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

For the Six Months ended June 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 August 6, 2019 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and six months ended June 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 10. Additional information about the Company and its business activities is described in the Company's annual information form (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 a wholly-owned subsidiary of Josemaria Resources, NGEx Minerals Ltd. by a plan of Arrangement under the Canada Business Corporations Act (the "Arrangement"). The 2018 AIF and the Management Information Circular (the "2019 Information Circular"), which sets out the terms of the Arrangement is available on SEDAR at www.sedar.com and on the Company's website at www.josemariaresources.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 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, BC. 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 OMX.

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 currently working toward a feasibility study (the "FS"). The Company plans to advance the Josemaría Project in order to realize the significant potential of this asset. The Company's strategy is to create value for its shareholders by advancing Josemaría through feasibility and permitting and towards eventual development and production.

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.

SECOND QUARTER HIGHLIGHTS

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 under the Canada Business Corporation Act.

  Under the terms of the Arrangement, the Company transferred its wholly-owned subsidiaries that directly or indirectly held the Los Helados project and the 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. 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 will be entitled to receive one common share of Spinco for every two common shares of Josemaria Resources held as of the record date.

  Pursuant to the Arrangement, the Company's board of directors was also reconstituted and is currently comprised of the following eight directors:

  - Lukas H. Lundin
  - Jack O.A. Lundin
  - Wojtek A. Wodzicki
  - C. Ashley Heppenstall
  - Paul Conibear
  - Christina Batruch
  - Adam Lundin
  - Pablo Mir Balmaceda

- On August 6, 2019, the Company has appointed Mr. Arndt Brettschneider as Vice-President, Projects, replacing Mr. James Beck, who has resigned as Vice-President, Corporate Development and Projects. Mr. Brettschneider will have overall responsibility for the delivery of the Josemaria Feasibility Study. Mr. Beck will continue to provide consulting services to the Company on a going forward basis.

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. To provide the material for feasibility-level metallurgical testwork and to increase confidence in the mineral reserve, particularly the portion scheduled for the first five years of production in the PFS, the Company completed a comprehensive reserve definition drill program earlier in the year. Data from the drill program will be used to update the resource and reserve models, which will form the basis for detailed mine planning as part of the current FS. Drilling was also carried out to collect geotechnical data for the open-pit mine design and to determine site geotechnical conditions at planned locations for mine infrastructure construction, as well as to locate and characterize source locations for water to support the planned operation.

- The Company assembled an integrated engineering team which is led by Fluor Canada Ltd. who is responsible for overall project management, infrastructure and mineral process design and project cost estimation. Other consultants are also engaged to support the program with a focus on environment and permitting, social and community relations, mineral resource and reserve estimates, mine design and tailings and water management.

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;
- First 3 full years of annual production average 170,000 tonnes of copper, 350,000 ounces of gold, and 1,000,000 ounces of silver;
- 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;
- Potential opportunities to further improve the project include:
    - Recovery of additional gold from the oxide cap at Josemaría;
    - Increasing metallurgical recoveries and concentrate grades with additional test work and optimization; and
    - Delineating more or higher-grade material through continued exploration on the Company's extensive land package.

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) and on the Company's website (www.josemariaresources.com).

OUTLOOK

The Company will focus on conducting engineering, technical and environmental studies at its Josemaría Project with the goal of completing a feasibility study in the first half of 2020, with a goal of 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 impact assessment report in support of project permitting.

SUMMARY OF QUARTERLY RESULTS

Financial Data for 8 Quarters								
Three Months Ended	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)*	Sept-17 *(3rd qtr)*
(In thousands $ except for per share amounts)								
Exploration and project investigation expenses	7,035	14,070	5,350	1,433	2,140	2,674	1,384	868
Net loss	8,073	15,302	6,328	1,823	2,971	3,997	1,729	1,446
Total basic and diluted loss per share(i)	0.03	0.06	0.03	0.01	0.01	0.02	0.01	0.01

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

Changes in net losses and exploration and project investigation expenses for the quarter are primarily affected by the level of exploration activity during that period. As camp activities, including drilling, are generally not carried out during the winter 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 amount of cash resources available and timing of financing also affect the extent of exploration programs and the costs incurred in a given period.

