2019 Q3 REPORT

Management's Discussion and Analysis
and
Condensed Interim Consolidated Financial Statements

For the Three and Nine Months ended September 30, 2019
(Unaudited)

This management's discussion and analysis ("MD&A") of the results of operations and financial condition for Josemaria Resources Inc. (formerly "NGEx Resources Inc.") ("the Company", "Josemaria Resources", "we" or "us") has been prepared as of November 5, 2019 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2019 and the related notes therein ("2019 Financial Statements"); the Company's annual audited consolidated financial statements for the year ended December 31, 2018 and the related notes therein ("2018 Financial Statements"); and the MD&A for the fiscal year ended December 31, 2018 ("2018 MD&A"). The 2019 Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Report. 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 dollar amounts expressed throughout this report are in Canadian dollars, unless otherwise indicated.

This MD&A contains forward-looking statements that are subject to risk factors as set out in the "Cautionary Note Regarding Forward Looking Information and Statements" on Page 11. Additional information about the Company and its business activities is described in the Company's annual information form for the year ended December 31, 2018 (the "2018 AIF"). On July 17, 2019 the Company completed the previously announced spin-out of the Company's Los Helados property (the "Los Helados Project") and certain other exploration properties into NGEx Minerals Ltd. by a plan of Arrangement under the Canada Business Corporations Act (the "Arrangement"). The 2018 AIF and the Management Information Circular dated May 9, 2019 (the "2019 Information Circular"), which sets out the terms of the Arrangement is available on SEDAR at www.sedar.com.

CORE BUSINESS

Josemaria Resources Inc. (formerly "NGEx Resources Inc.") is a Canadian natural resources company focused on advancing the development of its wholly-owned Josemaría copper-gold project located in San Juan Province, Argentina. The Company is a reporting issuer in the Provinces of British Columbia, Alberta, Ontario and Quebec and its corporate head office is in Vancouver, B.C. In connection with the Arrangement, the Company changed its name to Josemaria Resources Inc. and began trading under the new name and ticker symbol of "JOSE" as of July 23, 2019 on the TSX and as of July 25, 2019 on the Nasdaq Stockholm.

Josemaría is a large copper-gold porphyry deposit located in San Juan Province, Argentina. The Company completed a Pre-Feasibility Study ("PFS") on Josemaría in December, 2018 and is actively engaged in completing a feasibility study (the "FS").

The Company is committed to responsible and sustainable mining development in the jurisdictions within which it works and operates, and to create meaningful value for our shareholders and stakeholders, alike. All aspects of the Company's operations and engagements are founded on a core set of environmental, social and governance (ESG) commitments.

THE JOSEMARÍA PROJECT

Highlights of the Josemaría PFS are shown below.

- A US$2.0 billion after-tax NPV using an 8% discount rate and an IRR of 18.7% at US $3.00/lb copper;
- Strong front end production and cash flows drive a 3.4 year payback period and support a variety of financing alternatives. Production during the first three years would come from mining a near surface zone of higher grade mineralization and is projected to total 170,000 t Cu; 350,000 oz Au; 1,000,000 oz Ag per year;
- An Initial Probable Mineral Reserve of 1,008 Mt of 0.29% copper, 0.21 gpt gold, and 0.92 gpt silver (or 0.41% CuEq);
- Pre-production capital cost of US $2,761 million (excluding costs prior to a construction decision);
- Average annual production (rounded) of approximately 125,000 tonnes of copper, 230,000 ounces of gold, and 790,000 ounces of silver per year at a C1 cost of US $1.26/lb CuEq;
- 20 year mine life producing over 5.4 billion lbs of copper and 4.6 million ounces of gold;
- Low strip ratio of 0.71:1 (waste:ore);
- Excellent metallurgy producing a clean, marketable, precious metals-rich copper concentrate;
- Design incorporates planning for a fully autonomous haul truck fleet along with high pressure grinding rolls;
- All major mining and infrastructure located in San Juan Province, Argentina – facilitating permitting in one jurisdiction.

For complete details of the PFS, please refer to the Technical Report titled "NI 43-101 Technical Report, Pre-feasibility Study for the Josemaría Copper-Gold Project, San Juan Province, Argentina" dated December 19, 2018, with an effective date of November 20, 2018 (the "Josemaría PFS"). The Josemaría PFS was prepared by SRK Consulting (Canada) Inc. ("SRK") and is available for review under the Company's profile on SEDAR (www.sedar.com).

HIGHLIGHTS AND ACTIVITIES

Corporate update

- On July 17, 2019, Josemaria Resources completed the previously announced spin-out of the Company's Los Helados property and certain other exploration properties into NGEx Minerals Ltd. by a Plan of Arrangement (the "Arrangement") under the Canada Business Corporation Act ("CBCA").

  Under the terms of the Arrangement, the Company transferred its wholly-owned subsidiaries that directly or indirectly hold the Los Helados project and other exploration projects located in Argentina and Chile, along with $7.3 million in cash to NGEx Minerals Ltd. ("Spinco") in exchange for common shares of Spinco. NGEx Minerals Ltd. was incorporated on February 21, 2019 under the laws of CBCA in connection with the Arrangement as a wholly-owned subsidiary of the Company prior to the spin out which was completed on July 17, 2019. The Company distributed 100% of the common shares of Spinco it received under the Arrangement to its Josemaria

Resources shareholders on a pro rata basis, such that its shareholders received one common share of Spinco for every two common shares of Josemaria Resources held as of the record date.

Pursuant to the Arrangement and changes made to the Board of Directors during the third quarter of 2019, the Company's board of directors is currently comprised of the following eight directors:

- Lukas H. Lundin
- Jack O.A. Lundin
- Wojtek A. Wodzicki
- C. Ashley Heppenstall
- Paul Conibear
- Christine Batruch
- Adam Lundin
- Ron Hochstein

- Changes were made to the Executive team during the third quarter, with the goal of assembling a dedicated team with the capability to complete the technical and commercial feasibility work required to advance Josemaria towards development:
  - Mr. Adam Lundin was appointed President and Chief Executive Officer effective September 16th, 2019, replacing Dr. Wojtek Wodzicki, who continues to serve as a Director of the Company;
  - Mr. Ian Gibbs was appointed Chief Financial Officer effective as of September 1, 2019, replacing Ms. Joyce Ngo, who has taken on the role of Corporate Controller;
  - Mr. Arndt Brettschneider was appointed Vice-President, Projects, effective as of August 6, 2019, replacing Mr. James Beck, who resigned as Vice-President, Corporate Development and Projects. Mr. Brettschneider has overall responsibility for the delivery of the Josemaria Feasibility Study.

