

COMPANY DESCRIPTION

FILO MINING CORP.

September 1, 2016

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 Pareto Securities

IMPORTANT INFORMATION

This company description (the “**Company Description**”) has been produced by Filo Mining Corp. (“**Filo Mining**” or the “**Company**”) as an information only document for the purpose of providing certain information in conjunction with a listing of shares in the Company on Nasdaq First North.

The distribution of this Company Description in certain jurisdictions is restricted by law. No action has been taken by the Company or any other person to permit a public offering in any jurisdiction. Persons into whose possession this Company Description may come are required to inform themselves about and to observe such restrictions. This Company Description may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorised or is unlawful. This Company Description does not constitute an offer to sell or a solicitation of an offer to buy any shares in the Company.

This document is not a prospectus and it has not been approved or reviewed by any governmental authority in any jurisdiction.

The shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or under any of the relevant securities laws of any state or other jurisdiction of the United States of America. The shares may not be offered or sold in the United States, except pursuant to an exemption from the Securities Act or in a transaction not subject to the registration requirements of the Securities Act.

No representation or warranty, express or implied, is made by Pareto Securities AB (“**Pareto Securities**”) as to the accuracy or completeness of any information contained in this Company Description. In making an investment decision, investors must rely on their own assessment of Filo Mining. No person is or has been authorised to give any information or make any representation under this Company Description other than those contained in this Company Description and, if given or made, such information or representation must not be relied upon as having been authorised by the Company who does not accept any liability with respect to any such information or representation.

The delivery of this Company Description shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

It should be noted that certain statements herein which are not historical facts, including, without limitation, those regarding expectations for general economic development and the market situation, expectations for Filo Mining’s development and profitability and statements preceded by “expects”, “estimates”, “forecasts” or similar expressions, are forward-looking statements. These statements are based on current decisions and plans and currently known factors. They involve risks and uncertainties which may cause the actual results to materially differ from the results currently expected for Filo Mining.

This Company Description is governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with this Company Description.

Investing in the Company involves a high degree of risk. For a discussion of certain of the risk factors that should be considered in connection with an investment in the company, please see the section “Risk Factors”.

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FINANCIAL CALENDAR

Interim report June-September, 2016: November 29, 2016

Annual General Meeting: June, 2017

INFORMATION REGARDING THE LISTING

ISIN code for Filo Mining Corp. share: CA31730E1016

Short name (ticker) on First North for Filo Mining Corp. share: FIL

Expected first day of trading on First North: September 6, 2016

DATE OF INFORMATION

Information contained in this Company Description is as at September 1, 2016, unless otherwise indicated.

REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

The historical financial statements of Filo Mining contained in this Company Description are reported in Canadian dollars and have been prepared in accordance with IFRS. All references to dollar amounts in this Company Description are to Canadian dollars unless stated otherwise or the context otherwise requires.

CURRENCY AND EXCHANGE RATES

Unless otherwise indicated herein, references to “\$”, “Cdn\$” or “Canadian dollars” are to Canadian dollars, and references to “US\$” or “U.S. dollars” are to United States dollars.

The following table sets out: (i) the rates of exchange for one U.S. dollar expressed in Canadian dollars in effect at the end of the periods indicated; (ii) the average rates of exchange for such periods; and (iii) the highest and lowest rates of exchange during such periods, based on the closing rates of exchange as quoted by the Bank of Canada.

	Year Ended December 31 ⁽¹⁾			3 Months Ended March 31 ⁽¹⁾	
	2013	2014	2015	2015	2016
Low	0.9816	1.0589	1.1599	1.1599	1.2858
High	1.0738	1.1674	1.4001	1.2835	1.4690
Average	1.0300	1.1046	1.2790	1.2403	1.3721
Close	1.0623	1.1621	1.3839	1.2686	1.3004

Note: (1) Historical US\$-Cdn\$ exchange rate data obtained from Bloomberg.

On August 26, 2016, the closing exchange rate for one United States dollar expressed in Canadian dollars as reported by the Bank of Canada was Cdn\$1.3000. On August 26, 2016, the closing exchange rate for one Canadian dollar expressed in Swedish kronas as reported by Sweden’s central bank was SEK 6.5100.

RISK FACTORS

Investing in Filo Mining Corp. shares (the “Filo Common Shares” or “Shares”) is associated with a number of risks and uncertainties. A number of factors affect, or may affect, the Company’s business, both directly and indirectly. Prior to investing in the Shares, prospective investors should carefully consider the factors, risks and uncertainties associated with any such investment, the Company’s business, strategy and the industry in which it operates, together with all other information contained in this Company Description including, in particular, the risk factors described below.

Risk factors deemed to be of material importance for the Company’s business, operating results, financial condition and prospects are described below and should be used as guidance only. The description is not exhaustive and the order in which the risks are presented is not an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Company’s operations, operating results, financial condition or prospects. Additional risks and uncertainties relating to the Company that are currently not known to the Company, or that the Company currently deems immaterial, may individually or cumulatively have a material adverse effect on the Company’s business, financial condition or prospects and, if any such risk should materialise, the price of the Shares may decline and investors could lose all or part of their investment. Prospective investors should carefully consider whether an investment in the Shares is suitable for them in light of the information in this Company Description and their personal circumstances.

Risks related to Filo Mining’s operations and market

Limited Operating History

Filo Mining was incorporated on May 12, 2016 and has a limited operating history and no operating revenues. Exploration projects have no operating history upon which to base estimates of future cash flows. Substantial expenditures are required to develop mineral projects. It is possible that actual costs and future economic returns may differ materially from Filo Mining’s estimates. There can be no assurance that the underlying assumed levels of expenses for any project will prove to be accurate. Further, it is not unusual in the mining industry for new mining operations to experience unexpected problems during start-up, resulting in delays and requiring more capital than anticipated. There can be no assurance that Filo Mining’s projects will move beyond the exploration stage and be put into production, achieve commercial production or that Filo Mining will produce revenue, operate profitably or provide a return on investment in the future. Mineral exploration involves considerable financial and technical risk. There can be no assurance that the funds required for exploration and future development can be obtained on a timely basis. There can be no assurance that Filo Mining will not suffer significant losses in the near future or that Filo Mining will ever be profitable.

Filo Mining's operations are subject to human error

Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage Filo Mining's interests, and even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to Filo Mining. These could include loss or forfeiture of mineral claims or other assets for non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort Filo Mining might undertake and legal claims for errors or mistakes by Filo Mining personnel.

Financing Risks

In the future, additional funding will be required to conduct future exploration programs on the Filo del Sol Project and to conduct other exploration programs. If Filo Mining's proposed exploration programs are successful, additional funds will be required for the development of an economic mineral body and to place it in commercial production. The only sources of future funds presently available to Filo Mining are the sale of equity capital, or the offering by Filo Mining of an interest in its properties to be earned by another party or parties carrying out exploration or development thereof. There is no assurance that any such funds will be available for operations. Failure to obtain additional financing on a timely basis could cause Filo Mining to reduce or terminate its proposed operations.

Conflicts of Interest

Certain directors and officers of Filo Mining are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of Filo Mining, including NGEx. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of Filo Mining. Directors and officers of Filo Mining with conflicts of interest will be subject to the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

No History of Earnings

Filo Mining has no history of earnings or of a return on investment, and there is no assurance that the Filo del Sol Project or any other property or business that Filo Mining may acquire or undertake will generate earnings, operate profitably or provide a return on investment in the future.

Dividend Policy

No dividends on Filo Common Shares have been paid by Filo Mining to date. Filo Mining anticipates that it will retain all earnings and other cash resources for the foreseeable future for the operation and development of its business. Filo Mining does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Board of Directors of Filo Mining after taking into account many factors, including Filo Mining's operating results, financial condition and current and anticipated cash needs.

Exploration and Development

Resource exploration and development is a speculative business and involves a high degree of risk. There is no known body of commercial ore on the Filo del Sol Project. There is no certainty that the expenditures to be made by Filo Mining in the exploration of the Filo del Sol Project or otherwise will result in discoveries of commercial quantities of minerals.

All of Filo Mining's operations are at the exploration stage and there is no guarantee that any such activity will result in commercial production of mineral deposits. The exploration for mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may

not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration programs planned by Filo Mining or any future development programs will result in a profitable commercial mining operation. There is no assurance that the Filo Mining's mineral exploration activities will result in any discoveries of commercial quantities of ore.

There is also no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Filo Mining not receiving an adequate return on invested capital. The long-term profitability of Filo Mining will be in part directly related to the cost and success of its exploration programs and any subsequent development programs.

Environmental Risks and Other Regulatory Requirements

The current or future operations of Filo Mining, including future exploration and development activities and commencement of production on its property or properties, will require permits or licences from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which Filo Mining may require for the conduct of its operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any project which Filo Mining might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies and mine reclamation and remediation activities, or more stringent implementation thereof, could have a material adverse impact on Filo Mining and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

Foreign Country Risks

The Filo del Sol Project is located in Argentina and Chile, countries with social, political and economic

policies that differ from Canada's and Sweden's. Although Filo Mining believes the current conditions in Argentina and Chile are stable and conducive to conducting business, there is no assurance that such conditions will continue to prevail. Governmental policies may change to discourage foreign investment or mining; nationalization of mining industries may occur; and other unforeseen limitations, restrictions or requirements may be implemented. There can be no assurance that Filo Mining's assets will not be subject to nationalization, expropriation, requisition or confiscation, whether legitimate or not, by any authority or body. There can also be no assurance that adverse developments such as terrorism, military repression, civil unrest, crime, extreme fluctuations in currency exchange rates or high inflation will not occur.

Business Operations through Foreign Subsidiaries

Filo Mining will be conducting a portion of its business through one or more foreign subsidiaries, and a portion of its assets may be held by such entities. Accordingly, any limitation on the transfer of cash or other assets between Filo Mining and its subsidiaries, or among its subsidiaries, could restrict Filo Mining's ability to fund operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on Filo Mining's valuation.

Commodity Prices

The price of the Filo Common Shares and Filo Mining's financial results may be significantly adversely affected by a decline in the price of copper, gold, silver and other mineral commodities. Metal prices fluctuate widely and are affected by numerous factors beyond Filo Mining's control. The level of interest rates, the rate of inflation, world supply of mineral commodities, global and regional consumption patterns, speculative trading activities, the value of the United States dollar and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems, political systems and political and economic developments. The price of mineral commodities has fluctuated widely in recent years and future serious price declines could cause potential commercial production to be uneconomic. A severe decline in the price of minerals would have a material adverse effect on Filo Mining.

Acquisition Strategy

As part of Filo Mining's business strategy, it has sought and will continue to seek new exploration, development and mining opportunities in the resource industry. In pursuit of such opportunities, Filo Mining may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into Filo Mining. Filo Mining cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit Filo Mining.

