay the groundwork for an eventual transaction. Efforts will be focused on exploring all potential development scenarios for the Project Constellation assets while keeping costs to a minimum.

CRITICAL ACCOUNTING ESTIMATES

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

For a complete discussion of critical accounting estimates, refer to the Company's annual 2015 Management Discussion and Analysis.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had 205,083,963 common shares outstanding and 6,987,500 share options outstanding under its stock-based incentive plans.

FINANCIAL INSTRUMENTS

The Company classifies its financial instruments as either held-to-maturity, available-for-sale, held for trading, loans and receivables or other financial liabilities. The Company's financial instruments consist of cash and cash equivalents, receivables and other assets, investments, trades payable and accrued liabilities, and amounts due to joint exploration partners. With the exception of investments, the carrying value of its financial investments approximates their fair value due to their immediate or short-term maturity. The fair value of investments is determined directly by reference to quoted market prices in active markets.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Audit Committee is responsible for reviewing the contents of this document along with the interim quarterly financial statements to ensure the reliability and timeliness of the Company's disclosure while providing another level of review for accuracy and oversight.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. However, due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements or fraud.

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

There have not been any changes in the Company's disclosure controls and procedures and the internal control over financial reporting that occurred during the six months ended June 30, 2016 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of controls and procedures

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

RISKS AND UNCERTAINTIES

The operations of NGEx Resources Inc. involve certain significant risks, including but not limited to fluctuations in commodity prices, foreign exchange rates and various operational risks. The risk factors which should be taken into account in assessing the Company's activities, include, but are not necessarily limited to, those set out in the AIF which is available on SEDAR at www.sedar.com.

FINANCIAL INFORMATION

The report for the nine months ended September 30, 2016 is expected to be published on November 10, 2016.

OFF BALANCE SHEET AGREEMENTS

The Company has no off-balance sheet arrangements.

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 statements other than statements of historical fact may be forward-looking statements. 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 final approvals to proceed with 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 Filo Mining in a manner not anticipated by the Company; risks relating to the benefits of the Arrangement not being realized or as anticipated; Filo Mining being unable to add additional properties to its portfolio, the potential dilution at the Constellation Project, inherent uncertainties regarding cost estimates, changes in commodity prices, currency fluctuation, financing, unanticipated resource grades, infrastructure, results of exploration activities, cost overruns, availability of materials and equipment, timeliness of government approvals, taxation, political risk and related economic risk and unanticipated environmental impact on operations as well as other risks. uncertainties and other factors, including, without limitation, those referred to in the "Risks and Uncertainties" section of the MD&A, the Company's Annual Information Form for the year ended December 31, 2015, under the heading "Risks Factors", and elsewhere, which may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information.

The Company believes that the expectations reflected in the forward-looking statements and information included in this MD&A are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements and information should not be unduly relied upon. This statement and information speaks as of the date of the MD&A. In particular, this MD&A contains forward-looking statements or information pertaining to the Company's expectations and estimates with respect to the completion of the Arrangement; the availability of working capital for both NGEx and Filo Mining; benefits of the Arrangement, obtaining final approvals of the Arrangement; the listing of Filo Mining common shares on the TSX-V and Nasdaq First North; the acquisition of exploration properties for Filo Mining's portfolio; the timing for completing the Arrangement; the potential development of the Constellation Project, including whether dilution will occur at the Constellation Project; cost estimates and other assumptions used in the Integrated PEA and expectations from the Integrated PEA; assumptions used in the updated mineral resources estimates for the Los Helados, Joesemaria, and Filo del Sol projects; exploration and development expenditures; the timing and nature of any potential development scenarios; opportunities to improve project economics; estimation of commodity prices, mineral resources, costs and the success of exploration activities; expectations with regard to adding to mineral resources through exploration; permitting time lines; ability to obtain surface rights and property interests; currency exchange rate fluctuations; requirements for additional capital; government regulation of mining activities; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; and other risks and uncertainties.

Forward-looking information is based on certain assumptions that the Company believes are reasonable, including that the current price of and demand for commodities will be sustained or will improve, the supply of commodities will remain stable, that the general business and economic conditions will not change in a material adverse manner,

that financing will be available if and when needed on reasonable terms and that the Company will not experience any material labour dispute, accident, or failure of plant or equipment. These factors are not, and should not be construed as being, exhaustive. Although the Company has attempted to identify important factors that would cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. All of the forward-looking information contained in this document is qualified by these cautionary statements. Readers are cautioned not to place undue reliance on forward-looking information due to the inherent uncertainty thereof.