Operation update

- The Company's primary focus is the advancement of its 100% owned Josemaría project in San Juan Province, Argentina by completing a FS in the first half of 2020. During the third quarter of 2019, work on the feasibility study focused on advancing project design concepts and engineering designs for on and offsite facilities. Analysis of samples for metallurgical and comminution testwork continued with a focus on increasing confidence in the expected metallurgical response and grinding characteristics of the mineral reserve. Pilot plant testing of a bulk sample was completed, and analysis of test results commenced. Work also commenced on the Environmental and Social Impact Assessment (ESIA) with the engagement of Ausenco (Vector Argentina S.A.) based in Mendoza, Argentina, to compile the baseline data and lead the development of the ESIA in support of future project permitting.
- During the quarter, the Company commenced planning for the South American summer field season test programs to collect additional geological, geotechnical, metallurgical and hydrological information. Planning for appropriate baseline, archeological, community, social and environmental studies to inform the ESIA was also commenced during the quarter.

OUTLOOK

The Company will focus on conducting engineering, technical and environmental studies with the goal of completing a feasibility study in the first half of 2020, and advancing the project towards permitting and eventual development. Management also plans to continue environmental baseline studies that will provide information required to prepare an environmental and social impact assessment report in support of project permitting.

SUMMARY OF QUARTERLY RESULTS

Financial Data for 8 Quarters								
Three Months Ended	Sept-19 *(3rd qtr)*	Jun-19 *(2nd qtr)*	Mar-19 *(1st qtr)*	Dec-18 *(4th qtr)*	Sept-18 *(3rd qtr)*	Jun-18 *(2nd qtr)*	Mar-18 *(1st qtr)*	Dec-17 *(4th qtr)*
(In thousands $ except for per share amounts)								
Exploration and project evaluation	3,926	7,035	14,070	5,350	1,433	2,140	2,674	1,384
Net (income)/loss	(34,365)(ii)	8,073	15,302	6,328	1,823	2,971	3,997	1,729
Total basic and diluted (income)/loss per share(i)	(0.14)	0.03	0.06	0.03	0.01	0.01	0.02	0.01

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

(ii) A $30 million gain on spin off transaction and $9 million gain arising from the recycling of cumulative other comprehensive income were recognized during the third quarter of 2019

Changes in net losses and exploration and project evaluation expenses for the quarter are primarily affected by the level of exploration activity during that period. As camp activities, including drilling, are generally carried out during the summer season in South America, exploration expenditures and cash flow used in operations are typically lower during the third quarter of each year compared to other quarters.

The Company recorded a $31 million gain for the current quarter as a result of accounting for the spin-out of NGEx Minerals as a distribution in kind to its shareholders. The distribution to shareholders was accounted for based on the fair value of net assets transferred to NGEx Minerals in accordance with IFRS, with the difference between that value and the carrying amount of the net assets recognized in the statement of comprehensive income. The fair value was estimated based on the trading value of NGEx Minerals shares for the period subsequent to the spin-out. An additional $9.5 million gain arising from the recycling of cumulative other comprehensive income attributable to entities spun out to NGEx Minerals was recognized on the statement of comprehensive income for the nine month period ended September 30, 2019. As a result of the gains recognized on completion of the spin-out, the Company reported a $34.3 million net income for the third quarter of 2019, compared to a net loss of $1.8 million for the same period in 2018. For the nine months ended September 30, 2019, the Company's net income totaled $11 million compared to a net loss of $8.8 million for the same period in 2018, with the difference largely attributable to the gain on spin-out transaction.

The increase in exploration expenditures for the three and nine month periods reflects the Company's key focus on the Josemaría project through the advancement of the feasibility study and ongoing environmental studies in support of future project permitting. Overall general and administrative ("G&A")

costs during the three and nine months ended September 30, 2019 totaled $1.3 million and $4.2 million respectively, compared to $0.6 million and $2.6 million for the same periods in 2018. The Company incurred additional professional and regulatory fees of $0.5 million to execute the spin out of NGEx Minerals and deployed additional Board and senior management personnel including the appointment of the Vice-President, Projects to manage and support the Josemaría project during the second and third quarter of 2019. Share-based compensation charges also increased during the third quarter of 2019 compared to 2018, as the replacement options received by the option holders of the Company fully vested with no further service obligations required as of the effective date of the Arrangement.

During the nine months ended September 30, 2019, the Company recognized a monetary gain of approximately $80,000 (2018: $33,000) in relation to the application of hyper-inflationary accounting for the Company's Argentine subsidiary. In other comprehensive loss, the Company recognized a $1 million loss (2018: $4.6 million gain) resulting from the impact of hyper-inflation which consists of adjustments recognized on the continuing inflation of opening non-monetary balances during the nine months ended September 30, 2019, and the ongoing translation of the Company's Argentine subsidiary into the Canadian dollar presentation currency. A detailed discussion regarding the application of hyper-inflationary accounting has been provided in the notes to the condensed interim consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

(In thousands $)	September 30, 2019	December 31, 2018
Cash	$ 4,348	$ 5,029
Working capital	(5,624)	(3,740)

The Company completed a $20 million non-brokered, private placement on February 1, 2019 (the "2019 Financing"), raising a total of $19.7 million in net proceeds for use towards exploration activities and corporate working capital expenditures. In addition to the funds raised from the private placement, the Company supplemented an existing US$5 million debenture facility ("2018 Facility") with an additional US$10 million credit facility ("2019 Facility") with Zebra Holdings and Investments S.à.r.l. ("Zebra"), a related party of the Company, on June 12, 2019 to fund ongoing exploration at the Josemaría project and for general corporate purposes. The 2019 Facility matures on December 12, 2020, and no interest is payable in cash during the term. The Company drew the full US$15 million from the two facilities as of September 30, 2019 and extended the maturity date of the 2018 Facility to May 5, 2020. Subsequent to the third quarter of 2019, the Company also secured a US$20 million unsecured debenture facility which carries a term of 18 months ("Lorito Facility") with Lorito Holdings S.à.r.l. ("Lorito") to fund and advance the development of the Josemaría project and for general corporate purposes. Pursuant to the terms of the Lorito Facility, Lorito received 80,000 common shares of the Company and will be entitled to receive 800 common shares each month, for every US$ 50,000 in principal outstanding, prorated accordingly for the number of days outstanding. No interest is payable in cash during the term. Lorito reports its security holdings in the Company as a joint actor with Zebra, and they collectively held more than 20% of the Company's issued and outstanding common shares as at September 30, 2019.

The Company anticipates it will need further funding in order to advance the Josemaría project, and for general corporate and working capital purposes. The Company is continuing to evaluate potential additional sources of funding. Historically, capital requirements have been primarily funded through equity financing, joint ventures, disposition of mineral properties and investments, and the use of credit facilities. While management is confident that additional sources of funding will be secured to fund planned expenditures for at least twelve months from September 30, 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, and investor perceptions and expectations of the global copper and gold markets. There can be no assurance that such funding 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 planned initiatives and other work programs may be postponed, or otherwise revised, as necessary.