Significant Competition for Attractive Mineral Properties

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. Filo Mining expects to selectively seek strategic acquisitions in the future, however, there can be no assurance that suitable acquisition opportunities will be identified. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater

financial and technical resources than Filo Mining, Filo Mining may be unable to acquire additional attractive mineral properties on terms it considers acceptable. In addition, Filo Mining's ability to consummate and to integrate effectively any future acquisitions on terms that are favourable to Filo Mining may be limited by the number of attractive acquisition targets, internal demands on resources, competition from other mining companies and, to the extent necessary, Filo Mining's ability to obtain financing on satisfactory terms, if at all.

Permitting

Filo Mining's mineral property interests are subject to receiving and maintaining permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of existing permits, additional permits for any possible future developments or changes to operations or additional permits associated with new legislation. Prior to any development of any of their properties, Filo Mining must receive permits from appropriate governmental authorities. There can be no assurance that Filo Mining will continue to hold all permits necessary to develop or continue its activities at any particular property. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, may have a material adverse impact on Filo Mining, resulting in increased capital expenditures and other costs or abandonment or delays in development of properties.

Land Title

The acquisition of title to resource properties is a very detailed and time-consuming process. No assurances can be given that there are no title defects affecting the properties in which Filo Mining has an interest. The properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. Other parties may dispute the title to a property or the property may be subject to prior unregistered agreements and transfers or land claims by Indigenous people. The title may also be affected by undetected encumbrances or defects or governmental actions. Filo Mining has not conducted surveys of properties in which it holds an interest and the precise area and location of claims or the properties may be challenged. Filo Mining may not be able to register rights and interests it acquires against title to applicable mineral properties. An inability to register such rights and interests may limit or severely restrict Filo Mining's ability to enforce such acquired rights and interests against third parties or may render certain agreements entered into by Filo Mining invalid, unenforceable, uneconomic, unsatisfied or ambiguous, the effect of which may cause financial results yielded to differ materially from those anticipated. Although Filo Mining believes it has taken reasonable measures to ensure proper title to the properties in which it has an interest, there is no guarantee that such title will not be challenged or impaired.

Influence of Third Party Stakeholders

The mineral properties in which Filo Mining holds an interest, or the exploration equipment and road or other means of access which Filo Mining intends to utilize in carrying out its work programs or general business mandates, may be subject to interests or claims by third party individuals, groups or

companies. In the event that such third parties assert any claims, Filo Mining's work programs may be delayed even if such claims are not meritorious. Such claims may result in significant financial loss and loss of opportunity for Filo Mining.

Insurance

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, ground or slope failures, fires, environmental occurrences and natural phenomena such as prolonged periods of inclement weather conditions, floods and earthquakes. It is not always possible to obtain insurance against all such risks and Filo Mining may decide not to insure against certain risks because of high premiums or other reasons. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage to Filo Mining's properties or the properties of others, delays in exploration, development or mining operations, monetary losses and possible legal liability. Filo Mining expects to maintain insurance within ranges of coverage which it believes to be consistent with industry practice for companies of a similar stage of development. Filo Mining expects to carry liability insurance with respect to its mineral exploration operations, but is not expected to cover any form of political risk insurance or certain forms of environmental liability insurance, since insurance against political risks and environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is prohibitively expensive. Should such liabilities arise, they could reduce or eliminate future profitability and result in increasing costs and a decline in the value of the securities of Filo Mining. If Filo Mining is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy. The lack of, or insufficiency of, insurance coverage could adversely affect Filo Mining's future cash flow and overall profitability.

Dependence on Management

Filo Mining is very dependent upon the personal efforts and commitment of its directors and officers, especially Wojtek Wodzicki, Filo Mining's current President and Chief Executive Officer. If one or more of Filo Mining's executive officers become unavailable for any reason, a severe disruption to the business and operations of Filo Mining could result, and Filo Mining may not be able to replace them readily, if at all. As Filo Mining's business activity grows, Filo Mining will require additional key financial, administrative and mining personnel as well as additional operations staff. There can be no assurance that Filo Mining will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increase. If Filo Mining is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on Filo Mining's future cash flows, earnings, results of operations and financial condition.

Risks relating to an investment in the Company's Shares

Market Price of Shares

Securities of mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors

include macroeconomic conditions in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Shares is also likely to be significantly affected by short-term changes in commodity prices, other mineral prices, currency exchange fluctuation, or in its financial condition or results of exploration on its projects. Other factors unrelated to the performance of the Company that may have an effect on the price of the Shares include the following: the extent of analytical coverage available to investors concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Shares, lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of securities of the Company, the size of the Company's public float and its inclusion in market indices may limit the ability of some institutions to invest in the Company's securities, and a substantial decline in the price of the securities of the Company that persists for a significant period of time could cause the Company's securities to be delisted from an exchange, further reducing market liquidity. If an active market for the securities of the Company does not continue, the liquidity of an investor's investment may be limited and the price of the Shares may decline. If an active market does not exist, investors may lose their entire investment in the Company. As a result of any of these factors, the market price of the Shares at any given point in time may not accurately reflect the long-term value of the Company. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Risks related to the stock market

A prospective investor should be aware that an investment in the Shares is highly speculative and is associated with a high degree of risk, and that the price of the Shares may not develop favorably. The share prices of publicly-traded companies can be highly volatile. The price at which the Shares may be quoted and the price which investors may realize for their Shares will be influenced by a large number of factors, some specific to the Company and its operations and some which may affect the industry as a whole, or listed companies generally. In addition to the Company's performance, such factors may include the economic climate, market interest rates, capital flows, political uncertainties and market and behavioral psychology, as well as substantial future sale of Shares. The Company is unable to predict or exercise control over these factors. Thus, a potential investor should be aware of the risk that the trading price of the Shares can decline.

Risks related to illiquid trading and the listing

Filo Common Shares have been approved for listing on Nasdaq First North (and TSX-V) and the first day of trading is expected to be on or about September 6, 2016. There can be no assurance that an active trading market will develop for the Filo Common Shares, or if developed, that such a market will be sustained at the trading price of the Filo Common Shares on Nasdaq First North (and TSX-V) immediately after the Effective Date.

Should active and liquid trading not be sustained, holders of Shares may experience difficulties in selling Shares, either momentarily, or completely. If there is not a sufficient number of holders of Shares traded on Nasdaq First North (and TSX-V), the Company may not be able to comply with the listing requirements of Nasdaq First North (and TSX-V), requiring that there shall be sufficient liquidity in order to facilitate orderly trading and an efficient price formation process. In the event that the Board would

consider the Listing as inappropriate based on, for example, economical, financial or political terms, the Listing application may be withdrawn by the Company.

Dilution

Issuances of additional securities including, but not limited to, its common stock or some form of convertible debentures, will result in a dilution of the equity interests of any persons who are Shareholders of Filo Mining.

BACKGROUND AND RATIONALE

For more information, please refer to this Company Description, which has been prepared by the Board of Directors of Filo Mining Corp. in connection with the Listing.

Filo Mining was created through a transaction in which NGEx Resources Inc transferred the Filo del Sol Project, and the Filo Working Capital to Filo Mining (the “**Arrangement**”). The Arrangement is designed to deliver greater value to shareholders by unlocking the value of the Filo del Sol Project and also minimize dilution of the Constellation Project.

The Filo del Sol Project is a copper-gold-silver deposit that straddles the international border between San Juan Province, Argentina and Region III, Chile and is comprised of adjacent mineral titles in Chile and Argentina. Filo Mining intends to focus on the Filo del Sol Project and on the future acquisition of early stage exploration assets principally in South America. Filo Mining and NGEx believe that the Arrangement is in the best interests of both companies for numerous reasons. The Arrangement will allow the market to value the Filo del Sol Project independently of the later stage Project Constellation assets held by NGEx. Filo Mining will benefit from a strong board of directors and management team with experience acquiring and developing exploration stage assets in South America. It is expected that transferring the Filo del Sol Project from NGEx to Filo Mining will accelerate development of the Filo del Sol Project and give scope to new acquisitions.

If NGEx were to retain the Filo del Sol Project, there is risk it would not be explored to the same extent within NGEx as it would in Filo Mining which could forego the future potential of the Filo del Sol Project. As Project Constellation is much larger and more advanced than the Filo del Sol Project, NGEx and Filo Mining may have different risk profiles going forward which would attract differing investor bases. The Fairness Advisor found data to support the probability that the combined post Arrangement market capitalizations of NGEx and Filo Mining would exceed the market capitalization of NGEx pre-Arrangement.

The Arrangement included a transfer of the Filo del Sol Project, along with approximately \$3 million in cash, to Filo Mining. Pursuant to the Arrangement, NGEx distributed 100% of the common shares of Filo Mining to NGEx shareholders on a pro rata basis. NGEx shareholders of record were entitled to receive one common share of Filo Mining for every four common shares of NGEx held as of the record date August 23, 2016. There were no changes in shareholders' holdings in NGEx as a result of the Arrangement. NGEx is listed on both the TSX and Nasdaq Stockholm. In order to provide corresponding listings in Canada and Sweden also for Filo Mining, the Company has applied for and been approved for listing on the TSX Ventures Exchange and Nasdaq First North.

We declare that, to the best of our knowledge, the information provided in the Company Description is accurate and that, to the best of our knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of board meetings, auditors' records and other internal documents is included in the Company Description.

Vancouver, British Columbia, Canada,

September 1, 2016

Filo Mining Corp.

The Board of Directors

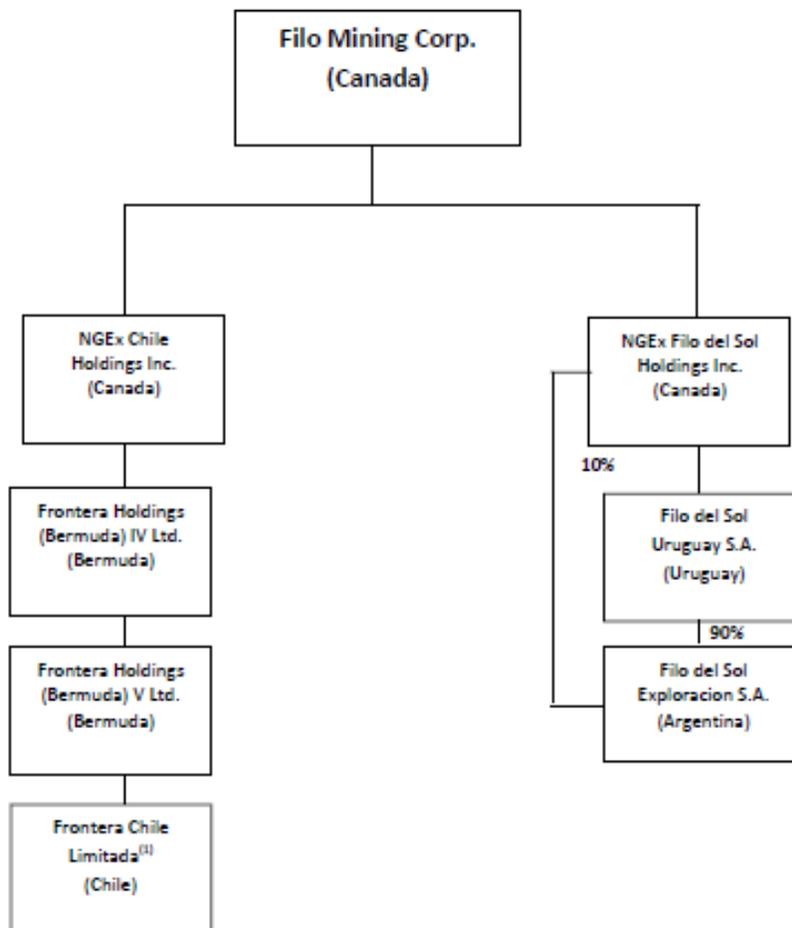
BUSINESS CONCEPT - FILO MINING CORP.