The Company's net loss for the three and six months ended June 30, 2019 was $8.1 million and $23.4 million respectively, compared to $3.0 million and $7.0 million for the same periods in 2018. The increase in net losses for the three and six month periods reflects the Company's key focus on the Josemaría project, which resulted in an increase in overall exploration and project investigation expenditures over the six month period. In particular, the Company completed a comprehensive field program which included reserve definition drilling, began engineering studies and advanced ongoing environmental studies in support of the feasibility study for the Josemaría project. Overall general and administrative ("G&A") costs during the three and six months ended June 30, 2019 totaled $1.1 million and $2.9 million respectively, compared to $0.7 million and $2.0 million for the same periods in 2018. The Company incurred additional professional fees of $0.6 million to execute the Arrangement and deployed additional personnel resources including a new project manager to manage and support the Josemaría project during the second quarter of 2019.

During the six months ended June 30, 2019, the Company recognized a monetary gain of $0.4 million (2018: $nil) in relation to the application of hyper-inflationary accounting for the Company's Argentine subsidiary which began July 1, 2018. In other comprehensive loss, the Company recognized a $0.6 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 six months ended June 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 $)	June 30, 2019	December 31, 2018
Cash	$ 802	$ 5,029
Working capital	(6,649)	(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 received $0.9 million in cash from share option exercises during the first quarter of 2019.

The cash received from the 2019 Financing and the option exercises to date during the quarter has been primarily used towards the advancement of the Josemaría project and general corporate purposes including the repayment of the balance previously drawn on a US$5 million unsecured credit facility, as evidenced by a debenture entered into on October 5, 2018 with Zebra Holdings and Investments S.à.r.l. ("Zebra"), a related party of the Company (the "2018 Credit Facility"). All amounts previously drawn under the credit facility were repaid in full by February 5, 2019.

On June 12, 2019 the Company entered into a new US$10,000,000 unsecured credit facility with Zebra, as evidenced by a debenture to provide additional financial flexibility to fund ongoing exploration at the Josemaría project and for general corporate purposes (the "2019 Facility"). Zebra reports its security holdings in the Company as a joint actor with Lorito Holdings S.à.r.l., and they collectively held more than 20% of the Company's issued and outstanding common shares as at June 30, 2019. The 2019 Facility matures on December 12, 2020, and no interest is payable in cash during the term. The 2019 Facility supplements the existing 2018 Facility which remains available until October 5, 2019. There was nil balance drawn on both facilities as of June 30, 2019. Of the total US$15,000,000 in credit facilities available to the Company, an aggregate of US$10.5 million has been drawn on the facilities as of the date of this MD&A.

Based on Josemaria Resource's financial position at June 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 currently evaluating potential additional sources of potential financing. 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 June 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 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 planned initiatives and other work programs may be postponed, or otherwise revised, as necessary.

RELATED PARTY TRANSACTIONS

a) Related party services and balances

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

The Company has a cost sharing arrangement with Filo Mining, a related party by way of directors, officers and shareholders in common. Under the terms of this arrangement, Filo Mining provides management, corporate secretarial, business and corporate development services to NGEx, while NGEx provides accounting and technical advisory services to Filo Mining. These transactions were in the normal course of operations.

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Income from administrative services provided to Filo Mining	$ 111,660	$ 177,514	$ 212,667	$ 359,261
Costs of executive management and personnel services received from Filo Mining	(374,353)	(160,607)	(669,372)	(333,125)

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

	June 30, 2019	December 31, 2018
Due from related party	$ 721,526	$ 77,492
Due to related party	(1,740,962)	(523,244)

In addition to the above due to/from Filo Mining balances, there was $29,574 due from Filo Mining that is presented within assets held for sale and $196,732 due to Filo Mining that is presented within liabilities directly associated with assets classified as held for sale as at June 30, 2019.

On June 30, 2019, the Company finalized an arrangement with Filo Mining to extend the minimum period of use of its Batidero Camp facility up to March 31, 2021 in exchange for a related party receivable consideration of $382,670. This amount has been deferred on the Statement of Financial Position and will be recognized as income over the expected period of camp use.