RELATED PARTY TRANSACTIONS

a) Related party services and balances

NGEx Minerals Ltd. was incorporated on February 21, 2019 under the laws of CBCA in connection with the Arrangement as a wholly-owned subsidiary of the Company prior to the spin out which was completed on July 17, 2019. The Company formalized a cost sharing arrangement with NGEx Minerals and Filo Mining (collectively "Related Parties"), whereby the Related Parties provides executive management and personnel services to the Company ("Related Party Services"), while the Company provided financial management and administrative services to Filo Mining and NGEx Minerals ("Josemaria Services"). These transactions are in the normal course of operations.

During the nine months ended September 30, 2019, the Company finalized an arrangement with Filo Mining to extend the minimum period of use of the Company's Batidero Camp facility up to March 31, 2021 in exchange for cash consideration of $382,670. This amount has been deferred on the Statement of Financial Position and recognized as income over the expected period of camp use.

Other than those related party transactions identified elsewhere in this MD&A, the related party transactions are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Income from Josemaria Services provided:				
Filo Mining	$ 309,871	$ 87,156	$ 522,538	$ 446,417
NGEx Minerals	80,506	-	80,506	-
Total	$ 390,377	$ 87,156	$ 603,044	$ 446,417
Costs of Related Party Services received:				
Filo Mining	$ (193,043)	$ (149,161)	$ (862,415)	$ (482,286)
NGEx Minerals	(49,866)	-	(49,866)	-
Total	$ (242,909)	$ (149,161)	$ (912,281)	$ (482,286)

The amounts due to/from the Related Parties and the components of the consolidated statements of financial position in which they are included, are as follows:

	September 30, 2019	December 31, 2018
Due from Filo Mining	$ 543,613	$ 77,492
Due from NGEx Minerals	83,897	-
	627,510	$ 77,492

	September 30, 2019	December 31, 2018
Due to Filo Mining	$ (725,494)	$ (523,244)
Due to NGEx Minerals	(35,683)	-
	$ (761,177)	$ (523,244)

b) Key management compensation

Key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company and include the Board of Directors and members of the executive management team. Total compensation expense for key management personnel inclusive of costs of key management personnel services received from the Related Parties as previously described, and the composition thereof, is as follows:

	Nine months ended September 30, 2019	2018
Salaries and other payments	$ 1,206,084	$ 762,500
Employee benefits	33,879	24,345
Director fees	154,250	120,750
Share-based compensation	754,498	613,365
	$ 2,148,711	$ 1,520,960

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. Please refer to the Critical Accounting Estimates section in Note 5 of the 2018 Financial Statements or the 2018 MD&A for a detailed description of the Company’s critical accounting estimates.

ADOPTION OF NEW ACCOUNTING STANDARDS

On January 1, 2019, the Company adopted IFRS 16 Leases, which replaces the existing lease accounting guidance and requires all leases to be reported on the balance sheet. At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The application of this new accounting standard did not result in a material impact on the 2019 Financial Statements as the Company has recognized and recorded one right-of-use asset as at June 30, 2019. Please refer to the Company's 2019 Financial Statements for further details of this new accounting policy and the impact of the policy on the Company's financial position as at September 30, 2019.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had 250,003,658 common shares outstanding and 7,420,000 share options outstanding under its stock-based incentive plans.

FINANCIAL INSTRUMENTS

The Company classifies its financial instruments at amortized costs or fair value through profit and loss ("FVTPL") as disclosed on the 2018 Financial Statements. The Company's financial instruments consist of cash and cash equivalents, receivables and other assets, investments, share consideration receivables, trades payable and accrued liabilities, and other liabilities. The carrying value of these financial investments approximates their fair value due to the short-term nature of these instruments. The fair value of investments is determined directly by reference to quoted market prices in active markets.

The Company's financial instruments are exposed to certain financial risks, including credit, liquidity and currency risks.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. Credit risks associated with cash and cash equivalents is minimal as the Company deposits 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.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities and is minimized through the management of its capital structure. The Company closely monitors and reviews its costs to date and actual cash flows against the approved budget on a monthly basis to ensure funds are adequate to support the Company's operations on an ongoing basis. The maturities of the Company's financial liabilities which requires cash outflow as at September 30, 2019 are as follows:

	Total	Less than 1 year	1 to 5 years	More than 5 years
Current liabilities	$ 4,525,628	$ 4,525,628	$ -	-
Debenture	19,829,650	6,589,950	13,239,700	-
Total	$ 24,355,278	$ 11,115,578	$ 13,239,700	-

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial assets and liabilities may change due to changes in the value of two different currencies. The Company is exposed to foreign currency risks as its parent is headquartered in Canada and its capital is expected to be primarily raised in US dollars, while its foreign operations are conducted in Argentina. While the Company has not used any hedging strategies to manage its exposure to currency fluctuations, management strives to minimize foreign currency risks by sending its cash to its foreign operation as required and maintaining most of its excess cash in Canadian dollars. Based on the Company's net exposures at September 30, 2019, a 10% depreciation or appreciation in the Argentina pesos relative to the Canadian dollar is expected to result in an approximate $0.5 million increase or decrease in the Company's net loss/comprehensive (income)/loss, respectively. As the Company began using the available debenture facilities which are denominated in US dollars during the third quarter of 2019, there will also be an increased exposure to foreign exchange risk arising from changes in the value of the US dollar relative to the Canadian dollar prior to repayment of the balance drawn on the financial liability.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

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. They 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 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. The Company's internal controls over financial reporting include policies and procedures that: pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS; that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and that provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use or disposition of assets that could have a material effect on the financial statements.

Any system, no matter how well conceived or operated, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable, not absolute, assurance with respect to financial statement preparation and presentation and will not prevent all, or detect all, misstatements and frauds. 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.

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 has not been any material changes in the Company's disclosure controls and procedures and the internal control over financial reporting that occurred during the nine months ended September 30, 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

RISKS AND UNCERTAINTIES

The Company and its business are subject to a number of risks and other uncertainties, which should be taken into account in assessing the Company's activities, and include, but are not necessarily limited to, those discussed in the "Risk Factors" section of the 2018 AIF and the 2019 Information Circular. There have been no material changes in the risks and uncertainties affecting the Company since the filing of the Company's most recent 2019 Information Circular.

QUALIFIED PERSON

The technical information in this MD&A has been reviewed and approved by Mr. Bob Carmichael, P. Eng. (BC). Mr. Carmichael is NGEx's Vice President of Exploration and a Qualified Person under National Instrument 43-101 Standards of Disclosure for Mineral Projects.

FINANCIAL INFORMATION

The report for the twelve months ended December 31, 2019 is expected to be published on or about February 21, 2020.

OFF BALANCE SHEET AGREEMENTS

During the first nine months of 2019 and the fiscal 2018 year, there were no material off-balance sheet transactions which have not been recorded in the Company's financial statements. The Company has not entered into any specialized financial arrangements to minimize its currency risk.