General description of the business

Filo Mining owns the Filo del Sol Project, through certain subsidiaries, as set out in the chart below. Filo Mining intends to operate as a copper, gold and silver mineral exploration and development company and will continue to advance its Filo del Sol Project. In addition, Filo Mining expects to also focus on the future acquisition of early stage exploration assets in South America. See “Exploration” below for information on Filo Mining’s proposed exploration program on the Filo del Sol Project.

Intercorporate relationships

Filo Mining has the following subsidiaries⁽²⁾:



Note:

- (1) In connection with the ownership, 0.01% is held by Pablo Mir Balmaceda in accordance with the instructions of Frontera Holdings (Bermuda) II Ltd.
- (2) Unless otherwise indicated, ownership is 100%.

General development of the business – three year history

Filo Mining was incorporated on May 12, 2016 and has had no business operations to date.

Significant acquisitions and dispositions

Filo Mining has not completed a financial year. The future operating results and financial position of Filo Mining cannot be predicted.

Budgeting

Recommendations for further work have been divided into three Phases in order to better define the goals and objectives and assist in planning and budgeting the work. The scope of subsequent phases will depend on the results of the preceding phases and the exact nature of Phases II and III will be contingent on the results of the preceding phase. Brief descriptions of the phases are presented below. Only Phase I has been budgeted at this time, due to the uncertainty of the scope of Phases II and III. A detailed budget for Phase II will be a result of Phase I, and a detailed budget for Phase III will be a result of Phase II.

The objective of this three-phase program is to provide sufficient knowledge about the project to allow an informed decision on whether or not to undertake a preliminary economic assessment (“**PEA**”).

Phase I:

Data from the comprehensive surface work program carried out during the 2015/16 field season should be incorporated into the project database. Once the database is updated, detailed evaluation and interpretation is required in order to develop specific drill targets. Work completed included extension of IP geophysical surveying, talus fine geochemical sampling, surface geological mapping and detailed trench mapping and sampling. This updated dataset will assist in refining drill targets outside of the resource area in order to explore for additional mineralization.

Work in Phase I should also include a detailed review of previous drilling into the resource volume in order to develop the most effective program for converting inferred resources into indicated resources. An additional goal of this planning should be to review and investigate high-grade gold intersections within the existing drilling in order to target these as potential structurally-controlled zones which could contain significant gold mineralization.

This data compilation and interpretation phase will lead to the development of a drill program in order to test the targets and ideas developed in Phase I.

Phase I should also include preliminary metallurgical testwork on existing sample material (reverse circulation (“**RC**”) drill chips from the 2014/15 drilling) in order to begin to characterize the metallurgical response of the different types of mineralization and assist in planning a detailed metallurgical test program in Phase III.

It is expected that the Phase I work program can be started immediately and completed during the 2016/17 field season.

Phase II:

The Phase II work program will be a substantial field program following the data evaluation and planning from Phase I. The exact timing of Phase II is controlled by the seasonal work schedule.

The number of holes and metres will be determined by the Phase I program, but it is expected that the program would include both diamond and RC drilling and would test outlying targets as well as areas

internal to the resource. Holes drilled into the deposit should be drilled with metallurgical testwork in mind, and a sampling protocol to provide appropriate material should be developed. It is anticipated that limited surface work would be completed in Phase II, and that work would primarily be drilling.

Following the drill program, once all data has been received and validated, an update to the Filo del Sol resource should be completed.

Phase III:

The third phase of work is recommended to be a more detailed economic evaluation of the deposit, leading towards the completion of a PEA, if warranted. This phase should develop a conceptual project plan, based on reasonable assumptions, leading to a preliminary economic evaluation of the project. This initial phase should also include a gap analysis in order to determine any additional information which would be required prior to initiating a PEA.

Metallurgical testwork on samples collected from the Phase II drill program is a critical aspect of Phase III, and the results of this work will be an important factor in determining the project's future.

The proposed budget for the Phase I Work Program is set out below:

Budget Category	Cost (US\$ x 1,000)
LAND HOLDING COSTS	404
CONSULTANTS	6
ENGINEERING STUDIES	30
TRAVEL	16
SALARIES	130
ENVIRONMENTAL	6
TAXES	11
TOTAL BUDGETED EXPENDITURES	603

The \$3 million in working capital transferred to Filo Mining upon completion of the Arrangement is allocated to the Phase I Work Program which is the only plan for which recommendation and a budget have been provided, and will also be used to satisfy working capital requirements. Any further capital expenditures on the Filo del Sol Project are dependent on the results of Phase I. Following the completion of the Arrangement, and subject to the results of the Phase I work and the availability of additional financing to be determined in the context of the market, management of Filo Mining may revisit the scope of the Filo del Sol Project work program going forward.

Working capital

Filo Mining has sufficient financial resources in order to be able to conduct the planned business for at least twelve months following the listing on Nasdaq First North. Due to the nature of mineral exploration and development operations, the Company does not expect to become profitable for a foreseeable future and there is no guarantee that the Company will ever become profitable. The only sources of future funds presently available to Filo Mining are the sale of equity capital, or the offering by Filo Mining of an interest in its properties to be earned by another party or parties carrying out exploration or development thereof. There is no assurance that any such funds will be available for operations. Failure to obtain additional financing on a timely basis could cause Filo Mining to reduce or

terminate its proposed operations.

Trends

Management is not aware of any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on Filo Mining's business, financial condition or results of operations as at the date of this Company Description, except as otherwise disclosed herein or except in the ordinary course of business.

Filo del Sol Project, Chile and Argentina

Filo Mining's only material property is the Filo del Sol Project for which disclosure is provided below.

With respect to the Filo del Sol Property:

- NGEx originally became involved in the project in 1999 through its predecessor company, Tenke Mining Corp., and earned a 100% interest in Filo del Sol Property from Cyprus-Amex.
- On November 1, 2004, Tenke Mining and its subsidiaries signed a letter of intent ("**LOI**") with Japan Oil, Gas and Metals National Corporation ("**JOGMEC**") whereby JOGMEC had the right to acquire a 40% equity interest in the Filo del Sol Project.
- On July 3, 2007, Tenke Mining Corp.'s direct and indirect rights, obligations and interests were transferred to Suramina Resources Inc. in accordance with a reorganization.
- On February 1, 2008, in accordance with the JOGMEC LOI, Suramina and its subsidiaries and JOGMEC entered into a Joint Exploration Agreement ("**JEA**") in substitution for, and as the replacement, of the LOI. Under the JEA, JOGMEC held an indirect 40% interest in the Joint Venture Property while Suramina and its subsidiaries held the remaining 60% interest.
- On April 17, 2009, Suramina Resources Inc. became a wholly-owned subsidiary of NGEx.
- On September 7, 2012, the NGEx Group Entities, JOGMEC and Pan Pacific Copper Co., Ltd. entered into a Consent, Novation and Agreement to be Bound ("**Novation**"). Pursuant to the Novation, JOGMEC transferred the JOGMEC Right to Pan Pacific Copper Co., Ltd. and the JOGMEC Right automatically converted in to a 40% equity interest in the Joint Venture. Pan Pacific Copper Co., Ltd. assumed JOGMEC's rights and responsibilities under the JEA as though it were a party to that agreement in substitution of JOGMEC.
- In October 2014, NGEx acquired the 40% interest in Filo del Sol held by its joint exploration partner Pan Pacific Copper Co. ("**PPC**") to then own, directly or indirectly, 100% of the Filo del Sol Exploration Business in exchange for cash (US\$3.5 million). Total consideration was US\$7.0 million. NGEx paid US\$3.5 million on closing with the remaining US\$3.5 million satisfied through funding obligations of NGEx incurred in respect remaining properties subject to a joint venture between PPC and NGEx. PPC is at arm's length to each of NGEx and Filo Mining.

With respect to the Tamberias Property:

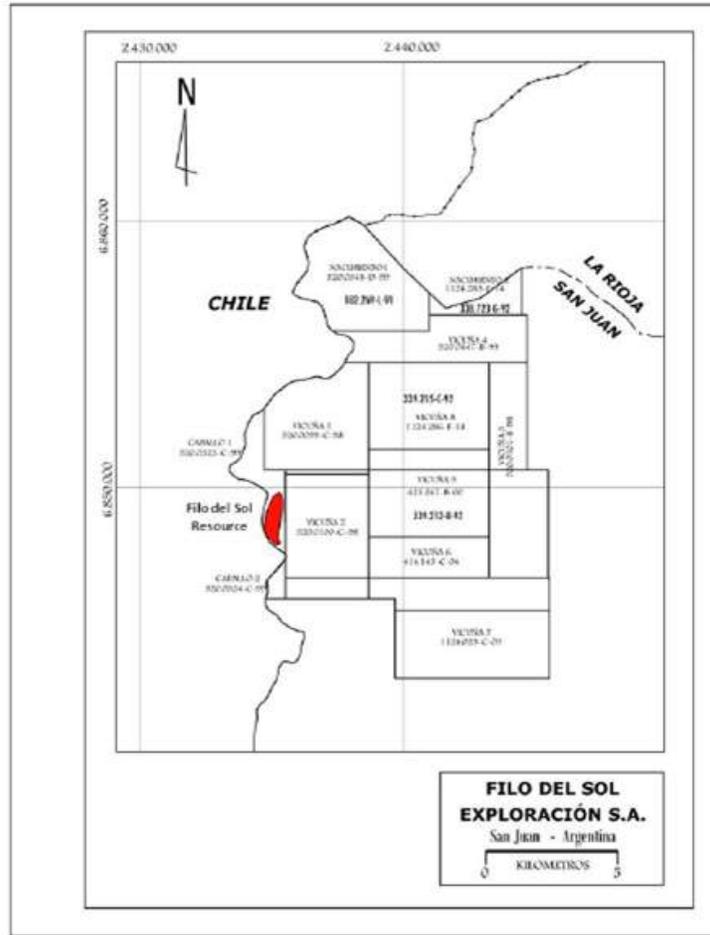
On March 25, 2011, NGEx Resources Inc. entered into an option agreement with Compania Minera Tamberias SCM whereby NGEx could acquire a 100% interest in the Tamberias property by making optional payments totaling US\$20 million on or before June 30, 2020, subject to a 1.5% net smelter return royalty in favour of Tamberias. This agreement was amended on November 17, 2015 to extend the final date to June 30, 2023.