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 Filo Mining as previously described, and the composition thereof, is as follows:

	Six months ended June 30, 2019	2018
Salaries and other payments	$ 942,000	$ 684,750
Employee benefits	21,995	18,944
Director fees	95,500	80,500
Share-based compensation	457,279	467,624
	$ 1,516,774	$ 1,251,818

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 June 30, 2019.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had 249,587,357 common shares outstanding and 6,510,000 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, due to its joint exploration partner, 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 as at June 30, 2019 are as follows:

	Total	Less than 1 year	1 to 5 years	More than 5 years
Current liabilities	$ 8,919,129	$ 8,919,129	-	-
Total	$ 8,919,129	$ 8,919,129	-	-

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 raised in Canadian dollars, while its foreign operations are conducted in Argentina and Chile. 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 June 30, 2019, a 10% depreciation or appreciation in the Argentina and Chilean pesos relative to the Canadian dollar would have resulted in an approximate $0.9 million increase or decrease in the Company's net loss/comprehensive loss, respectively.

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 six months ended June 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 nine months ended September 30, 2019 is expected to be published on or about November 5, 2019.

OFF BALANCE SHEET AGREEMENTS

During the first six 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 risk of unexpected tax consequences to the Arrangement, risks of the market valuing Josemaria and Spinco in a manner not anticipated by the Company; risks relating to the benefits of the Arrangement not being realized or as anticipated, 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, 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 most recent 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; tax consequences of the Arrangement; benefits of the Arrangement; the listing of Spinco common shares on the TSX-V; the potential development of the Josemaría project; the results of the Josemaría PFS and after-tax net present value; terms and conditions of the 2018 and 2019 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 NGEx 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		June 30, 2019		December 31, 2018
ASSETS					
Current assets:					
Cash and cash equivalents		$	802,355	$	5,029,451
Investments			343,840		281,037
Due from related party	14		721,526		77,492
Prepaid and other receivable assets			402,683		390,103
			2,270,404		5,778,083
Non-current assets:					
Share consideration receivable			578,949		532,367
Equipment and other assets	6		2,563,000		1,767,404
Mineral properties	7		11,934,331		16,012,560
Assets held for sale (“AHS”)	5		5,408,328		-
TOTAL ASSETS		$	22,755,012	$	24,090,414
LIABILITIES					
Current liabilities:					
Trade payables and accrued liabilities		$	6,799,602	$	3,524,581
Due to related party	14		1,740,962		523,244
Debenture	13		-		5,317,474
Other liabilities	8		378,565		152,867
			8,919,129		9,518,166
Non-current liabilities:					
Due to joint exploration partner	9		-		330,696
Other liabilities	8		164,001		38,217
Liabilities directly associated with assets classified as AHS	5		911,816		-
TOTAL LIABILITIES			9,994,946		9,887,079
EQUITY					
Share capital	10		267,208,524		246,137,481
Contributed surplus	11		11,241,373		10,894,615
Deficit			(262,994,831)		(239,619,811)
Accumulated other comprehensive loss			(2,695,000)		(3,208,950)
TOTAL EQUITY			12,760,066		14,203,335
TOTAL LIABILITIES AND EQUITY		$	22,755,012	$	24,090,414

Nature of Operations and Liquidity (Note 1)
Subsequent Events (Note 16)
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 Loss
(All amounts expressed in Canadian Dollars, unless otherwise indicated)

	Note	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Expenses					
Exploration and project investigation	*12*	7,035,183	2,139,781	21,104,788	4,813,760
General and Administration:					
Salaries and benefits	*14*	385,734	247,710	1,361,350	769,586
Share-based compensation	*11*	128,071	125,021	521,875	591,354
Management fees		62,100	76,500	124,200	124,200
Professional fees		344,897	31,037	496,984	114,596
Travel		59,187	21,087	85,131	38,418
Promotion and public relations		64,989	119,719	128,110	200,976
Office and general		77,734	106,053	184,175	212,235
Operating loss		8,157,895	2,866,908	24,006,613	6,865,125
Other items					
Other income and expenses		6,185	(50,868)	(2,262)	(76,346)
Foreign exchange (gain)/loss		(28,816)	11,096	(76,106)	8,778
Fair value (gain)/loss on equity investments		33,478	163,521	(62,803)	210,010
Accretion of share consideration receivable		(23,291)	(19,822)	(46,582)	(39,644)
Gain on net monetary position	*4*	(72,595)	-	(443,840)	-
Net Loss		8,072,856	2,970,835	23,375,020	6,967,923
Other Comprehensive Loss					
Items that may be reclassified subsequently to net loss:					
Foreign currency translation adjustment		99,994	1,989,881	117,980	2,137,730
Impact of hyperinflation	*4*	(1,577,801)	-	(631,930)	-
Comprehensive Loss		6,595,049	4,960,716	22,861,070	9,105,653
Basic and diluted loss per common share		$ 0.03	$ 0.01	$ 0.10	$ 0.03
Weighted average common shares outstanding		249,560,895	227,040,708	245,628,922	226,462,418