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

All statements other than statements of historical fact may be forward-looking information. Forward-looking information is necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks and uncertainties relating to, among other things, the inherent uncertainties regarding mineral resource and reserve estimates and cost estimates, changes in commodity and metal prices, currency fluctuation, financing, unanticipated resource and reserve grades and recoveries, infrastructure, results of exploration activities, cost overruns, availability of materials and equipment, timeliness of government approvals, granting of permits, anticipated use of proceeds from financings, the ability of the Company to satisfy the conditions of the terms and conditions of the debentures issued pursuant to the 2018, 2019 and Lorito Facilities, including repayment thereof upon their respective maturity dates and the issuance of Common Shares thereunder and the timing and success in obtaining requisite regulatory (including TSX) approvals, taxation, anticipated synergies not being realized, political risk and related economic risk and unanticipated environmental impact on operations as well as other risks and uncertainties and other factors, including, without limitation, those more fully described under "Risks Factors", and elsewhere, in the Company's 2018 Annual Information Form and in the "Risks and Uncertainties" section of the 2019 Information Circular, which are available under the Company's profile at www.sedar.com. These risks and uncertainties, as well as other factors, may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information.

The Company believes that the expectations reflected in the forward-looking information included in this MD&A are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon. This statement and information speaks as of the date of the MD&A. In particular, this MD&A contains forward-looking statements or information with respect to the availability of working capital for Josemaria Resources; ability to obtain financing; the expected timing for, completion of a feasibility study and advancement of the Josemaría Project; work programs and studies; the potential development of the Josemaría project; the results of the

Josemaría PFS and after-tax net present value; terms and conditions of the debenture credit facilities; the Company's expectations and estimates with respect to mineral reserves, resources and cost estimates and other assumptions used in the Josemaría PFS; the assumptions used in the updated mineral resources estimates for the Josemaría deposits; exploration and development expenditures; the timing and nature of any potential development scenarios; opportunities to improve project economics; estimations for copper and other commodity prices, mineral resources, costs, success of exploration activities; adding to mineral resources through exploration; permitting time lines; ability to obtain surface and water rights and property interests; currency exchange rate fluctuations; operations in a hyperinflationary economy; requirements for additional capital; government regulation of mining activities; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; and other risks and uncertainties.

The forward-looking information contained in this MD&A are made as at the date of this MD&A and Josemaria does not undertake any obligations to publicly update and/or revise any of the included forward-looking information, whether as a result of additional information, future events and/or otherwise, except as may be required by applicable securities laws. Forward-looking information is provided for the purpose of providing information about management's current expectations and plans and allowing investors and others to get a better understanding of the Company's operating environment. Forward-looking information is based on certain assumptions that the Company believes are reasonable, including that the current price of and demand for commodities will be sustained or will improve, the supply of commodities will remain stable, that the general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed on reasonable terms and that the Company will not experience any material labour dispute, accident, or failure of plant or equipment. These factors are not, and should not be construed as being, exhaustive. Although the Company has attempted to identify important factors that would cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. All of the forward-looking information contained in this MD&A is qualified by these cautionary statements. Readers are cautioned not to place undue reliance on forward-looking information due to the inherent uncertainty thereof.

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

Josemaria Resources Inc. (formerly “NGEx Resources Inc.”)
Condensed Interim Consolidated Statements of Financial Position
(All amounts expressed in Canadian Dollars, unless otherwise indicated)

	Note		September 30, 2019		December 31, 2018
ASSETS					
Current assets:					
Cash and cash equivalents		$	4,348,287	$	5,029,451
Investments			360,197		281,037
Due from related parties	*14*		627,510		77,492
Prepaid and other receivable assets			417,258		390,103
			5,753,252		5,778,083
Non-current assets:					
Share consideration receivable			602,240		532,367
Equipment and other assets	*6*		2,133,052		1,767,404
Mineral properties	*7*		10,075,824		16,012,560
TOTAL ASSETS		$	18,564,368	$	24,090,414
LIABILITIES					
Current liabilities:					
Trade payables and accrued liabilities		$	3,764,451	$	3,524,581
Due to related parties	*14*		761,177		523,244
Debenture	*13*		6,589,950		5,317,474
Other liabilities	*8*		261,618		152,867
			11,377,196		9,518,166
Non-current liabilities:					
Due to joint exploration partner	*9*		-		330,696
Other liabilities	*8*		92,308		38,217
Debenture	*13*		13,239,700		-
TOTAL LIABILITIES			24,709,204		9,887,079
EQUITY					
Share capital	*10*		224,363,548		246,137,481
Contributed surplus	*11*		11,953,002		10,894,615
Deficit			(228,630,052)		(239,619,811)
Accumulated other comprehensive loss (“AOCI”)			(13,831,334)		(3,208,950)
TOTAL EQUITY			(6,144,836)		14,203,335
TOTAL LIABILITIES AND EQUITY		$	18,564,368	$	24,090,414

Note 16 – Subsequent event

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

ON BEHALF OF THE BOARD:

/s/Ashley Heppenstall
Director

/s/Adam I. Lundin
Director

Josemaria Resources Inc. (formerly “NGEx Resources Inc.”)
Condensed Interim Consolidated Statements of Comprehensive (Income)/Loss
(All amounts expressed in Canadian Dollars, unless otherwise indicated)

	Note	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Expenses					
Exploration and project evaluation	*12*	3,926,023	1,433,223	25,030,811	6,246,983
General and Administration:					
Salaries and benefits		348,611	242,902	1,709,961	1,012,488
Share-based compensation	*11*	560,633	125,012	1,082,508	716,366
Management fees		62,100	62,100	186,300	186,300
Professional fees		106,574	40,210	603,558	154,806
Travel		8,012	14,091	93,143	52,509
Promotion and public relations		54,112	59,813	182,222	260,789
Regulatory, transfer agent and others		153,291	42,512	337,466	254,747
Operating loss		5,219,356	2,019,863	29,225,969	8,884,988
Other items					
Debenture financing consideration		320,172	-	398,629	752
Interest and other income, net		(63,022)	(16,491)	(143,741)	(93,589)
Foreign exchange loss		164,608	18,360	88,502	27,138
Fair value (gain)/loss on equity investments		(16,357)	(146,121)	(79,160)	63,889
Gain on spin-off transaction	*2*	(30,847,040)	-	(30,847,040)	-
Re-classification of accumulated exchange differences upon spin-off	*2*	(9,484,024)	-	(9,484,024)	-
Accretion of share consideration receivable		(23,291)	(19,822)	(69,873)	(59,466)
Gain on net monetary position	*5*	364,819	(32,840)	(79,021)	(32,840)
Net (Income) / Loss		(34,364,779)	1,822,949	(10,989,759)	8,790,872
Other Comprehensive (Income)/Loss					
Items that may be reclassified subsequently to net (income)/loss:					
Foreign currency translation adjustment		57,308	109,374	175,288	2,247,104
Re-classification of accumulated exchange differences upon spin-off	*2*	9,484,024	-	9,484,024	-
Impact of hyperinflation	*5*	1,595,002	(4,594,676)	963,072	(4,594,676)
Comprehensive (Income)/Loss		(23,228,445)	(2,662,353)	(367,375)	6,443,300
Basic and diluted (income)/loss per common share		$ (0.14)	$ 0.01	$ (0.04)	$ 0.04
Weighted average common shares outstanding		249,667,237	227,631,153	246,980,302	226,856,276