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

CAUTIONARY NOTE TO U.S. READERS

As a Canadian reporting issuer, the Company is subject to rules, policies and regulations issued by Canadian regulatory authorities and is required to provide detailed information regarding its properties including mineralization, drilling, sampling and analysis, security of samples and mineral resource and mineral reserve estimates. In addition, as a Canadian reporting issuer, the Company is required to describe mineral resources associated with its properties utilizing Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") definitions of "indicated" or "inferred", which categories of resources are recognized by Canadian regulations but are not recognized by the United States Securities and Exchange Commission ("SEC").

The SEC allows mining companies, in their filings with the SEC to disclose only those mineral deposits they can economically and legally extract or produce. Accordingly, information contained in this MD&A regarding our mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations of the Commission thereunder.

In particular, this MD&A uses the term "indicated" resources. U.S. readers are cautioned that while that term is recognized and required by Canadian regulations, the SEC does not recognize it. U.S. investors are cautioned not to assume that any part or all of mineral deposits in this category will ever be converted into mineral reserves.

This MD&A also uses the term "inferred" resources. U.S. readers are cautioned that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. U.S. readers are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.

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

	June 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,822,514	\$ 2,112,705
Investments (Note 4)	1,342,399	651,658
Receivables and other assets	564,866	467,493
	7,729,779	3,231,856
Share consideration receivable	935,835	860,537
Equipment	117,156	137,240
Mineral properties (Note 5)	12,271,785	12,770,477
Other non-current assets	8,000	8,000
TOTAL ASSETS	\$ 21,062,555	\$ 17,008,110
LIABILITIES		
Current liabilities:		
Trade payables and accrued liabilities	\$ 1,439,226	\$ 2,262,111
Due to joint exploration partners	-	40,140
	1,439,226	2,302,251
Other non-current liabilities (Note 5)	805,271	875,541
TOTAL LIABILITIES	2,244,497	3,177,792
EQUITY		
Share capital (Note 6)	260,622,556	250,063,406
Reserved for issuance	1,284	1,284
Contributed surplus (Note 7)	9,427,907	8,955,949
Cumulative deficit	(243,345,488)	(237,861,437)
Accumulated other comprehensive loss	(7,888,201)	(7,328,884)
TOTAL EQUITY	18,818,058	13,830,318
TOTAL LIABILITIES AND EQUITY	\$ 21,062,555	\$ 17,008,110

Nature of operations and liquidity (Note 1)
Subsequent Event (Note 2)

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

ON BEHALF OF THE BOARD:

/s/William A. Rand
Director

/s/Wojtek A. Wodzicki
Director

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

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Expenses				
Exploration and project investigation (Note 9)	1,052,171	2,765,292	3,327,171	15,132,534
General and Administration:				
Salaries and benefits (Note 10)	190,263	167,631	410,315	391,259
Share-based compensation (Note 7)	116,402	572,675	339,414	736,398
Management fees	93,000	116,000	176,000	251,000
Professional fees	292,207	44,779	435,558	182,821
Travel	14,379	69,075	34,254	126,251
Promotion and public relations	23,120	61,273	102,993	188,416
Office and general	72,287	138,937	246,124	286,442
Operating loss	1,853,829	3,935,662	5,071,829	17,295,121
Other (income) expenses				
Interest income	(15,124)	(8,323)	(24,027)	(23,063)
Finance expenses (Note 8)	-	-	10,444	-
Foreign exchange loss / (gain)	22,815	261,967	211,686	(524,544)
Other expenses	288,538	394,667	288,538	394,667
Write-off of mineral property interests (Note 5)	65,436	-	65,436	-
Gain on exchange of investments (Note 4)	(64,557)	-	(64,557)	-
Accretion of share consideration receivable	(37,649)	-	(75,298)	-
Gain on disposition of mineral property interests	-	(165,000)	-	(165,000)
Unrealized loss on investments	-	15,000	-	25,000
Net loss	2,113,288	4,433,973	5,484,051	17,002,181
Other comprehensive loss				
Items that may be reclassified subsequently to net loss:				
Change in fair value of available-for-sale securities	(525,150)	28,000	(688,479)	116,000
Recycle gain on exchange of investments	48,000	-	48,000	-
Foreign currency translation adjustment	(22,905)	823,605	1,199,796	(291,022)
Comprehensive loss	\$ 1,613,233	\$ 5,285,578	\$ 6,043,368	\$ 16,827,159
Basic and diluted loss per common share	\$ 0.01	\$ 0.02	\$ 0.03	\$ 0.09
Weighted average common shares outstanding	205,063,733	187,712,994	199,593,836	187,712,994