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 Six Months Ended June 30, 2019	2018
Cash flows used in operating activities			
Net loss for the period		$ (23,375,020)	$ (6,967,923)
Items not involving cash and cash equivalents:			
Net monetary position	4	392,141	-
Depreciation		68,757	11,603
Share-based compensation		696,741	797,176
Fair value (gain)/loss on equity investments		(62,803)	210,010
Debenture financing consideration		121,395	-
Other items		(79,712)	(37,674)
Unrealized foreign exchange (gain)/loss		(74,192)	7,672
Accretion of share consideration receivable		(46,582)	(39,644)
Net changes in working capital items:			
Receivables and other		(900,603)	1,116
Trade payables and other liabilities		5,799,314	(153,593)
		(17,460,564)	(6,171,257)
Cash flows from financing activities			
Repayment of debenture	13	(5,829,720)	(503,520)
Funds received from debenture		720,792	-
Proceeds from exercise of share options		957,450	1,173,500
Repayment of lease liabilities		(14,814)	-
Issuance of shares for cash in private placement	10	19,655,380	5,584,724
		15,489,088	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)	-
		(1,472,742)	(686,864)
Effect of exchange rate change on cash and cash equivalents		(748,792)	(122,428)
Decrease in cash and cash equivalents during the period		(4,193,010)	(725,845)
Cash and cash equivalents, beginning of period		5,029,451	6,788,712
Subtotal		$ 836,441	$ 6,062,867
Less: cash included within Assets Held for Sale	5	(34,086)	-
Cash and cash equivalents, end of period		$ 802,355	$ 6,062,867

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	-	-	797,176	-	-	797,176
Foreign currency translation adjustment	-	-	-	(2,137,730)	-	(2,137,730)
Net loss for the period	-	-	-	-	(6,967,923)	(6,967,923)
Balance, June 30, 2018	227,631,153	$ 245,839,988	$ 10,622,139	$ (11,012,016)	$ (231,468,508)	$ 13,981,603
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
Exercise of options	1,565,000	1,307,432	(349,982)	-	-	957,450
Debenture financing consideration (Note 13)	106,271	108,231	-	-	-	108,231
Share-based compensation	-	-	696,740	-	-	696,740
Foreign currency translation adjustment	-	-	-	(117,980)	-	(117,980)
Impact of hyperinflation (Note 4)	-	-	-	631,930	-	631,930
Net loss for the period	-	-	-	-	(23,375,020)	(23,375,020)
Balance, June 30, 2019	249,587,357	$ 267,208,524	$ 11,241,373	$ (2,695,000)	$ (262,994,831)	$ 12,760,066

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.

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 NASDAQ OMX Stockholm Stock Exchange ("OMX").

On July 17, 2019, the Company completed the Arrangement to spin out NGEx Minerals Ltd. (formerly 11264796 Canada Inc. or "Spinco") and changed its name to Josemaria Resources Inc. as further described on Note 16. 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 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 June 30, 2019, the Company anticipates the need for further funding to support a planned field program at its South American operations and general corporate purposes. The Company began drawing on the available debenture facilities as described on Note 16 and is currently evaluating potential additional sources of financing to further advance its projects and operations. As camp activities including drilling and other field program costs are generally not carried out during the winter 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 amount of cash resources available and timing of financing also affect the extent of exploration programs and the costs incurred in a given period. 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 for at least twelve months from June 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, 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. Based on the amount of funding raised, the Company's planned exploration or other work programs may be postponed, or otherwise revised, as necessary.

2. 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 3 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 August 6, 2019.

3. 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. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

As the 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.

4. 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 six months ended June 30, 2019, the Company recognized a gain of approximately $0.6 million (2018: $nil) 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 June 30, 2019, the Company recognized a net monetary gain within the Argentine Subsidiaries of $0.4 million for the six months ended June 30, 2019, to adjust transactions for the period into a measuring unit current as of June 30, 2019.