The following disclosure regarding the Filo del Sol Project is derived from and expands on the NI 43-101

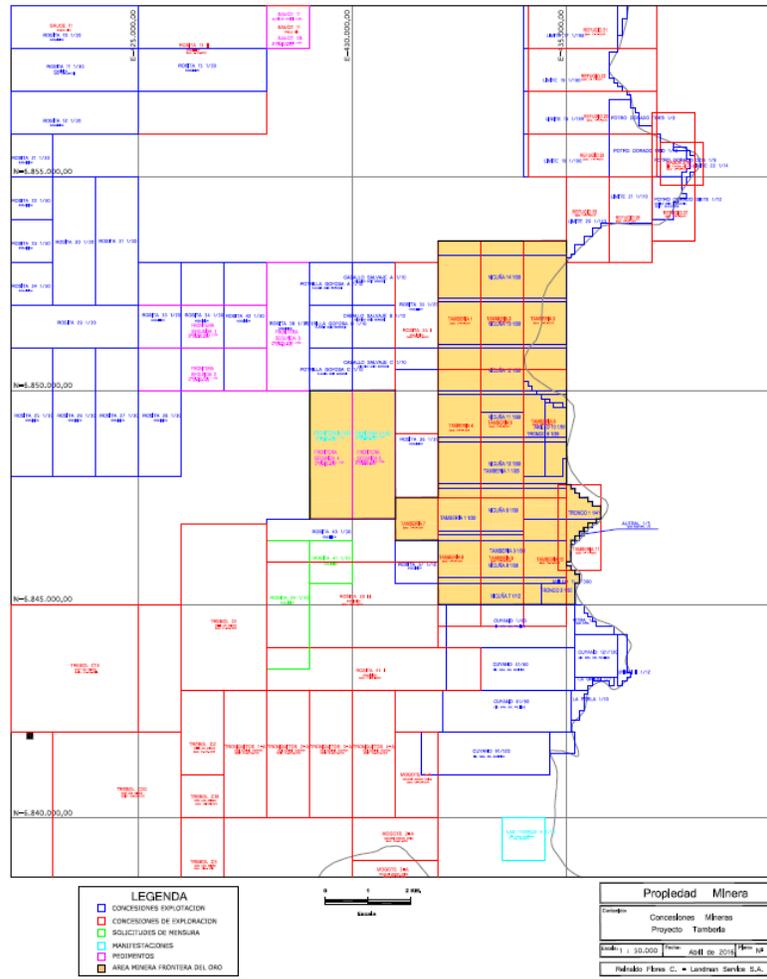
technical report dated June 10, 2016, prepared by Fionnuala Devine, P. Geo., Diego Charchaflié, P. Geo., and James N. Gray, P. Geo., titled Geological Report for the Filo del Sol Property, Region II, Chile and San Juan Province, Argentina” with an effective date of May 30, 2016. (the “**Filo del Sol Report**”). The Filo del Sol Report is available under Filo Mining’s profile on SEDAR www.sedar.com. The Filo del Sol Report was originally prepared for NGEx, and was updated and re-addressed to Filo Mining in connection with the Arrangement. The Filo del Sol Report is an independently prepared technical report. Each of the qualified persons that prepared the Filo del Sol Report is independent of Filo Mining as defined in National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.



General Location



Project Location - Argentina



Project Location - Chile

Project Description, Location and Access

The Filo del Sol Project is located in the Atacama Region of Northern Chile and adjacent San Juan province of Argentina, 140 kilometres southeast of the city of Copiapó, Chile and straddles the border between Argentina and Chile. The centre of the main deposit area is located at 28.49° S latitude and 69.66° W longitude.

The Filo del Sol Project is comprised of adjacent mineral titles in both Chile and Argentina which are 100% controlled by Filo Mining either through direct ownership or option agreements. Those in Argentina are controlled by Filo del Sol Exploración S.A. and are referred to as the Filo del Sol Property and those in Chile are controlled by Frontera Chile Limitada and are referred to as the Tamberías Property. For the purposes of the Filo del Sol Report and this summary, the “Filo del Sol Project” comprises both the claims in Argentina and those in Chile. Both Filo del Sol Exploración S.A. and Frontera Chile Limitada are wholly-owned subsidiaries of Filo Mining Corp. For the purposes of this summary, Filo Mining Corp. and the subsidiary companies are referred to interchangeably as “Filo Mining”.

In Argentina, Filo del Sol Exploración S.A. owns four exploration permits (“**Cateos**”) and 12 exploitation permits (“**Manifestaciones**”). In Chile, Frontera Chile Limitada is the owner of 16 exploration concessions (“**Manifestaciones**”), 2 exploitation mining concessions (“**Mensuras**”) in the process of being granted, and one unilateral and irrevocable option agreement to purchase 17 mining licenses (“**Mensuras**”). The total area is approximately 16,616 hectares. A title opinion with respect to the Tamberías Property was obtained, dated June 10, 2016, and a title opinion with respect to the Filo del Sol Property was obtained, dated June 6, 2016.

Climate and Access

The climate is cold and windy, typical of the high Andes. The exploration field season runs from October to April and requires the presence of a bulldozer all season in case of sudden snowfalls. The project could be kept open all year if 2 to 3 bulldozers were kept working, but low temperatures make it difficult to work in the winter months.

Field work is based out of the Batidero camp located approximately 20 kilometres from the project in Argentina. The Batidero camp can accommodate approximately 120 people. The site is remote and, other than road access, there is no infrastructure available.

Elevations on the property range from 3,800 to 5,400 metres above sea level. The mountains are generally not rugged and vehicle access is possible to most of the property. Vegetation is almost entirely absent in the area.

Properties in Argentina

In Argentina, mineral rights are acquired by application to the government through a system based entirely on paper staking. A mineral property may go through several stages of classification during its life time. This begins with a Cateo (exploration permit). A Cateo consists of one to twenty units, each unit being 500 ha in size. A fee, calculated per hectare, is required within five days of the Cateo’s approval. The term of a Cateo, the length of which varies based on size, begins 30 days after approval. A Cateo of one unit has a duration of 150 days and for each additional unit its duration is increased by an additional 50 days.

To move to the next stage the Cateo holder must apply within the term of the Cateo by reporting a mineral discovery. Upon approval this will result in a Manifestacion de Descubrimiento or mining rights for an area up to 3,000 hectares. This area is comprised of Mining Units, with one Mining Unit being 100 hectares in the case of a disseminated deposit unit and six hectares in the case of a vein deposit unit. Once this is approved the holder may conduct a Mensura or legal survey to apply for a mining lease (“**Mina**”). The property will generally stay in the Manifestacion stage until a mineral resource has been defined.

Filo del Sol Exploración S.A. has the properties detailed in **Table 0-1** and **Table 0-2** below.

Table 0-1: Exploration Cateos Owned - Argentina

CONCESSION	FILE NUMBER	HECTARES
Cateo	182.269-L-91	1,446*
Cateo	338.723-G-92	291*
Cateo	339.215-C-92	3,807
Cateo	339.212-B-92	4,027

An annual exploration fee due to the Province of San Juan is proportional to the mining units covered by each Mina. Each disseminated deposit mining unit covers 100 hectares and costs ARP 3,200 per annum and each vein deposit mining unit covers six hectares and costs ARP 320 per annum. The total fees are shown in **Table 0-2**.

Table 0-2: Manifestaciones Owned – Argentina

CONCESSION	FILE NUMBER	HECTARES	MINING UNITS	ANNUAL FEE (ARP)
Caballo I	520-0323-C-99	451*	5	16,000
Caballo II**	520-0324-C-99	76*	13	4,160
Nacimiento 1	520-0348-D-99	1,446*	15	48,000
Nacimiento 2	1124-285-F-14	291*	3	9,600
Vicuña 1	520-0099-C-98	1,439*	15	48,000
Vicuña 2	520-0100-C-98	1,483*	15	48,000
Vicuña 3	520-0101-B-98	1,491	15	48,000
Vicuña 4	520-0447-B-99	1,033*	11	35,200
Vicuña 5	425-247-B-00	1,500	15	48,000
Vicuña 6	414-145-C-04	1,500	15	48,000
Vicuña 7	1124-029-C-09	1,500	15	48,000
Vicuña 8	1124-286-F-14	1,488	15	48,000

* Area uncertain due to undefined National or Provincial boundary;

** Caballo II is comprised of vein deposit mining units.

The Argentine Mining Code also requires the presentation of a plan of investment for each Mina. The plan of investment contemplates a minimum expenditure of 300 times the annual fee and should be accomplished within five years following the request from the government.

The Properties Nacimiento 1, Nacimiento 2, Permit No. 338.723-G-92 and Permit No. 182.269-L-91 are affected by the payment of royalties as follows: US\$2.0 million in the event of commercial production. Furthermore, Filo del Sol Exploración S.A. shall pay the Owners a Net Smelting Return of 0.5% of the amount of the Project benefits over 10 years less costs. The Filo del Sol mineral resource lies within the Caballo I Manifestacion.

Surface Rights

The properties of Filo del Sol Exploración S.A. are located in the Iglesias Department of the Province of San Juan, in the area called “Cerro el Potro” within the “Usos Múltiples” (“**Multiple Uses**”) Area of the San Guillermo Provincial Reserve, where mining activities are fully authorized. The owner is the Provincial State.

Properties in Chile

Mining rights in Chile are acquired in the following stages.

Pedimento

A pedimento is an initial exploration claim whose position is well defined by UTM coordinates which define north-south and east-west boundaries. The minimum size of a pedimento is 100 hectares and the maximum is 5,000 hectares with a maximum length-to-width ratio of 5:1.

The duration of validity is for a maximum period of two years; however, at the end of this period, and provided that no overlying claim has been staked, the claim may be reduced in size by at least 50% and renewed for an additional two years. If the yearly claim taxes are not paid on a pedimento, the claim can be restored to good standing by paying double the annual claim tax the following year.

New pedimentos are allowed to overlap with pre-existing ones; however, the underlying (previously-staked) claim always takes precedent, providing the claim holder avoids letting the claim lapse due to a lack of required payments, corrects any minor filing errors, and converts the pedimento to a manifestacion within the initial two-year period.

Manifestacion

Before a pedimento expires, or at any stage during its two-year life, it may be converted to a manifestacion or exploration concession. Within 220 days of filing a manifestacion, the applicant must file a “Request for Survey” (Solicitud de Mensura) with the court of jurisdiction, including official publication to advise the surrounding claim holders, who may raise objections if they believe their pre-established rights are being encroached upon. A manifestacion may also be filed on any open ground without going through the pedimento filing process.

Mensura

Within nine months of the approval of the “Request for Survey” by the court, the claim must be surveyed by a government licensed surveyor. Surrounding claim owners may be present during the survey. Once surveyed, presented to the court, and reviewed by the National Mining Service (Sernageomin), the application is adjudicated by the court as a permanent property right (a mensura), which is equivalent to a “patented claim” or exploitation right. Exploitation concessions are valid indefinitely, and are subject to the payment of annual fees. Once an exploitation concession has been granted, the owner can remove materials for sale.

Filo Mining Chilean Properties

Frontera Chile Limitada is the owner of 16 Manifestaciones both granted and in the process of being granted, 2 Mensuras in the process of being granted and one unilateral and irrevocable option agreement to purchase 17 Mensuras, hereinafter the “**Properties**” that form the Project. These Properties are listed in Table 0-3 and table 0-4.