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

NGEx Resources Inc.
Condensed Interim Consolidated Statements of Changes in Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	For the Six Months Ended June 30,	
	2016	2015
Cash flows used in operating activities		
Net loss for the period	\$ (5,484,051)	\$ (17,002,181)
Items not involving cash and cash equivalents:		
Depreciation	14,530	22,000
Finance expenses (Note 8)	10,444	-
Share-based compensation	471,958	985,208
Unrealized foreign exchange loss / (gain)	198,225	(397,429)
Gain on disposition of mineral property interest	-	(150,000)
Write-off of mineral property interests (Note 5)	65,436	-
Unrealized loss on investments	-	25,000
Gain on exchange of investments (Note 4)	(64,557)	-
Accretion of share consideration receivable	(75,298)	-
Net changes in working capital items:		
Receivables and other	(51,193)	783,928
Trade payables and accrued liabilities	(677,118)	(3,766,170)
Due to joint exploration partners	(191,905)	(2,292,124)
	<u>(5,783,529)</u>	<u>(21,791,768)</u>
Cash flows from financing activities		
Private placement, net (Note 6)	10,548,706	-
	<u>10,548,706</u>	<u>-</u>
Cash flows used in investing activities		
Mineral properties and related expenditures	(896,084)	(379,847)
Proceeds from exchange of investments (Note 4)	14,294	-
Acquisition of equipment and other assets	-	(21,232)
	<u>(881,790)</u>	<u>(401,079)</u>
Effect of exchange rate change on cash and cash equivalents	(173,578)	1,238,959
Increase / (decrease) in cash and cash equivalents during the period	3,709,809	(20,953,888)
Cash and cash equivalents, beginning of period	2,112,705	28,480,133
Cash and cash equivalents, end of period	\$ 5,822,514	\$ 7,526,245

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

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

	Number of shares issued and outstanding	Number of shares reserved for issuance	Share capital	Reserved for issuance	Contributed surplus	Accumulated other comprehensive loss	Accumulated Deficit	Total
Balance, January 1, 2016	187,712,994	20,240	\$ 250,063,406	\$ 1,284	\$ 8,955,949	\$ (7,328,884)	\$ (237,861,437)	\$ 13,830,318
Private placement (Note 6)	17,333,333	-	10,548,706	-	-	-	-	10,548,706
Debenture financing consideration (Note 8)	17,406	-	10,444	-	-	-	-	10,444
Share-based compensation	-	-	-	-	471,958	-	-	471,958
Recycle gain on exchange of investments	-	-	-	-	-	(48,000)	-	(48,000)
Change in fair value of available-for-sale securities	-	-	-	-	-	688,479	-	688,479
Foreign currency translation	-	-	-	-	-	(1,199,796)	-	(1,199,796)
Net loss for the period	-	-	-	-	-	-	(5,484,051)	(5,484,051)
Balance, June 30, 2016	205,063,733	20,240	\$ 260,622,556	\$ 1,284	\$ 9,427,907	\$ (7,888,201)	\$ (243,345,488)	\$ 18,818,058
Balance, January 1, 2015	187,712,994	20,240	\$ 250,063,406	\$ 1,284	\$ 8,006,453	\$ (5,537,171)	\$ (216,484,370)	\$ 36,049,602
Share-based compensation	-	-	-	-	985,208	-	-	985,208
Change in fair value of available-for-sale securities	-	-	-	-	-	(116,000)	-	(116,000)
Foreign currency translation	-	-	-	-	-	291,022	-	291,022
Net loss for the period	-	-	-	-	-	-	(17,002,181)	(17,002,181)
Balance, June 30, 2015	187,712,994	20,240	\$ 250,063,406	\$ 1,284	\$ 8,991,661	\$ (5,362,149)	\$ (233,486,551)	\$ 20,207,651

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

NGEx Resources Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
June 30, 2016
(Expressed in Canadian Dollars, unless otherwise stated.)

1. NATURE OF OPERATIONS AND LIQUIDITY

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

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

While the condensed interim 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 commitments, continue operations, realize assets and discharge liabilities in the normal course of business for the foreseeable future, further funding is required in order for the Company to meet its existing obligations, commitments and fund ongoing exploration. Factors that could affect the availability of financing include the progress and results of our exploration properties, the state of international debt and equity markets, investor perceptions and expectations and the global financial and copper markets. Historically, operating, capital and exploration requirements have been funded primarily from equity financing, joint ventures, disposition of mineral properties and investments. 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. Based on the amount of funding raised, the Company's exploration program may be tailored accordingly.