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

Josemaria Resources Inc. (formerly "NGEx Resources Inc.")
Condensed Interim Consolidated Statements of Cash Flows
(All amounts expressed in Canadian Dollars, unless otherwise indicated)

	Note	For the Nine Months Ended September 30, 2019	2018
Cash flows used in operating activities			
Net income/(loss) for the period		$ 10,989,759	$ (8,790,872)
Items not involving cash and cash equivalents:			
Gain on spin-off transaction	*2*	(30,847,040)	-
Re-classification of accumulated exchange differences upon spin-off	*2*	(9,484,024)	-
Net monetary position	*5*	(79,021)	(32,840)
Depreciation		82,489	18,517
Share-based compensation		1,408,369	965,944
Fair value (gain)/loss on equity investments		(79,160)	63,889
Debenture financing consideration		398,629	752
Other items		(97,345)	(43,340)
Unrealized foreign exchange loss		101,503	14,346
Accretion of share consideration receivable		(69,873)	(59,466)
Net changes in working capital items:			
Receivables and other		(817,811)	(144,770)
Trade payables and other liabilities		2,363,925	56,926
		(26,129,600)	(7,950,914)
Cash flows from financing activities			
Repayment of debenture	*13*	(5,834,351)	(503,520)
Funds received from debenture	*13*	20,428,588	-
Cash paid in connection with the spin-off	*2*	(7,538,929)	-
Proceeds from exercise of share options		957,450	1,173,500
Repayment of lease liabilities		(15,771)	-
Issuance of shares for cash in private placement	*10*	19,655,380	5,584,724
		27,652,367	6,254,704
Cash flows used in investing activities			
Mineral properties and related expenditures		(735,664)	(686,864)
Purchase of equipment and other assets		(737,078)	(204,142)
		(1,472,742)	(891,006)
Effect of exchange rate change on cash and cash equivalents		(731,189)	(254,056)
Decrease in cash and cash equivalents during the period		(681,164)	(2,841,272)
Cash and cash equivalents, beginning of period		5,029,451	6,788,712
Cash and cash equivalents, end of period		$ 4,348,287	$ 3,947,440

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

Josemaria Resources Inc. (formerly “NGEx Resources Inc.”)
Condensed Interim Consolidated Statements of Changes in Equity
(All amounts expressed in Canadian Dollars, unless otherwise indicated)

	Number of shares issued and outstanding	Share capital	Contributed surplus	Accumulated other comprehensive loss	Accumulated Deficit	Total
Balance, January 1, 2018	213,774,830	$ 232,188,933	$ 10,211,218	$ (8,937,048)	$ (224,437,823)	$ 9,025,280
Impact of adopting IFRS 9	-	-	-	62,762	(62,762)	-
Balance, January 1, 2018 (restated)	213,774,830	$ 232,188,933	$ 10,211,218	$ (8,874,286)	$ (224,500,585)	$ 9,025,280
Private placement, net	12,500,000	12,084,724	-	-	-	12,084,724
Debenture financing consideration	6,323	6,576	-	-	-	6,576
Exercise of options	1,350,000	1,559,755	(386,255)	-	-	1,173,500
Share-based compensation	-	-	965,944	-	-	965,944
Foreign currency translation adjustment	-	-	-	(2,247,104)	-	(2,247,104)
Foreign currency translation from inflation adjustment (Note 5)	-	-	-	4,594,676	-	4,594,676
Net loss for the period	-	-	-	-	(8,790,872)	(8,790,872)
Balance, September 30, 2018	227,631,153	$ 245,839,988	$ 10,790,907	$ (6,526,714)	$ (233,291,457)	$ 16,812,724
Balance, January 1, 2019	227,916,086	$ 246,137,481	$ 10,894,615	$ (3,208,950)	$ (239,619,811)	$ 14,203,335
Private placement, net (Note 10)	20,000,000	19,655,380	-	-	-	19,655,380
Transfer of net assets pursuant to spin-out (Note 2)	-	(43,053,810)	-	-	-	(43,053,810)
Exercise of options (Note 11)	1,565,000	1,307,432	(349,982)	-	-	957,450
Debenture financing consideration (Note 13)	307,239	317,065	-	-	-	317,065
Share-based compensation	-	-	1,408,369	-	-	1,408,369
Re-classification of accumulated exchange differences upon spin-off (Note 2)	-	-	-	(9,484,024)	9,484,024	-
Foreign currency translation adjustment	-	-	-	(175,288)	-	(175,288)
Impact of hyperinflation (Note 5)	-	-	-	(963,072)	-	(963,072)
Net income for the period	-	-	-	-	1,505,735	1,505,735
Balance, September 30, 2019	249,788,325	$ 224,363,548	$ 11,953,002	$ (13,831,334)	$ (228,630,052)	$ (6,144,836)

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

1. NATURE OF OPERATIONS AND LIQUIDITY

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

On July 17, 2019, the Company completed the Arrangement to spin out NGEx Minerals Ltd. (formerly 11264796 Canada Inc., "NGEx Minerals", or "Spinco") and changed its name to Josemaria Resources Inc. as further described in Note 2. The Company began trading under the new name and ticker symbol of "JOSE" as of July 23, 2019 on the TSX and as of July 25, 2019 on the NASDAQ OMX Stockholm Stock Exchange ("OMX").

The Company is governed by the Canada Business Corporations Act ("CBCA") 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 ("TSX") and the OMX.

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 its existing obligations and commitments and fund ongoing operations in the normal course of business for at least twelve months from September 30, 2019, the Company anticipates the need for further funding to support the advancement of the Josemaria project and general corporate purposes. The Company drew on the available debenture facilities during the third quarter of 2019 and has arranged a new US$20,000,000 debenture credit facility with a related party subsequent to September 2019 to provide additional sources of financing to further advance its projects and operations as described in Note 2. Historically, capital requirements have been primarily funded through equity financing, joint ventures, disposition of mineral properties and investments, and the use of credit facilities with a related party. While management is confident that additional sources of funding will be secured to fund planned expenditures, 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, 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.