Table 0-3: Exploration Mining Concessions (“Manifestaciones”) Owned – Chile

CONCESSION	NATIONAL ID NUMBER (ROL NACIONAL)	STATUS	HOLDER	HECTARE
TAMBERIA 1	03203-D373-8	Granted	Frontera Chile Limitada	300
TAMBERIA 2	03203-D374-6	Granted	Frontera Chile Limitada	300
TAMBERIA 3	03203-D375-4	Granted	Frontera Chile Limitada	300
TAMBERIA 4	03203-D376-2	Granted	Frontera Chile Limitada	300
TAMBERIA 5	03203-D377-0	Granted	Frontera Chile Limitada	300
TAMBERIA 6	03203-D378-9	Granted	Frontera Chile Limitada	300
TAMBERIA 7	03203-D379-7	Granted	Frontera Chile Limitada	100
TAMBERIA 8	03203-D380-0	Granted	Frontera Chile Limitada	300
TAMBERIA 9	03203-D381-9	Granted	Frontera Chile Limitada	300
TAMBERIA 10	03203-D382-7	Granted	Frontera Chile Limitada	300
TAMBERIA 11	03203-D383-5	Granted	Frontera Chile Limitada	200
FRONTERA SEGUNDA 1	03201-K858-5	Granted	Frontera Chile Limitada	300
FRONTERA SEGUNDA 2	03201-K859-3	Granted	Frontera Chile Limitada	300
FRONTERA SEGUNDA 3	03201-K860-7	Granted	Frontera Chile Limitada	300
FRONTERA SEGUNDA 4	03201-K861-5	In Process	Frontera Chile Limitada	300
FRONTERA SEGUNDA 5	03201-K862-3	In Process	Frontera Chile Limitada	300

Table 0-4: Exploitation Mining Concessions (“Mensuras”) in Process of Granting.

CONCESSION	NATIONAL ID NUMBER (ROL NACIONAL)	STATUS	HOLDER	HECTARES
FRONTERA IV 1/60	N/A	In Process	Frontera Chile Limitada	300
FRONTERA V 1/60	N/A	In Process	Frontera Chile Limitada	300

Unilateral and Irrevocable Option Agreement

By public deed dated March 25, 2011 before the Santiago Notary Public of Antonieta Mendoza Escalas, Compañía Minera Tamberías SCM granted to Sociedad Contractual Minera Frontera del Oro SpA a unilateral and irrevocable option to purchase the Mensuras shown in Table 0-5 (the “**Option Agreement**”). By public deed dated July 27, 2012 before the Santiago Notary Public of Antonieta Mendoza Escalas, Sociedad Contractual Minera Frontera del Oro SpA assigned the Option Agreement to Frontera Chile Limitada.

Compañía Minera Tamberías SCM is at arm’s length to each of NGEx and Filo Mining. Total cumulative consideration paid to date is US\$2,500,000.

The following instalment payments remain:

- June 30, 2017 US\$300,000
- June 30, 2018 US\$400,000
- June 30, 2019 US\$500,000
- June 30, 2020 US\$1,000,000
- June 30, 2021 US\$1,000,000
- June 30, 2022 US\$1,000,000
- June 30, 2023 US\$13,300,000 (Note: may be paid in shares)

Table 0-5: Exploitation Mining Concessions (Mensuras) Under Option Agreement - Chile

CONCESSION	NATIONAL ID NUMBER (ROL NACIONAL)	STATUS	HECTARES
VICUÑA 14 1/30	03203-2889-6	Granted	300
VICUÑA 13 1/30	03203-2888-8	Granted	300
VICUÑA 12 1/30	03203-2882-9	Granted	300
VICUÑA 11 1/30	03203-2887-K	Granted	300
VICULA 10 1/30	03203-2886-1	Granted	300
VICUÑA 9 1/30	03203-2885-3	Granted	300
VICUÑA 8 1/30	03203-2884-5	Granted	300
VICUÑA 7 1/12	03203-2881-0	Granted	120
TAMBERIA 1 1/20	03203-4046-2	Granted	200
TAMBERIA 1 1/30	03203-4047-0	Granted	300
TAMBERIA 3 1/30	03203-4048-9	Granted	300
TRONCO 1 1/41	03203-4145-0	Granted	41
TRONCO 2 1/76	03203-4146-9	Granted	76

TRONCO 3 1/50	03203-4147-7	Granted	50
TRONCO 6 1/39	03203-4193-0	Granted	178
ANILLO 10 1/81	03203-4351-8	Granted	81
ANILLO 11 1/30	03203-4352-6	Granted	19

Frontera Chile Limitada may exercise the Option Agreement within the period that ends on June 30, 2023. The purchase price of the Option Agreement is US\$ 20,000,000, to be paid in installments during the term of the Option Agreement, and a royalty of 1.5% of the net smelter return. There are no work commitments.

Surface Rights

Surface land rights in the area of the Chilean Property are held by a local community, “*Comunidad Civil Ex Estancia Pulido*”. NGEEx, through its wholly-owned subsidiaries, has previously had a four year access agreement with the community that expired in September 2015, and does not currently own any surface rights at the Chilean Property. Filo Mining and its subsidiaries maintain a good relationship with the Pulido community, and expect to have a new access agreement in place prior to the 2016/17 exploration season.

The Filo del Sol Project is included within the “Vicuña Additional Protocol” under the Mining Integration and Complementation Treaty between Chile and Argentina. The main benefit during the exploration stage of the Vicuña Additional Protocol is the authorization which allows for people and equipment to freely cross the border of both countries in support of exploration and prospecting activities within an area defined as an “operational area”. Development of transboundary mining projects is possible under the Treaty.

The Filo del Sol Project is accessible by road from either Copiapó, Chile or San Juan, Argentina although Copiapó is much closer and is approximately five hours driving time.

History

Cyprus-Amax was the first company to have done any serious exploration work in the area, beginning in 1997 and based on recognition of auriferous silica and a copper-gold porphyry occurrence on the Chilean side of the border. Cyprus–Amax’s work during the 1998/99 season consisted of 1:10,000 geologic mapping, talus fine sampling, rock chip sampling, road construction to the project site, and a drill program of 2,519 metres in 16 RC drill holes. Filo Mining and its subsidiaries became involved in the project through its predecessor companies which negotiated purchase arrangements with Cyprus-Amax in August 1999.

Geological Setting, Mineralization and Deposit Types

The Filo del Sol Project is a high-sulphidation epithermal copper-gold-silver deposit associated with a large porphyry copper-gold system. Overlapping mineralizing events combined with weathering effects, including supergene enrichment, have created several different styles of mineralization, including structurally-controlled gold, manto-style high-grade silver (+/- copper) and high-grade supergene enriched copper within a broader envelope of disseminated sulphide copper and gold mineralization. Mineralization is hosted in clastic rocks inferred to be part of the Jurassic-Paleocene Cuartitos formation as well as underlying rhyolitic volcanic rocks inferred to be part of the Permo-Triassic basement. It is

located in the Andean Frontal Mountain Range (in Spanish, Cordillera Frontal), between the Maricunga gold porphyry zone to the north and the El Indio high-sulphidation zone to the south, both of Miocene age.

Three main zones of mineralization occur on the property called, from South to North, Filo del Sol, Maranceles and Potro. Filo del Sol is by far the most advanced and is the location of the mineral resource presented here. Maranceles and Potro are defined by widespread surface alteration very similar to that seen at Filo del Sol, anomalous copper and gold and pathfinder elements in talus fine samples and a few widely spaced, shallow drill holes.

The Filo del Sol Project displays a full transition between a high-sulphidation epithermal environment and a porphyry system, and both deposit types are represented. Weathering and supergene processes have created high-grade copper oxide and silver zones. Mineralization of potential economic interest within the Filo del Sol deposit includes high-grade leachable oxide/mixed copper mineralization, structurally controlled gold-silver mineralization, sub-horizontal “manto” high-grade silver mineralization and disseminated copper, gold, silver, molybdenum sulphide mineralization.

Exploration

Filo Mining, or its predecessor companies, has been exploring at Filo del Sol since the 1999-2000 field season. A total of twelve work programs have been completed over these years, and there have been four seasons where no work was done. Exploration has been limited to the summer season, typically between November and April, and exploration seasons are described by the years which they bridge. Surface work completed to date has included talus fine sampling, rock chip sampling, geological mapping and induced polarization and magnetic geophysical surveys.

The table below summarizes the surface work done during each field season:

Exploration Summary by Year

Season	Surface	Geophysics	Drilling
1998/99	1:10000 geological mapping Talus fine and rock sampling		2,519 metres
1999/00	1470 talus fine samples 3720 trench samples 1150 rock channel samples	153 km MAG 37.8 km IP-CSAMT	
2000/01	462 rock chip samples	100 km MAG	2,662 metres
2003/04	216 talus fine samples		1,171 metres
2004/05	149 talus fine samples	km IP-Res ^{30.4} 1,762 29.4 km MAG	metres
2005/06	83 talus fine samples 11 rock chip samples		1,708 metres
2006/07			578 metres

2007/08	310 talus fine samples	30.0 km IP-Re ^s 2,890 77.6 km MAG	metres
2010/11	Geological mapping 1:5000		156 metres
2011/12		36.2 km P-DP IP	1,853 metres
2012/13			821 metres
2013/14			8,406 metres
2014/15	Geological mapping 1:5000 And 1:7500; PIMA sampling	23 km P-DP IP	7,320 metres
2015/16	Geological mapping 1:5000, Geochem and PIMA sampling	27.7 km P-DP IP	

Drilling

Drilling at the Filo del Sol Project was initiated by Cyprus in 1998-1999 and since then a total of 28,963 metres of RC drilling in 109 holes and 4,257 metres of diamond drilling (“DD”) in 19 holes has been completed. All of these holes with the exception of eight RC holes (1,374 metres) were drilled in the Filo del Sol Project deposit area. Three of the eight were drilled in the Maranceles zone and five in the Potro zone. Drilling conditions at Filo del Sol Project are challenging due to the deep weathering profile and thick zone of leached and steam-heated alteration. DD method in particular has been used sparingly due to difficulties in completing holes and cost related to lost equipment. Most of the drilling has been done by RC methods due to its lower cost and higher productivity. Recovery for RC drilling was estimated by comparing the ideal weight of the sample (calculated as drilled volume multiplied by expected density) and the recovered material weight. This method is not exact as it relies on an estimation of the bulk rock density in order to determine the ideal weight of the sample. Poor recoveries (below 50%) are often related to fault zones or highly porous intervals in the steam-heated and residual silica zones. Recoveries over 100% are to be monitored as these may indicate sample contamination from material that has been introduced to the drilled interval (e.g. wall crumbling or hole cleaning). Detailed recovery records from holes drilled before 2008 are missing, however NGEx's internal reports indicate that the overall average was 72% recovery (intervals with greater than 100% recovery ignored), with a minimum of 0% recovery. There were 81 samples with greater than 100% recovery, or about 1.7% of the total samples. Recoveries for RC holes drilled during the 2013/14 and 2014/15 campaigns were similar. The overall average core recovery for the diamond drill holes in the 2012/13 season was 84%.