2. PLAN OF ARRANGEMENT

On June 13, 2016, 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 "NGEx Arrangement"). Subject to regulatory, shareholders' and other approvals, the Company will transfer its wholly owned subsidiaries that directly or indirectly hold the Filo del Sol project and the Tamberias project located in Argentina and Chile (the "Filo del Sol Exploration Business") and \$3 million in cash to Filo Mining Corp., a newly incorporated entity ("Filo Mining" or "Spinco"), in exchange for Filo Mining common shares.

Under the NGEx Arrangement, NGEx will then distribute all of the shares of Spinco to its shareholders on the basis of one Spinco share for every four 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. Filo Mining is concurrently applying for a listing of the Spinco shares on the TSX Venture Exchange and the Nasdaq First North Exchange in Sweden.

On August 11, 2016, the Company's shareholders approved the NGEx Arrangement. Completion of the NGEx Arrangement is subject to final approval from regulatory and other parties, with remaining conditions expected to be satisfied by the end of August 2016.

3. BASIS OF PRESENTATION

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), applicable to the preparation of interim financial statements, including International Accounting Standards 34, Interim Financial Reporting.

NGEx Resources Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
June 30, 2016
(Expressed in Canadian Dollars, unless otherwise stated.)

The interim financial statements should be read in conjunction with the most recently issued Annual Report of NGEx which includes information necessary or useful to understanding the Company's businesses and financial statement presentation. In particular, the Company's significant accounting policies were presented as Note 3 to the audited consolidated financial statements for the fiscal year ended December 31, 2015 included in that report, and have been consistently applied in the preparation of these interim financial statements.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on August 12, 2016.

4. INVESTMENTS

	June 30, 2016	December 31, 2015
Goldgroup Mining Inc.	\$ 616,000	\$ 220,000
Legend Gold Corp.	20,000	15,000
VMS Ventures Inc. (Note a)	-	36,000
Royal Nickel Corp. (Note a)	62,147	-
North American Nickel Inc. (Note a)	9,824	-
Skeena Resources Ltd.	634,428	380,658
	\$ 1,342,399	\$ 651,658

Note a - The acquisition of VMS Venture Inc ("VMS") by Royal Nickel Corporation ("RNC") under a previously announced plan of arrangement ("RNC Arrangement") was completed on April 27, 2016. Pursuant to the terms of the RNC Arrangement, the 600,000 common shares of VMS previously held by the Company were exchanged for the following:

- 147,968 common shares of RNC,
- 122,794 common shares of North American Nickel Inc. ("NAN") as a dividend in kind, and
- \$14,294 in cash consideration.

The common shares of RNC and NAN received in connection with the RNC Arrangement have been classified as available for sale investments, and a gain on exchange of investment totaling \$64,557 was recorded as a result of the share exchange as described above.

NGEx Resources Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
June 30, 2016
(Expressed in Canadian Dollars, unless otherwise stated.)

5. MINERAL PROPERTIES

	South America				North America	Total
	Project Constellation (Joint Exploration Agreement)		Filo del Sol Exploration Business		GJ / Kinaskan	
	Los Helados	Josemaria	Filo del Sol (Note a)	Tamberias		
January 1, 2015	\$ 2,873,619	\$ 4,611,377	\$ 8,840,154	\$ 1,667,092	\$ 136,997	\$ 18,129,239
Additions	153,388	-	-	304,581	-	457,969
Disposition	-	-	-	-	(136,997)	(136,997)
Adjustment to acquisition consideration for Filo del Sol from PPC	-	-	(2,881,858)	-	-	(2,881,858)
Currency translation effect	109,989	(1,019,018)	(1,916,084)	27,237	-	(2,797,876)
December 31, 2015	\$ 3,136,996	\$ 3,592,359	\$ 4,042,212	\$ 1,998,910	\$ -	\$ 12,770,477
Additions	139,565	-	-	756,519	-	896,084
Write-off of mineral property interests	-	-	(65,437)	-	-	(65,437)
Currency translation effect	37,939	(667,056)	(741,393)	41,171	-	(1,329,339)
June 30, 2016	\$ 3,314,500	\$ 2,925,303	\$ 3,235,382	\$ 2,796,600	\$ -	\$ 12,271,785

Note a - In October 2014, the Company acquired the 40% interest in the Filo del Sol Exploration Business held by its joint exploration partner Pan Pacific Copper Ltd. ("PPC") in exchange for cash consideration of US\$3.5 million and by assuming the obligation to fund US\$3.5 million of PPC's share of expenditures on the remaining joint exploration properties (the "La Rioja Properties"). The Company considered the estimated timeframe required to expend US\$3.5 million on behalf of PPC at the La Rioja properties and has presented the US\$3.5 million due to PPC as a non-current liability, discounted to its present value at an annual effective rate of 8%.