2. PLAN OF ARRANGEMENT

On July 17, 2019, the Company completed a Plan of Arrangement (the "Arrangement") under the CBCA pursuant to which the Company transferred its wholly owned subsidiaries that directly or indirectly hold the Los Helados Project located in Chile and other exploration projects located in Argentina (collectively the "Spinout Exploration Business") and $7.3 million in cash, including the assignment of the Company's Obligation (Note 9) in exchange for 124,793,652 Spinco common shares. The Company subsequently distributed the NGEx Minerals common shares to the Company's shareholders as a return of capital. NGEx Minerals began trading on the TSX Venture Exchange ("TSXV") under the symbol "NGEX" on August 20, 2019.

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

The carrying value of the net assets transferred to NGEx Minerals, pursuant to the Arrangement consisted of the following:

Assets:		
Cash and cash equivalents	$	7,538,929
Receivables and other assets		204,857
Mineral properties		5,227,730
Total assets		12,971,516
Liabilities:		
Trade payables and accrued liabilities		(447,142)
Due to PPC (Note 9)		(317,605)
Carrying value of net assets		12,206,769
Fair value of net assets		43,053,810
Gain on distribution of net assets to shareholders	$	30,847,041

In accordance with IFRIC 17, Distributions of Non-cash Assets to Owners, the Company recognized the distribution of net assets to its shareholders at fair value with the difference between that value and the carrying amount of the net assets recognized in the statement of comprehensive income. Upon completion of the Arrangement, the Company recorded a gain of $30.8 million on the spin out of NGEx Minerals. The cumulative other comprehensive gain totaling $9.5 million recognized to date for the entities spun out to NGEx Minerals was re-classed from AOCI to Statement of Comprehensive Income.

3. BASIS OF PRESENTATION

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

The condensed interim financial statements should be read in conjunction with the audited consolidated financial statements for the fiscal year ended December 31, 2018. The accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2018 except as disclosed in Note 4 which describes the adoption of IFRS 16 effective January 1, 2019.

The condensed interim consolidated financial statements were approved by the Board of Directors of the Company on November 5, 2019.

4. NEW ACCOUNTING POLICY – ACCOUNTING FOR LEASES

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

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

As a lessee, the Company recognizes a right-of-use asset, which is included in fixed assets and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any commissioning and restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset.

As the new lease standard was applied using a cumulative catch-up approach where the Company recorded leases prospectively effective January 1, 2019 without restating the comparative figures, the Company recorded a right-of-use asset of approximately $37,292 which is presented within fixed assets, measured at an amount equal to the lease liability, discounted at the weighted average incremental borrowing rate of 19.5% on January 1, 2019.

5. ACCOUNTING FOR HYPERINFLATION

Argentina was designated a hyper-inflationary economy as of July 1, 2018 for accounting purposes. Accordingly, IAS 29, Financial Reporting in Hyper-Inflationary Economies, has been applied to these condensed interim consolidated financial statements as the Company’s Argentine operating subsidiaries (the “Argentine Subsidiaries”) use the Argentine Peso as its functional currency. The financial statements are based on the historical cost approach in IAS 29.

The application of hyperinflation accounting requires restatement of the Argentine subsidiaries’ non-monetary assets and liabilities, shareholders’ equity and comprehensive loss items from the transaction date when they were first recognized into the current purchasing power which reflects a price index current at the end of the reporting period before being included in the 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 have not been restated.

For the nine months ended September 30, 2019, the Company recognized a loss of approximately $1 million (2018: gain of $4.6 million) in relation to the impact of hyperinflation within other comprehensive income during the period.

As a result of the change in the IPC from January 1, 2019 to September 30, 2019, the Company recognized a net monetary gain within the Argentine Subsidiaries of approximately $79,000 for the nine months ended September 30, 2019 (2018: $33,000), to adjust transactions for the period into a measuring unit current as of September 30, 2019.

The level of the IPC at September 30, 2019 was 254, which represents an increase of 37% over the IPC at December 31, 2018, and an approximate 5.2% increase over the average level of the IPC during the three months ended September 30, 2019.

6. EQUIPMENT AND OTHER ASSETS

	Equipment	Leasehold improvement	Leased Assets (Note 3)	Other assets	Total
January 1, 2018	$ 7,186	$ 67,100	$ -	$ 8,000	$ 82,286
Additions	1,522,112	-	-	-	1,522,112
Hyperinflation adjustment (Note 5)	186,737	-	-	-	186,737
Depreciation	(3,076)	(18,300)	-	-	(21,376)
Currency translation effect	(2,355)	-	-	-	(2,355)
December 31, 2018	$ 1,710,604	$ 48,800	$ -	$ 8,000	$ 1,767,404
Additions	737,078	-	37,274	-	774,352
Hyperinflation adjustment (Note 5)	(316,978)	-	(9,237)	-	(326,215)
Depreciation	(52,993)	(13,725)	(15,771)	-	(82,489)
September 30, 2019	$ 2,077,711	$ 35,075	12,266	$ 8,000	$ 2,133,052

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

7. MINERAL PROPERTIES

	Josemaria (Note 7a)	Projects transferred to NGEx Minerals pursuant to the Arrangement*		
		Los Helados	Nacimientos & others	Total
January 1, 2018	$ 5,835,307	$ 3,909,134	$ 311,705	$ 10,056,146
Additions	370,802	312,382	357,696	1,040,880
Hyperinflation adjustment (Note 5)	7,289,677	-	62,201	7,351,878
Write off of mineral property	-	-	(54,861)	(54,861)
Currency translation effect	(2,018,216)	(181,352)	(181,915)	(2,381,483)
December 31, 2018	$ 11,477,570	$ 4,040,164	$ 494,826	$ 16,012,560
Additions	-	328,774	406,890	735,664
Currency translation effect & impact of hyperinflation	-	(106,262)	63,338	(42,924)
Transferred to NGEx Minerals pursuant to the Arrangement (Note 2)	-	(4,262,676)	(965,054)	(5,227,730)
Hyperinflation adjustment (Note 5)	(1,401,746)	-		(1,401,746)
September 30, 2019	$ 10,075,824	$ -	$ -	$ 10,075,824

a) Acquisition of mining concessions from Filo Mining Corp. ("Filo Mining")

On February 21, 2018, the Company completed the acquisition of a 100% interest in certain mining concessions (the "Primary Properties") with an option to acquire a 100% interest in additional mining concessions (the "Additional Properties") located in San Juan Province, Argentina from Filo Mining, a related party, to expand its Josemaria and the Naciemientos projects in exchange for the following consideration:

- Providing Filo Mining with the right to use its Batidero Camp facility in Argentina for a minimum period of two years, which right is automatically renewed unless terminated upon one year's prior notice;
- A 3% net smelter return ("NSR") royalty on a portion of the mining concessions, 2% of which can be re-purchased by the Company at any time for $2,000,000; and
- Cash consideration of $64,000.