The level of the IPC at June 30, 2019 was 226, which represents an increase of 18% over the IPC at December 31, 2018, and an approximate 7.6% increase over the average level of the IPC during the three months ended June 30, 2019.

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

5. ASSETS AND LIABILITIES HELD FOR SALE

On April 17, 2019, the Company’s Board of Directors committed to a plan to reorganize its exploration business by spinning out its Los Helados property and other exploration properties into Spinco through a plan of arrangement under the Canada Business Corporation Act (the “Arrangement”) as described in Note 16. As the Company obtained shareholder approval on June 19, 2019, the following assets and liabilities of Spinco have been classified as held for sale as at June 30, 2019:

	June 30, 2019
NGEx Minerals assets held for sale:	
Cash	34,086
Prepaid and other receivables	131,276
Mineral properties (Note 7)	5,242,966
Total NGEx Minerals assets held for sale	5,408,328
NGEx Minerals liabilities held for sale:	
Trade payables and accrued liabilities	594,219
Due to joint exploration partner (Note 9)	317,597
Total NGEx Minerals liabilities held for sale	911,816

As at June 30, 2019, the Company performed an impairment assessment of the NGEx Minerals assets held for sale and concluded that the fair value less cost of disposal of its assets held for sale exceed their carrying value.

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 4)	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 4)	89,918	-	-	-	89,918
Depreciation	(45,598)	(9,150)	(13,926)	-	(68,674)
June 30, 2019	$ 2,492,002	$ 39,650	23,348	$ 8,000	$ 2,563,000

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

7. MINERAL PROPERTIES

	Joint Exploration Agreement (Chile)	Wholly owned projects (Argentina)			Total
	Los Helados	Josemaria (Note a)	Nacimientos (Note a)	Acay	
January 1, 2018	$ 3,909,134	$ 5,835,307	$ 217,374	$ 94,331	$ 10,056,146
Additions	312,382	370,802	357,696	-	1,040,880
Hyperinflation adjustment (Note 4)	-	7,289,677	62,201	-	7,351,878
Write off of mineral property	-	-	-	(54,861)	(54,861)
Currency translation effect	(181,352)	(2,018,216)	(142,445)	(39,470)	(2,381,483)
December 31, 2018	$ 4,040,164	$ 11,477,570	$ 494,826	$ -	$ 16,012,560
Additions	328,774	-	406,890	-	735,664
Hyperinflation adjustment (Note 4)	-	456,761	63,810	-	520,571
Currency translation effect	(91,498)	-	-	-	(91,498)
Subtotal	$ 4,277,440	$ 11,934,331	$ 965,526	$ -	$ 17,177,297
Less: assets held for sale (Note 5)	$ (4,277,440)	-	$ (965,526)	$ -	$ (5,242,966)
June 30, 2019	$ -	$ 11,934,331	$ -	$ -	$ 11,934,331

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. On June 30, 2019, the Company finalized an arrangement with Filo Mining to extend the minimum period of use of its Batidero Camp facility up to March 31, 2021 in exchange for a related party receivable consideration of $382,670 (Note 14a). As of June 30, 2019, the value of the camp use provision is $516,846 (Note 8).

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

8. OTHER LIABILITIES

	Camp use provision	Lease liability (Note 3)	Other liabilities
Balance, December 31, 2018	$ 191,084	$ -	$ 191,084
Other liabilities (Note 14)	382,670	37,292	419,962
Lease payment	-	(14,814)	(14,814)
Hyperinflation adjustment (Note 4)	26,044	-	26,044
Recognition to income, net of accretion	(82,952)	3,242	(79,710)
Balance, June 30, 2019	$ 516,846	$ 25,720	$ 542,566

	June 30, 2019	December 31, 2018
Current	$ 378,565	$ 152,867
Long-term	164,001	38,217
Total other liabilities	$ 542,566	$ 191,084

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 Spinco (Note 16). The Obligation was included within liability held for sale (Note 5).

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.

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.