The La Rioja Properties were assigned and transferred to a subsidiary of NGEx that is not part of the Filo del Sol Exploration Business subsequent to June 30, 2016. Consistent with the Company's policy of capitalizing significant acquisition costs for property rights at Project Constellation and the Filo del Sol Exploration Business, and as the La Rioja properties are early stage exploration projects with no defined resources the Company had written down the carrying value of the La Rioja Properties to \$1 as of June 30, 2016, prior to the property transfer out of the Filo del Sol Exploration Business. The related assets and the remaining US\$3.5 million obligation to PPC resides with NGEx and will not be transferred to Filo Mining in connection with the NGEx Arrangement.

NGEx Resources Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
June 30, 2016
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6. SHARE CAPITAL

The Company has authorized an unlimited number of voting common shares without par value. All issued shares are fully paid.

On February 19, 2016, the Company completed a private placement of 13,333,333 common shares of the Company for gross proceeds of \$8.0 million. An additional private placement of 4,000,000 common shares of the Company was completed on March 22, 2016 for gross proceeds of \$2.9 million. Share issuance costs totaling \$0.4 million were paid in relation to the two private placements. The net proceeds received by the Company upon completion of the private placements totaled \$10.5 million.

7. SHARE OPTIONS

a) Share Option Plan

The Company has a rolling share option plan approved and ratified by shareholders on May 6, 2016, reserving an aggregate of 10% of the issued and outstanding shares of the Company for issuance upon the exercise of options granted. Vesting and terms of the option agreement are at the discretion of the Board of Directors.

During the six months ended June 30, 2016, the Company granted a total of 2,060,000 (2015 – 2,625,000) share options to officers, employees, directors and other eligible persons at exercise price of \$0.61 per share. The options have a vesting period of two years from date of issuance.

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

Assumptions:	
Risk-free interest rate (%)	0.43
Expected life (years)	2.50
Expected volatility (%)	59.10
Expected dividend	Nil
Results:	
Weighted average fair value of options granted (per option)	\$ 0.22

The total share-based compensation for the six months ended June 30, 2016 was \$471,958 (2015 - \$985,208) of which \$339,414 (2015 - \$736,398) has been allocated to general and administration expenses, and \$132,544 (2015 - \$248,810) to exploration and project investigation expenses.

b) Share Options Outstanding

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

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	June 30, 2016		June 30, 2015	
	Number of share issuable pursuant to share options	Weighted average exercise price per share	Number of share issuable pursuant to share options	Weighted average exercise price per share
Balance at beginning of period	5,722,500	\$ 1.54	4,812,500	\$ 1.95
Granted	2,060,000	0.61	2,625,000	0.95
Forfeited	(83,334)	1.61	(8,334)	2.05
Expired	(711,666)	2.41	(89,166)	2.38
Balance at end of period	6,987,500	\$ 1.18	7,340,000	\$ 1.59

The following table summarizes information about the share options outstanding and exercisable at June 30, 2016:

Range of exercise prices	Outstanding Options			Exercisable Options		
	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price
\$0.50 - \$0.94	2,310,000	2.63	\$ 0.64	769,992	2.63	\$ 0.64
\$0.95 to \$1.89	2,525,000	1.86	\$ 0.95	1,683,326	1.86	\$ 0.95
\$1.90 - \$2.05	2,152,500	0.79	\$ 2.04	2,152,500	0.79	\$ 2.04
	6,987,500	1.79	\$ 1.18	4,605,818	1.49	\$ 1.41

8. DEBENTURE

On January 20, 2016, the Company secured a US\$525,000 credit facility evidenced by a debenture to provide additional financial flexibility to fund general corporate purposes. The debenture was unsecured and had a maturity date of July 20, 2016 (the "Maturity Date"). The terms of the credit facility included the Company issuing to the lender an aggregate of 10,000 common shares and an additional 700 common shares per month for each US\$50,000 drawn under the credit facility and outstanding from time to time up to the Maturity Date.