The mining concessions acquired from Filo Mining, including all transaction costs, have been capitalized as mineral properties. The costs of the mineral properties acquired were measured based on the fair value of the consideration given up, which includes cash and the use of the Batidero camp. Using an expected time frame of two years, management has estimated the fair value of the camp use provision at inception of the agreement with Filo Mining to be approximately $354,000. This amount has been deferred on the Statement of Financial Position and recognized as income over the expected period of camp use.

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

8. OTHER LIABILITIES

	Camp use provision	Lease liability (Note 4)	Other liabilities
Balance, December 31, 2018	$ 191,084	$ -	$ 191,084
Other liabilities	382,670	37,292	419,962
Lease payment	-	(15,771)	(15,771)
Hyperinflation adjustment (Note 5)	(115,185)	-	(115,185)
Recognition to income, net of accretion	(118,445)	(7,719)	(126,164)
Balance, September 30, 2019	$ 340,124	$ 13,802	$ 353,926

	September 30, 2019	December 31, 2018
Current	$ 261,618	$ 152,867
Long-term	92,308	38,217
Total other liabilities	$ 353,926	$ 191,084

On June 30, 2019, the Company finalized an arrangement with Filo Mining to extend the minimum period of use of its Batidero Camp facility as disclosed on Note 7 up to March 31, 2021 in exchange for cash consideration of $382,670. As of September 30, 2019, the value of the camp use provision is $340,124.

9. DUE TO JOINT EXPLORATION PARTNER

The Company acquired all remaining interests in the Filo del Sol project from its joint exploration partner PPC in October 2014 in exchange for cash consideration of US$3.5 million and assuming the obligation to fund US$3.5 million of PPC's share of expenditures on the remaining joint exploration properties (the "Obligation"). The Obligation, which was discounted based on the estimated timeframe required to expend US$3.5 million on behalf of PPC, resided with the Company and was not transferred to Filo Mining Corp. subsequent to the spin out of Filo Mining in August 2016. In connection with the Arrangement which was completed on July 17, 2019, the Company assigned and transferred the Obligation to NGEx Minerals (Note 2).

10. SHARE CAPITAL

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

On February 1, 2019, the Company completed private placements totaling 20,000,000 common shares of the Company for gross proceeds of $20.0 million. Share issuance costs totaling $0.3 million were paid in relation to the private placements. The net proceeds received by the Company on the private placements totaled $19.7 million.

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

11. SHARE OPTIONS

a) Share Option Plan

The Company has a rolling share option plan which reserves an aggregate of 10% of the issued and outstanding shares of the Company for issuance upon the exercise of options granted.

During the nine months ended September 30, 2019, the Company granted a total of 3,405,000 (2018 – 2,120,000) share options to officers, employees, directors and other eligible participants at an average exercise price of $1.00 per share. Share options have an expiry date of five years and vest over a period of 24 months from date of grant.

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

	September 30, 2019	December 31, 2018
Assumptions:		
Risk-free interest rate *(%)*	1.73	1.79
Expected life *(years)*	4.91	2.50
Expected volatility *(%)*	49.28	57.35
Expected dividend	Nil	Nil
Results:		
Weighted average fair value of options granted *(per option)*	$ 0.41	$ 0.49

As a result of the Arrangement (Note 2), all share options outstanding as of the record date were exchanged for one fully-vested replacement Josemaria option (“Josemaria replacement option”) and one-half of one fully-vested option of NGEx Minerals Ltd. The Josemaria replacement options are governed by the Josemaria share option plan and the exercise prices were adjusted based on the market value of the two companies after completion of the Plan of Arrangement (Note 2). As all the Josemaria replacement options became fully-vested, with no further service obligations required by the participants upon the completion of the Arrangement, the Company recognized all remaining share-based compensation for the Josemaria replacement options as at September 30, 2019.

The total share-based compensation expenses for the three and nine months ended September 30, 2019 and September 30, 2018 were presented in the statement of comprehensive (income)/loss as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
General and administration	$ 560,633	$ 125,012	$ 1,082,508	$ 716,366
Exploration and project investigation	150,996	43,756	325,861	249,578
	$ 711,629	$ 168,768	$ 1,408,369	$ 965,944

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

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:

	September 30, 2019		September 30, 2018	
	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	5,695,000	$ 1.11	5,970,000	$ 0.97
Granted	3,405,000	0.75	2,120,000	1.24
Exercised (*)	(1,565,000)	0.61	(1,350,000)	0.87
Expired/Forfeited	(100,000)	0.78	(795,000)	0.89
Balance at end of period	7,435,000	$ 0.81	5,945,000	$ 1.10

* The weighted average share price on the exercise date for the stock options exercised during the nine months ended September 30, 2019 was $1.01.

The following table summarizes information about the outstanding and exercisable share options at September 30, 2019:

	Outstanding Options			Exercisable Options		
Range of exercise prices	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
$0.65*	2,430,000	4.41	$ 0.65	2,430,000	4.41	$ 0.65
$0.81*	2,120,000	1.41	$ 0.81	2,120,000	1.41	$ 0.81
$0.90*	1,960,000	0.40	$ 0.90	1,960,000	0.40	$ 0.90
$1.01	925,000	4.86	$ 1.01	308,335	4.41	$ 1.01
	7,435,000	2.55	$ 0.81	6,818,335	2.32	$ 0.79

*Post-Arrangement adjusted exercise price

* Pursuant to the Arrangement (Note 2), the weighted average exercise prices for options outstanding as of the record date were adjusted such that the aggregate In-the-Money amounts for the outstanding options remain the same before and after the Arrangement.

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

12. EXPLORATION AND PROJECT EVALUATION

The Company expensed the following exploration and project evaluation costs:

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Josemaria	$ 3,820,899	$ 946,912	$ 22,877,277	$ 1,730,659
Los Helados *	103,901	158,178	1,629,889	1,262,280
Nacimientos *	1,223	75,728	256,213	2,365,858
Administration and others	-	252,405	267,432	888,186
Exploration and project evaluation	$ 3,926,023	$ 1,433,223	$ 25,030,811	$ 6,246,983

*These were costs incurred up to the effective date of the Arrangement for the projects that were transferred to NGEx Minerals Ltd. (Note 2).