Sampling, Analysis and Data Verification

Sampling procedures and protocols from drill programs have evolved over the last 18 years not only at the Filo del Sol Project, but throughout the industry. Sample preparation and security protocols implemented in 2011 at the Filo del Sol Project are adequate.

The quality control protocol implemented in 2013 was continued in the 2014/15 season.

Blank material inserted during the 2014/15 campaign consisted of white quartz chips purchased in Copiapo. The blanks are considered un-mineralized as copper concentration is generally below 20 parts per million and gold is commonly below the 0.01 parts per million detection limit.

Field duplicates were obtained taking a second split of the sample to be analyzed independently. Both preparation and assays duplicates were made by the laboratory and assigned a specific number in the sequence. The preparation duplicate consisted of a second pulp from the original sample whereas the assay duplicate was a subsample made from the original pulp.

In late 2014, three standards were prepared using selected coarse rejects from the Los Helados previous drill season. Selected coarse rejects were submitted to Vigalab Laboratories in Copiapo for crushing, pulverization, homogenization and splitting. Vigalab produced small envelopes containing 80 to 90 grams of material. Five analytical laboratories located within the region were used to perform a round robin test of results: ACME, ActLabs, Andes Analytical Assay, ALS and Vigalab. Five envelopes of each standard were sent to each of these laboratories. Based on the round robin results, the standards have been assigned averages and accepted ranges.

More than 66% of the current RC and DDH dataset had a rigorous follow up with blanks, standards and laboratory duplicates. Another 8% has been checked with a second lab but does not have blank and standard controls. The remaining 26% of the dataset has only being verified (satisfactorily) with duplicates. No sample appears to be misplaced or intentionally deleted from the database. The current drillhole dataset for the Filo del Sol Project is consistent and of adequate quality to be used for mineral resource estimation.

To verify information provided, D. Charchaflié (Independent qualified person) supervised reassaying of historic RC pulps with known gold, silver and copper grades for check analyses, visited the area of drilling and located a number of drillholes with a hand-held GPS. The results of these checks are considered a satisfactory confirmation of the results reported.

A visit to the Copiapó office and support facilities was carried out by James Gray, P. Geo. between June 16th and 21st, 2014. Six samples were taken from a variety of geological settings. Samples were coarse rejects from RC drill cuttings and were approximately five kilograms in size. Results of these independent samples agreed closely with the original values.

Almost all holes were sampled in 2-metre intervals and all were analyzed by either ALS Chemex Chile (prior to 2009/10) or ACME Laboratories Chile (since 2010/11).

ACME is an internationally certified laboratory. In 1994, ACME began adapting its Quality Management System to an ISO 9000 model. ACME implemented a quality system compliant with the International Standards Organization (ISO) 9001 Model for Quality Assurance and ISO/IEC 17025 General Requirements for the Competence of Testing and Calibration Laboratories. In 2005 the Santiago laboratory received ISO 9001:2000 registration and in July 2010 the Copiapo facility was added to the Santiago registration. The Santiago hub laboratory is also ISO 17025:2005 compliant since 2012 (<http://acmelab.com/services/quality-control/>). ISO/IEC 17025 includes ISO 9001 and ISO 9002 specifications, CAN-P-1579 (Mineral Analysis) for specific registered tests by the Standard Council of Canada (SCC). CAN-P-1579 is the SCC's requirements for the accreditation of mineral analysis testing laboratories.

ALS facilities operate to the higher of ISO 9001-2008 or ISO 17025 standards as appropriate to the services offered at each.

Both laboratories are completely independent of NGEx or Filo Mining.

Mineral Processing and Metallurgical Testing

A preliminary test program was completed in 2001 by Novatec S.A. of Santiago, Chile consisting of Bottle Roll and Sequential Leach tests on 20 samples of RC chips. Testwork was focussed on leach recovery of copper from the oxide and mixed zones.

Testwork resulted in excellent results for recovery of copper through leaching with dilute sulphuric acid solution, including several samples which leached with only potable water and produced sulphuric acid. Bottle Roll tests produced copper recoveries between 27% and 98% with an average of 76% copper.

These preliminary metallurgical results are presented as historical information and have not been verified by the qualified persons, and should not be relied upon nor considered as current. The qualified persons have no reason to doubt the reliability of the information and the testwork program appears to have been completed in a competent manner.

In order to confirm and update the information, NGEx is planning to carry out additional leach tests on vacuum-sealed samples collected during the 2014/15 drill campaign during 2016. Filo Mining is planning to continue with this work.

Mineral Resource Estimate

The current mineral resource estimate, dated December 11, 2015, is an update to the initial mineral resource reported December 2, 2014 and documented in a technical report dated December 19, 2014. Copper, gold, silver, arsenic and molybdenum grades were estimated by ordinary kriging using Gemcom® software. Conceptually, the controls on grade estimation are the same as used for the initial 2014 mineral resource estimate; an updated geological model of mineralization type was used as control grade for the interpolation of all elements. Additionally, gold and molybdenum grades were controlled by an interpreted zone of silica alteration and silver and arsenic grades were controlled by a geochemically defined zone of silver mineralization. The distribution of assay and composite grades were statistically well-behaved for all elements. High-grade capping was applied to economic metals, with a generally low impact on metal reduction.

The Filo del Sol Project mineral resource is based on assay data available as of August 26, 2015. Results from 30,900 metres of drilling in 114 holes were used for mineral resource estimation. Drilling has been predominantly by reverse circulation; only 18 of the holes used for estimation were core holes. Two grids of 15 x 15 x 10 metre blocks were used in the preparation of the mineral resource estimate. Grades were estimated into a less extensive grid and imported to the larger framework for pit optimization. A third, finer array of 7.5 x 7.5 x 2 metre blocks was used for nearest neighbour interpolation; the small block size was chosen to match the sample composite length.

Reasonable prospects of eventual economic extraction were established by the optimization of a Whittle® pit shell using the following parameters: US\$3 per pound copper, US\$1300 per ounce gold, US\$23 per ounce silver, slope of 42°, mining cost of \$2.20 per tonne and process (including G&A) cost of \$7.40 per tonne. Blocks were assigned as Inferred Mineral Resource where they are: within 50m of a drillhole and/or have sample data in at least three octants of a 150 metre spherical search and fall within the optimized pit shell. At a copper equivalent cutoff grade of 0.3%, the optimized pit shell results in a strip ratio of 1.7 : 1.

The total mineral resource and the included high-grade silver and copper subsets are shown in the following table:

Filo del Sol Mineral Resource Summary

Zone	Inferred Mineral Resource							Metal		
	Tonnes (millions)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (ppm)	As (ppm)	CuEq (%)	Cu (billion lb)	Au (million oz)	Ag (million oz)
Oxide	49.9	0.42	0.39	6.6	50	643	0.70	0.5	0.6	10.5
Transition	133.4	0.51	0.31	23.3	70	892	0.91	1.5	1.3	100.1
Hypogene	197.7	0.31	0.32	6.2	44	499	0.54	1.3	2.1	39.2
Sulphide	331.2	0.39	0.32	13.1	54	657	0.69	2.8	3.4	139.3
Total	381.0	0.39	0.33	12.2	54	656	0.69	3.3	4.0	149.8

COG (% Cu)	Contained within Inferred Mineral Resource					Metal		
	Tonnes (millions)	Cu (%)	Au (g/t)	Ag (g/t)	CuEq (%)	Cu (billion lb)	Au (million oz)	Ag (million oz)
0.7	27.3	1.31	0.32	11.2	1.59	0.8	0.3	9.8
0.5	53.0	0.95	0.34	9.7	1.23	1.1	0.6	16.5

COG (g/t Ag)	Contained within Inferred Mineral Resource					Metal		
	Tonnes (millions)	Cu (%)	Au (g/t)	Ag (g/t)	CuEq (%)	Cu (billion lb)	Au (million oz)	Ag (million oz)
80	14.2	0.52	0.38	160.5	2.37	0.2	0.2	73.2
50	23.1	0.46	0.38	123.2	1.93	0.2	0.3	91.4
20	34.4	0.42	0.38	93.6	1.58	0.3	0.4	103.6

Notes:

- (1) Copper equivalent assumes metallurgical recoveries of 84% for copper, 70% for gold and 77% for silver based on similar deposits, as only limited acid-leach metallurgical testwork has been done on Filo del Sol mineralization, and metal prices of US\$3 per pound copper, US\$1300 per ounce gold, US\$23 per ounce silver. The CuEq formula is: $CuEq = Cu + Ag * 0.0102 + Au * 0.5266$;
- (2) The Qualified Person for the resource estimate is James N. Gray, P.Geo. of Advantage Geoservices Ltd.;
- (3) All figures are rounded to reflect the relative accuracy of the estimate;
- (4) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability;
- (5) The resource was constrained by a Whittle® pit shell using the following parameters: US\$3.00 per pound copper, US\$23 per ounce silver, US\$1300 per ounce gold, slope of 42°, mining cost of \$2.20 per tonne and process cost of \$7.40 per tonne.

Permits

By Resolution No. 192, dated September 2, 2013, the Servicio de Evaluacion Ambiental of the III Region approved the Environmental Impact Declaration (DIA) presented by Frontera Chile Limitada for the exploration of the Tamberias Property. According to this resolution, Frontera Chile Limitada was authorized to develop four exploration campaigns including an aggregate number of 200 drill holes.

The following environmental permits have been obtained or are in the process of being obtained:

- Caballo I and Caballo II: approved exploration environmental impact report (“EIR”) and evaluation of 1st Update;
- Vicuña 1, Vicuña 2 and Vicuña 3: approved EIR and evaluation of 1st Update;
- Vicuña 4, Vicuña 5, Vicuña 6: the filing procedure has been complied with and it is ready for measurement, inclusion in the approved EIR may be requested;
- Vicuña 7 and permits 339215-C-92 and 339212-B-92: not yet eligible for inclusion in the

approved EIR;

- Nacimiento 1 and permits 182269-L-91 and 338723-G-92: the EIR has been filed for the exploration stage, under evaluation by the authority;
- Vicuña 8 and Nacimiento 2: eligible for inclusion in the approved EIR.

Interpretation and Conclusions

The Filo del Sol Project encompasses a very large alteration zone and several mineralized showings within a prolific mineral district. Both high-sulphidation epithermal gold-silver-copper and porphyry copper-gold mineralization have been discovered and both styles of mineralization are compelling exploration targets. Despite a long history of exploration, the short field season and large size of the hydrothermal systems result in a project that remains under-explored and warrants significant additional work. This is reinforced by the updated mineral resource estimate presented in this report which establishes an important copper-gold-silver deposit on the property and remains open in most directions.

The mineral resource estimate for the Filo del Sol deposit includes several different styles of mineralization, in terms of metal combinations and grade distribution, which occur as the result of a complex series of geological processes. Mineralization of potential economic interest within the deposit includes: high-grade leachable oxide/mixed copper mineralization; structurally controlled gold-silver mineralization; sub-horizontal “manto” high-grade silver mineralization and disseminated copper, gold, silver, molybdenum sulphide mineralization.