As at June 30, 2016, the Company had no outstanding balance due on the debenture. The amount previously drawn under the credit facility had been repaid in full during the period. A total of 17,406 common shares were issued to the lender as consideration for providing the credit facility to the Company.

Subsequent to June 30, 2016, the Company amended the terms of the agreement to extend the maturity date from July 20, 2016 to the earlier of January 20, 2017 and the completion date of the next equity financing.

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9. EXPLORATION AND PROJECT INVESTIGATION

The Company expensed the following exploration and project investigation costs, all incurred in South America, for the six months ended June 30, 2016:

	Project Constellation		Filo del Sol Exploration Business		Others	Total
	Los Helados Joint Exploration Agreement	Josemaria Joint Exploration Agreement	Filo del Sol	Tamberias		
Land holding costs	\$ 151,678	\$ 37,038	\$ 33,254	\$ 22,795	\$ 85,761	\$ 330,526
Drilling, fuel, camp costs and field supplies	260,299	19,355	193,123	6,994	14,724	494,495
Roadwork, travel and transport	30,742	2,403	313,416	-	17,227	363,788
Conceptual studies	48,075	-	13,553	-	-	61,628
Consultants, geochemistry and geophysics	6,768	112	233,377	-	2,242	242,499
Environmental and community relations	117,799	47,287	16,088	-	-	181,174
VAT and other taxes	38,439	-	215,813	1,212	68,863	324,327
Office, field and admin salaries, overhead and other administrative costs	162,090	99,588	315,392	-	619,120	1,196,190
Share-shared compensation (Note 7)	33,851	8,538	55,348	1,286	33,521	132,544
Total for the period	\$ 849,741	\$ 214,321	\$ 1,389,364	\$ 32,287	\$841,458	\$ 3,327,171

The Company expensed the following exploration and project investigation costs, all incurred in South America, for the six months ended June 30, 2015:

	Project Constellation		Filo del Sol Exploration Business		Others	Total
	Los Helados Joint Exploration Agreement	Josemaria Joint Exploration Agreement	Filo del Sol	Tamberias		
Land holding costs	\$ 118,750	\$ 38,126	\$ 417,324	\$ 50,195	\$ 459,429	\$ 1,083,824
Drilling, fuel, camp costs and field supplies	1,864,174	128,476	2,874,275	515,085	37,394	5,419,404
Roadwork, travel and transport	388,407	84,286	894,383	246,791	78,097	1,691,964
Conceptual studies	779,284	68,625	-	-	-	847,909
Consultants, geochemistry and geophysics	81,876	-	241,655	93,877	5,402	422,810
Environmental and community relations	727,043	646,391	118,389	20,671	-	1,512,494
VAT and other taxes	353,816	179,439	1,322,019	156,190	59,011	2,070,475
Office, salaries, overhead and other administrative costs	150,509	16,734	1,046,674	82,876	538,051	1,834,844
Share-shared compensation (Note 7)	70,631	18,984	118,906	19,486	20,803	248,810
Total for the period	\$ 4,534,490	\$ 1,181,061	\$ 7,033,625	\$ 1,185,171	\$1,198,187	\$ 15,132,534

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10. RELATED PARTY TRANSACTIONS

Key management compensation

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

	Six months ended June 30,	
	2016	2015
Salaries	\$ 358,000	\$ 338,750
Employee benefits	30,688	36,314
Director fees	33,500	33,500
Share-based compensation	96,862	594,565
	\$ 519,050	\$ 1,003,129

11. SEGMENTED INFORMATION

The Company is principally engaged in the acquisition, exploration and development of mineral properties in South America. The segments presented below together with the mineral property information presented in Note 5 and Note 9 reflects the way in which management reviews its business performance. Operating segments are reported in a manner consistent with the internal reporting provided to executive management who act as the chief operating decision-maker. The Chief Executive Officer is responsible for allocating resources and assessing performance of the operating segments.

The geographic distribution of the non-current assets is as follows:

	At June 30, 2016			At December 31, 2015		
	Equipment, net	Mineral properties	Others	Equipment , net	Mineral properties	Others
South America	\$ 22,606	\$ 12,271,785	\$ -	\$ 33,540	\$ 12,770,477	\$ -
Canada	94,550	-	8,000	103,700	-	8,000
	\$ 117,156	\$ 12,271,785	\$ 8,000	\$ 137,240	\$ 12,770,477	\$ 8,000