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Land holding costs	$ 4,925	$ 15,005	$ 841,411	$ 828,876
Drilling, fuel, camp costs and field supplies	86,069	54,118	3,872,051	1,061,464
Roadwork, travel and transport	45,520	93,536	1,334,217	540,061
Engineering studies, metallurgical testing, consultants, geochemistry and geophysics	2,919,578	477,629	9,941,939	1,083,270
Environmental and community relations	220,602	323,526	2,644,626	869,506
VAT, other taxes and fees	118,989	200,834	3,266,764	643,939
Office, field and admin salaries, overhead and other costs	354,762	196,377	1,955,989	941,847
Share-based compensation	150,996	43,756	325,861	249,578
Inflation adjustment (Note 5)	24,582	28,442	847,953	28,442
Exploration and project evaluation	$ 3,926,023	$ 1,433,223	$ 25,030,811	$ 6,246,983

13. DEBENTURE

On June 12, 2019 the Company secured a new US$10,000,000 credit facility with Zebra Holdings and Investments S.à.r.l. (“Zebra”), a related party of the Company, as evidenced by a debenture to fund ongoing exploration at the Josemaria project and for general corporate purposes (the “2019 Facility”). Zebra received 28,000 common shares of the Company as consideration upon execution of the 2019 Facility, and is entitled to receive 500 common shares each month, for every US$ 50,000 in principal outstanding, prorated accordingly for the number of days outstanding. The 2019 Facility matures on December 25, 2020, and no interest is payable in cash during the term. The 2019 Facility supplements an existing US$5,000,000 credit facility (the “2018 Facility”) for a total of US$15,000,000 in credit facilities that are available to the Company. On September 27, 2019, the Company amended the terms of the 2018 Facility to extend the maturity date of the 2018 Facility from October 5, 2019 to May 2020.

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

Zebra reports its security holdings in the Company as a joint actor with Lorito Holdings S.à.r.l. ("Lorito"), and they collectively held more than 20% of the Company's issued and outstanding common shares as at September 30, 2019.

To further advance the Josemaria project in its feasibility study and support the corporate working capital needs, the Company drew the full US$15 million from the two credit facilities during the third quarter of 2019 and initiated a new debenture facility on October 25, 2019 (subsequent to the end of the quarter) as further described on Note 16. A total of 307,239 shares were issued to Zebra as consideration for the funds drawn on the facilities during the nine months ended September 30, 2019.

14. RELATED PARTY TRANSACTIONS

a) Related party services and balances

NGEx Minerals Ltd. was incorporated on February 21, 2019 under the laws of CBCA in connection with the Arrangement as a wholly-owned subsidiary of the Company prior to the spin out which was completed on July 17, 2019 as described on Note 2. The Company formalized a cost sharing arrangement with NGEx Minerals and Filo Mining (collectively "Related Parties"), whereby the Related Parties provide executive management and personnel services to the Company ("Related Party Services"), while the Company provides financial management and administrative services to Filo Mining and NGEx Minerals ("Josemaria Services"). These transactions are in the normal course of operations.

On June 30, 2019, the Company finalized an arrangement with Filo Mining to extend the minimum period of use of the Company's Batidero Camp facility up to March 31, 2021 which right is automatically renewed unless terminated upon one year's prior notice in exchange for cash consideration of $382,670 (Note 8).

Other than those related party transactions identified elsewhere in these condensed interim consolidated financial statements, the related party transactions are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Income from Josemaria Services provided:				
Filo Mining	$ 309,871	$ 87,156	$ 522,538	$ 446,417
NGEx Minerals	80,506	-	80,506	-
Total	$ 390,377	$ 87,156	$ 603,044	$ 446,417
Costs of Related Party Services received:				
Filo Mining	$ (193,043)	$ (149,161)	$ (862,415)	$ (482,286)
NGEx Minerals	(49,866)	-	(49,866)	-
Total	$ (242,909)	$ (149,161)	$ (912,281)	$ (482,286)

The amounts due from/to Related Parties by the Company, and the components of the consolidated statement of financial position in which they are included, are as follows:

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

	September 30, 2019	December 31, 2018
Due from Filo Mining	$ 543,613	$ 77,492
Due from NGEx Minerals	83,897	-
	627,510	$ 77,492

	September 30, 2019	December 31, 2018
Due to Filo Mining	$ (725,494)	$ (523,244)
Due to NGEx Minerals	(35,683)	-
	$ (761,177)	$ (523,244)

b) Key management compensation

The key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company and consist of the Board of Directors and members of the executive management team. Total compensation expense for key management personnel inclusive of any costs of key management personnel services received from its related parties as previously described in Note 14a, and the composition thereof, is as follows:

	Nine months ended September 30, 2019	2018
Salaries and other payments	$ 1,206,084	$ 762,500
Employee benefits	33,879	24,345
Director fees	154,250	120,750
Share-based compensation	754,498	613,365
	$ 2,148,711	$ 1,520,960

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

15. SEGMENTED INFORMATION

With the completion of the spin out of NGEx Minerals as described on Note 2, the Company is principally focused on the development of the Josemaria Project in South America. The segments presented in Note 7 and Note 12 reflect the way in which management reviews its business performance. Materially all of the Company's non-current assets and exploration and project evaluation costs are located and incurred within South America, whereas materially all of the Company's cash and general and administrative costs are held and incurred by the Canadian parent. Following is a summary of net losses and non-current assets by segment:

Non-current Assets	Josemaria & Administration	Projects transferred to NGEx Minerals pursuant to the Arrangement		
		Los Helados	Nacimientos & others	Total
Share consideration receivable	$ 602,240	$ -	$ -	$ 602,240
Equipment and other assets	2,133,052	-	-	2,133,052
Mineral properties	10,075,824	-	-	10,075,824
September 30, 2019	$ 12,811,116	$ -	$ -	$ 12,811,116
Share consideration receivable	$ 532,367	$ -	$ -	$ 532,367
Equipment and other assets	1,767,404	-	-	1,767,404
Mineral properties	$ 11,477,570	4,040,164	494,826	16,012,560
December 31, 2018	$ 13,777,341	$ 4,040,164	$ 494,826	$ 18,312,331

Net (income)/loss for the Period	Josemaria & Administration	Projects transferred to NGEx Minerals pursuant to the Arrangement		
		Los Helados	Nacimientos & others	Total
Exploration and project evaluation	$ 25,030,811	$ -	$ -	$ 25,030,811
G&A and other items	(36,020,567)	-	-	(36,020,567)
For the nine month period ended September 30, 2019	$ (10,989,756)	$ -	$ -	$ (10,989,756)
Exploration and project evaluation	$ 2,295,295	$ 1,262,280	$ 2,689,408	$ 6,246,983
G&A and other items	2,543,889	-	-	2,543,889
For the nine month period ended September 30, 2018	$ 4,839,184	$ 1,262,280	$ 2,689,408	$ 8,790,872

16. SUBSEQUENT EVENT

On October 25, 2019 the Company secured a new US$20,000,000 credit facility with Lorito as evidenced by a debenture to fund ongoing exploration at the Josemaria project and for general corporate purposes (the "Lorito Facility"). Pursuant to the terms of the Lorito Facility, Lorito received 80,000 common shares of the Company as consideration upon execution of the Lorito Facility, and will be entitled to receive 800 common shares each month, for every US$50,000 in principal outstanding, prorated accordingly for the number of days outstanding. The Lorito Facility will mature on April 25, 2021, and no interest is payable in cash during the term.

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