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

During the six months ended June 30, 2019, the Company granted a total of 2,480,000 (2018 – 2,120,000) share options to officers, employees, directors and other eligible participants at 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:

	June 30, 2019	December 31, 2018
Assumptions:		
Risk-free interest rate *(%)*	1.82	1.79
Expected life *(years)*	4.91	2.50
Expected volatility *(%)*	49.90	57.35
Expected dividend	Nil	Nil
Results:		
Weighted average fair value of options granted *(per option)*	$ 0.41	$ 0.49

The total share-based compensation expenses for the six months ended June 30, 2019 totaling $696,740 (2018 - $797,176) were presented in the statement of comprehensive loss as follows:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
General and administration	$ 128,071	$ 125,021	$ 521,875	$ 591,354
Exploration and project investigation	43,227	43,762	174,865	205,822
	$ 171,298	$ 168,783	$ 696,740	$ 797,176

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:

	June 30, 2019		June 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	2,480,000	1.00	2,120,000	1.24
Exercised	(1,565,000)	0.61	(1,350,000)	0.87
Expired	-	-	(795,000)	0.89
Balance at end of period	6,610,000	$ 1.19	5,945,000	$ 1.10

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

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

The following table summarizes information about the outstanding and exercisable share options at June 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
$1.00	2,480,000	4.60	$	1.00	826,674	4.60	$	1.00
$1.24	2,120,000	1.60	$	1.24	1,413,341	1.60	$	1.24
$1.37	2,010,000	0.59	$	1.37	2,010,000	0.59	$	1.37
	6,610,000	2.42	$	1.19	4,250,015	1.71	$	1.25

12. EXPLORATION AND PROJECT INVESTIGATION

The Company expensed the following exploration and project investigation costs:

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Josemaria	$ 6,067,774	$ 243,118	$ 18,568,664	$ 783,747
Los Helados	450,143	121,378	1,525,346	1,104,102
Nacimientos	180,161	1,462,799	254,883	2,290,130
Other Projects and administration	337,105	312,486	755,895	635,781
Exploration expenditures	$ 7,035,183	$ 2,139,781	$ 21,104,788	$ 4,813,760

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Land holding costs	$ 16,803	$ 18,640	$ 836,486	$ 813,871
Drilling, fuel, camp costs and field supplies	514,697	622,572	3,785,982	1,007,346
Roadwork, travel and transport	432,348	277,584	1,288,697	446,525
Engineering studies, consultants, geochemistry and geophysics	2,838,731	181,058	7,022,361	605,641
Environmental and community relations	1,503,937	325,919	2,424,024	545,980
VAT, other taxes and fees	663,041	238,581	3,147,775	443,105
Office, field and admin salaries, overhead and other costs	693,990	431,665	1,601,226	745,470
Share-based compensation	43,228	43,762	174,866	205,822
Inflation adjustment (Note 4)	328,408	-	823,371	-
Exploration expenditures	$ 7,035,183	$ 2,139,781	$ 21,104,788	$ 4,813,760

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

13. DEBENTURE

On June 25, 2019 the Company secured a new US$10,000,000 credit facility with Zebra Holdings and Investments S.à.r.l. (“Zebra”), a related party of the Company, as evidenced by a debenture to provide additional financial flexibility to fund ongoing exploration at the Josemaria project and for general corporate purposes (the “2019 Facility”). Zebra reports its security holdings in the Company as a joint actor with Lorito Holdings S.à.r.l., and they collectively held more than 20% of the Company’s issued and outstanding common shares as at June 30, 2019. Zebra received 28,000 common shares of the Company as consideration upon execution of the 2019 Facility, and will receive 500 common shares each month, for every US$ 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”) which remains available until October 5, 2019. All balances previously drawn under the 2018 Facility was repaid in full on February 5, 2019. A total of 78,271 shares were issued to Zebra during the six months ended June 30, 2019. Of the total US$15,000,000 credit facilities available to the Company, the Company drew a total of US$10.5 million from the two credit facilities (Note 16). There was nil balance drawn on both facilities as of June 30, 2019.

14. RELATED PARTY TRANSACTIONS

a) Related party services and balances

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

NGEx has a cost sharing arrangement with Filo Mining, a related party by way of directors, officers and shareholders in common. Under the terms of this arrangement, Filo Mining provided executive management and personnel services to NGEx, while NGEx provided financial management and administrative services to Filo Mining. These transactions were in the normal course of operations.