In addition to the Filo del Sol resource, the property contains several other target areas defined by talus fine and rock sampling, geophysical surveys and geological mapping within a very large hydrothermal alteration system. These zones represent early-stage exploration targets and additional work is required to fully evaluate them.

Induced Polarization geophysics has proven to be an excellent tool to help define the general geometry of the deposit, including areas of potential expansion. This type of geophysical survey should be extended across all the main mineralized areas.

RC drilling has provided most of the drill information from the Project. Although RC is useful for establishing the grade distribution and general geological framework of the deposit, diamond drilling is essential to fully understand the controls on, and detailed geometry of, the mineralization. Diamond drilling has proven to be difficult in the highly porous and fractured steam-heated and residual quartz alteration associated with the deposit, however similar rock types at other deposits (Pascua-Lama, Yanacocha, Veladero) have been successfully diamond drilled and a concerted effort needs to be made to include extensive diamond drilling in future drill programs.

Very preliminary metallurgical testwork indicates that the oxide and mixed (oxide/sulphide) copper mineralization may be amenable to recovery of copper through leaching – possibly using only water. Additional testwork should be completed in order to investigate this further.

The Filo del Sol Project presents several challenges to exploration and development including its high altitude, short summer season, locally difficult drilling conditions due to bad ground and distance from infrastructure, however these conditions are no worse than those at many successful mines in the region. Balanced against these challenges is the potential for the occurrence of an economic mineral deposit suggested by the tenor of the mineral resource, the size of the alteration zone and analogies with geologically similar deposits in the Maricunga and El Indio belts.

Subsequent Work

Subsequent to December 31, 2015 a small program of surface exploration was completed at Filo del Sol. This program was completed in late February 2016 and compilation and interpretation of data collected is ongoing.

Work included geological mapping, induced polarization geophysical surveying, rock chip and surface talus sampling. The area covered was immediately to the north and south of the Filo del Sol deposit.

Exploration, Development and Production and Recommendations

Filo del Sol represents a very large mineralized system and there is significant potential for expansion of known zones and new discoveries. The mineral resource remains open in several directions and additional drilling has a high potential of increasing its size. Several other exploration targets on the property have seen only very limited exploration and there is a good opportunity for the discovery of new deposits, of different types, with ongoing work. The primary goals of future work programs should be:

- to continue to explore the mineralized targets away from the deposit in order to evaluate the potential for additional deposits on the property;
- to continue to expand the known resource through additional drilling;
- to drill selective infill holes into the resource volume in order to convert Inferred tonnes to Indicated and test for structurally-controlled high-grade gold zones; and
- to initiate early-stage engineering studies (particularly metallurgical) and begin to evaluate the economic potential of the Filo del Sol deposit.

SIGNIFICANT MARKETS

The following industry overview describes the Company's market in terms of size, development and prospects for future growth. The information contained in the Section below originates from Filo Mining Corp., unless expressly stated otherwise.

The Filo del Sol Project is a copper-gold-silver deposit that straddles the international border between San Juan Province, Argentina and Region III, Chile and is comprised of adjacent mineral titles in Chile and Argentina.

Currently, the Company's main projects are predominantly copper-rich deposits. While these deposits contain a significant quantity of precious metals, it is anticipated that the bulk of any future economic benefit to the Company would be driven by its participation in the primary refined copper market. Accordingly, this section focuses on the global copper market.

The Company's long term view of the copper market is positive, with the expectation that over time tightening mine supply and growing demand especially from developing countries will contribute to stronger prices and will require development of new greenfields mining projects. The following section describes the Company's market in term of development, size, supply & demand, and prospects for future growth.

Introduction to copper

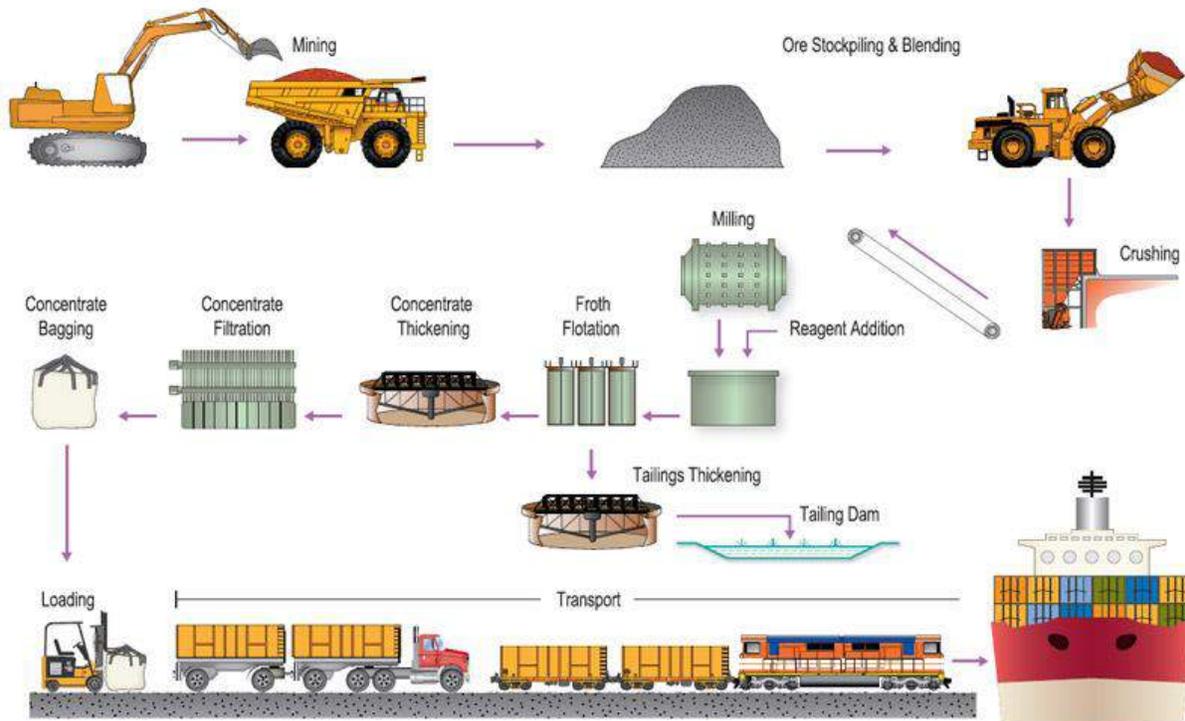
Exploration

The geology and chemistry of metals within the Earth's crust forms the basis of mining. Exploration geologists play a crucial role in searching for anomalies that would indicate the presence of a mineral deposit. Prospective targets are tested using a variety of methods to drill and sample these rocks to understand the geology and mineralization. The discovery and development of mineral deposits is a complex and highly uncertain process and success depends on numerous geological, economic, environmental, legal, and other conditions, which must be met before mining can proceed.

Mining & processing

Primary copper production starts with the extraction of copper-bearing ores. This typically occurs through either surface or underground mining. Open-pit surface mining accounts for the majority of mining production in the world. After the ore has been mined, it is crushed and ground followed by concentration and flotation. The obtained copper concentrate typically contains around 20 to 40 per cent copper with various by-products such as gold, silver, and molybdenum to name a few.

The traditional mining route involving the concentration of sulphide ores drives the vast majority of mined copper production (~80%)



Source: Company Reports

Traditionally, this copper concentrate is shipped to a smelting and refining facility where copper is transformed through roasting into a molten matte containing 50 to 70 per cent copper. This matte is further processed to improve the purity of the copper – first to copper blister (~98.5 to 99.5 per cent) and again to refined copper which assays over 99.99 per cent copper. Copper is then shipped to fabricators mainly as cathode, wire rod, billet, slabs or ingots.

Alternatively, there is a hydrometallurgical processing route, whereby copper is extracted from mostly oxide ores and subjected to a leaching process called solvent extraction (“SX”). The copper pregnant leach solution is sent to a tank house where it undergoes an electrowinning (“EW”) process to produce refined copper cathode. This SX-EW process produces the same product as the traditional smelting route and according to the International Copper Study Group (“ICSG”), approximately 24 per cent of the world’s total refined production in 2013 was produced through SX-EW. New copper production from mining methods is referred to as primary copper.

Additionally, copper is one of the most heavily recycled of all metals. Virtually all products made from copper can be recycled without losing any of its chemical and physical properties. Copper scrap, or secondary copper, is easily reprocessed for reuse in the refined copper market.

Refined copper and copper-based alloys are shipped and consumed by semis fabricators who then further process the raw material through extrusion, drawing, rolling, forging, melting, electrolysis or

End uses

Copper is the best non-precious metal conductor of electricity. As such, copper is used extensively for electricity transmission in power cables across all voltage applications. Aluminium is typically the closest substitute for copper. However, copper's exceptional strength, ductility and resistance to corrosion make it the preferred and safest conductor for wiring. Copper is used in electrical applications, electronics and communications, construction and building materials, transportation, industrial machinery and equipment, as well as general consumer products.

Exchanges

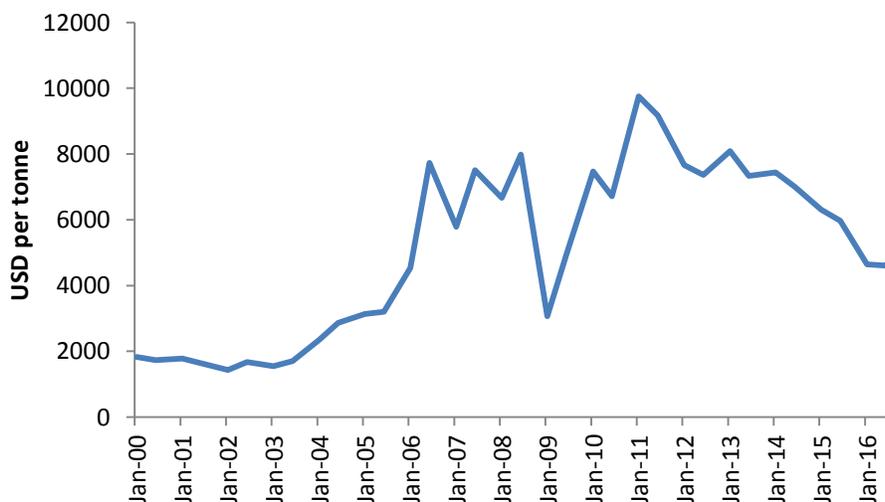
Producers sell their present or future production to clients, who transform the metal into the various end use products as described above. One of the most important factors in trading copper is the settlement price (either spot or future). The commodity exchange provides transparency and facilitates the process of settling prices. The London Metal Exchange ("**LME**"), the Commodity Exchange Division of the New York Mercantile Exchange ("**COMEX**" / "**NYMEX**") and the Shanghai Futures Exchange ("**SHFE**") are major global copper exchanges. In these exchanges, copper contracts are settled by bid and offer which reflect the market's perception of supply and demand on a given day. Exchanges also provide for the trading of futures and options contracts allowing producers and consumers to fix a price in the future thus hedging against price fluctuations. Exchanges also act as a clearing house warehousing facility that enables market participants to make or take physical delivery of copper in accordance with each exchange's criteria.