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Income from financial management and administrative services provided to Filo Mining	$ 111,660	$ 177,514	$ 212,667	$ 359,261
Costs of executive management and personnel services received from Filo Mining	(374,353)	(160,607)	(669,372)	(333,125)

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

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:

	June 30, 2019	December 31, 2018
Due from related party	$ 721,526	$ 77,492
Assets held for sale (Note 5)	29,574	-
	751,100	-

	June 30, 2019	December 31, 2018
Due to related party	(1,740,962)	(523,244)
Liabilities held for sale (Note 5)	(196,732)	-
	(1,937,694)	-

On June 30, 2019, the Company finalized an arrangement with Filo Mining to extend the minimum period of use of its Batidero Camp facility up to March 31, 2021 which right is automatically renewed unless terminated upon one year's prior notice in exchange for a related party receivable consideration of $382,670 (Note 7).

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 costs of key management personnel services received from Filo Mining as previously described in Note 14a, and the composition thereof, is as follows:

	Six months ended June 30, 2019	Six months ended June 30, 2018
Salaries and other payments	$ 942,000	$ 684,750
Employee benefits	21,995	18,944
Director fees	95,500	80,500
Share-based compensation	457,279	467,624
	$ 1,516,774	$ 1,251,818

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

15. SEGMENTED INFORMATION

The Company is principally engaged in the acquisition, exploration and development of mineral properties 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 investigation 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:

As at June 30, 2019:	Los Helados	Josemaria	Other projects	Administration	Total
Share consideration receivable	-	-	-	578,949	578,949
Equipment and other assets	$ -	$ 2,515,350	$ -	$ 47,650	$ 2,563,000
Mineral properties	-	11,934,331	-	-	11,934,331
Non-current assets	-	$ 14,449,681	-	$ 626,599	$ 15,076,280
Assets held for sale	4,277,440	-	965,526	165,362	5,408,328
Total	$ 4,277,440	$ 14,449,681	$ 965,526	$ 791,961	20,484,608
For the six months Ended June 30, 2019:					
Exploration Expenses	$ 1,525,346	$ 18,568,664	$ 254,883	$ 755,895	$ 21,104,788
G&A and other items	-	-	-	2,270,232	2,270,232
Net loss for the period	$ 1,525,346	$ 18,568,664	$ 254,883	$ 3,026,127	$ 23,375,020

As at December 31, 2018:	Los Helados	Josemaria	Other projects	Corporate	Total
Equipment and other assets	$ -	$ 1,710,604	$ -	$ 56,800	$ 1,767,404
Share consideration receivable	-	-	-	532,367	532,367
Mineral properties	4,040,164	11,477,570	494,826	-	16,012,560
Non-current assets	$ 4,040,164	$ 13,188,174	$ 494,826	$ 589,167	$ 18,312,331
For the six months Ended June 30, 2018:					
Exploration Expenses	$ 1,104,102	$ 783,747	$ 2,925,911	$ -	$ 4,813,760
G&A and other items	-		-	2,154,163	2,154,163
Net loss for the period	$ 1,104,102	$ 783,747	$ 2,925,911	$ 2,154,163	$ 6,967,923

16. SUBSEQUENT EVENTS

a) Plan of Arrangement

On April 17, 2019, 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 Company completed the Arrangement on July 17, 2019.

The Company transferred to NGEx Minerals Ltd., a newly incorporated wholly owned subsidiary, directly or indirectly through its subsidiaries Suramina Resources Inc., NGEx RioEx Holdings Inc., and NGEx Argentina Holdings Inc., the Los Helados Project located in Chile and other exploration projects located in Argentina (collectively the "Spinout Exploration Business") and CAD$7.3 million in cash, including the assignment of the Company's Obligation (Note 9), in exchange for Spinco common shares.

Under the Arrangement, Josemaria Resources Inc. distributed all of the shares of Spinco to its shareholders on the basis of one Spinco share for every two shares of the Company held, by way of a reduction and return of share capital. At the closing of the transaction, Spinco was owned exclusively by existing shareholders in identical proportion to their previous shareholdings of the Company.

NGEx Minerals Ltd. is currently applying for a listing of the Spinco shares on the TSX Venture Exchange. Any such listing will be subject to NGEx Minerals fulfilling all of the requirements of the TSXV.

b) Debenture

Subsequent to June 30, 2019, the Company drew US$10.5 million in credit facilities available from Zebra (Note 13), specifically US$5 million from the 2018 Facility and US$5.5 million from the 2019 Facility, to fund ongoing exploration at the Josemaria project and for general corporate purposes.