The copper market

Supply & demand

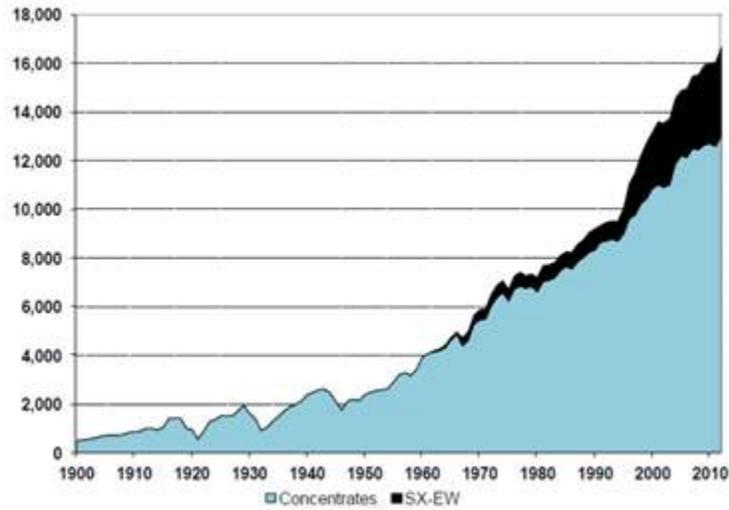
Since 1900, when world production was less than 500,000 tonnes, world copper supply has grown by an average of 3.2 per cent per year.

Copper price development (LME cash USD/t); 2000-2016ytd (August 2016)



Source: Factset

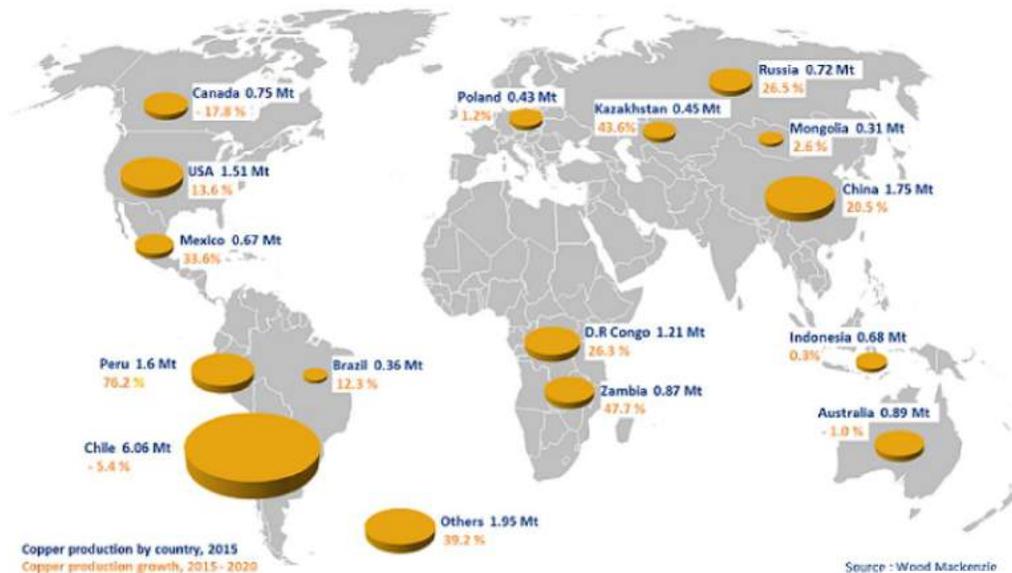
World copper mine production, 1900-2012 (in thousand metric tonnes)



Source: ICSG, 2015

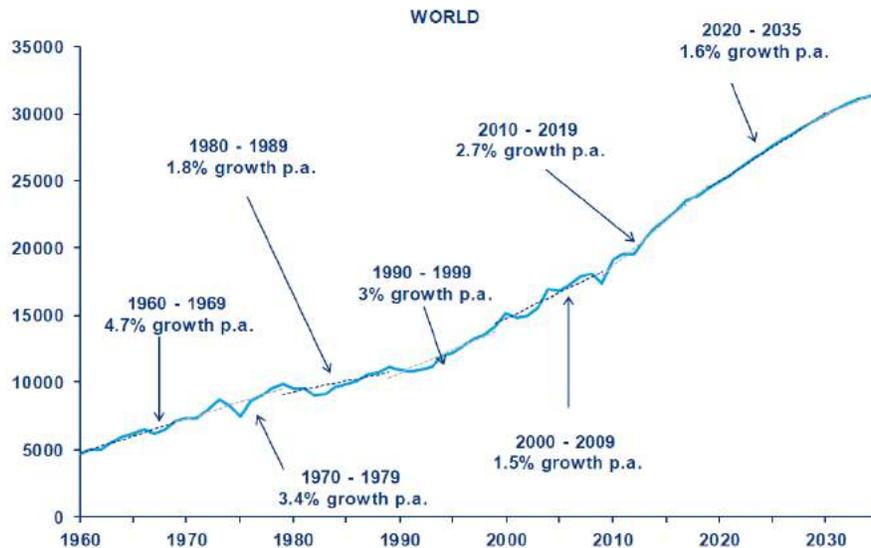
According to KPMG, global mined copper production rose by about 4 per cent in 2015 to a total of 15.2 million tonnes. Geographically, Chile remained as the world's largest copper producer, and Peru overtook China to become the world's second largest producer. World copper refined production increased by 0.7 per cent in 2015 to 22.3 million tonnes.

Copper production by country (2015) and estimated growth in per cent, 2015-2020



Source: Wood Mackenzie

Wood Mackenzie estimate of global demand growth was 2.3 per cent in 2015 and is anticipated to average 1.6 per cent through 2035.



Source: Wood Mackenzie

Trends and drivers

The copper mining industry has seen significant changes over the past decade and many of these trends are expected to continue to constrain the copper supply:

- Declining ore grades are increasing unit costs;
- Increasing depth of mineral deposits necessitating higher cost mining methods;
- Scarcity of water and energy resources is increasing costs;
- Taxation and royalty regimes are taking a larger portion of the economic benefits – increasing risks for producers;
- Labor productivity has been decreasing; and
- Resource nationalism and political risk remain significant issues.

Additionally, future production forecasts are often optimistic as they do not account for slower than expected ramp up of projects, pit wall failures, mechanical or other failures, aggressive production estimates, extended equipment lead time, weather and climate delays, legislative or environmental delays, project capital deferral, validity and stability of fiscal policies, etc.

Competition

The global copper market is characterized by the presence of large, internationally diversified companies with highly vertical integrated operations throughout mineral exploration, processing, refining, transportation and marketing. Filo Mining competes with other exploration and mining companies, many of which have greater financial resources, operational experience and technical capabilities than

itself. These companies appear as both buyers and sellers within different stages of the industry. High fixed costs and scarcity of mineral resources leads to a highly competitive business within the market.

Leading copper producers rely on the scale of their operations to reduce costs and enhance profitability which allow them to spend time and resources searching for the next major discovery or development project. Additionally, these companies are able to absorb the holding costs for large land positions effectively blocking access to others. Permission to extract national resources is generally given by national governments, and obtaining it may be a lengthy process with many issues relating to tax and environmental regulation.

FINANCIAL INFORMATION

Filo Mining was incorporated on May 12, 2016, as a wholly-owned subsidiary to NGEx. Before the spin-out of Filo Mining to the shareholders of NGEx, the Company's operations were a part of the operations of NGEx.

Filo Mining (as well as NGEx) reports in accordance with International Financial Reporting Standards ("IFRS").

The following financial information is included in this Company Description as an Appendix:

Entity	Financial statements	Period	Involvement of Auditors
Filo Mining Corp.	Pro-forma financial statements	As at March 31, 2016	Unaudited
Filo Mining Corp.	Condensed interim financial statements	For the period from incorporation on May 12, 2016 to May 31, 2016	Audit opinion
The Filo del Sol Exploration Business of NGEx Resources Inc.	Carve-out financial statements	For the period January 1, 2016 to March 31, 2016	Reviewed
The Filo del Sol Exploration Business of NGEx Resources Inc.	Carve-out financial statements	3 years ended December 31, 2015, 2014 and 2013	Audit opinion

DESCRIPTION OF THE FILO COMMON SHARES

The authorized capital of Filo Mining consists of an unlimited number of common shares and there are 51,270,950 Filo Common Shares outstanding. There are 1,746,875 Filo Common Shares reserved for issuance on exercise of Filo Options.

Dividend policy

Filo Mining has not paid dividends since its incorporation. Filo Mining currently intends to retain all available funds, if any, for use in its business and does not anticipate paying any dividends for the foreseeable future.

Voting and other rights

Holders of Filo Common Shares are entitled to one vote per share at all meetings of shareholders, to receive dividends as and when declared by the directors and to receive a pro rata share of the assets of Filo Mining available for distribution to holders of Filo Common Shares in the event of liquidation, dissolution or winding up of Filo Mining. All rank *pari passu*, each with the other, as to all benefits which might accrue to the holders of common shares of Filo Mining.

Consolidated capitalization

Filo Mining has not completed a financial year. See the balance sheet of Filo Mining for the period ended May 31, 2016, appended as “Condensed interim financial statements” to this Company Description. There have been no material changes in the share and loan capital since May 31, 2016, as of the date of the Company Description.

Options and other rights to purchase shares

The Filo Board has adopted the Filo Option Plan, the purpose of which is to allow Filo Mining to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of Filo Mining. The granting of such options is intended to align the interests of such persons with that of the shareholders.

Filo Options will be exercisable over periods of up to 10 years as determined by the Filo Board, except in the event that any Filo Option expires during, or within 48 hours after, a self imposed blackout period on trading securities of Filo Mining, such expiry date will become the tenth day following the end of the blackout period. The Filo Board will establish the exercise price of an Option at the time each Option is granted provided that such price shall not be less than the “Discounted Market Price” (as defined in the policies of the TSX-V), provided that the exercise price shall not be less than \$0.05 per Filo Common Share, with the Market Price being the closing price of the Filo Common Shares on the TSX-V on the last business day immediately preceding the day the Option is granted.

Pursuant to the Filo Option Plan, the Filo Board may from time to time authorize the issue of options to directors, officers, employees and consultants of Filo Mining and its affiliated entities. The maximum number of Filo Common Shares which may be issued pursuant to options granted under the Filo Option Plan, and any other security based compensation plan of Filo Mining, will not exceed 10% of the issued and outstanding Filo Common Shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the aggregate number of Filo Common Shares issued and outstanding as at the date of grant or 2% of the aggregate number of Filo Common Shares issued and outstanding if the optionee is engaged in investor relations activities or is a consultant.

The total number of Filo Common Shares which may be (i) reserved for issuance to insiders at any time or (ii) issued within any 12 month period may not exceed 10% of the aggregate number of Filo Common Shares issued and outstanding as at the date of grant. The Filo Option Plan contains no vesting requirements, but permits the Filo Board to specify a vesting schedule in its discretion, provided that if required by any stock exchange on which the Filo Common Shares trade, options issued to a person engaged in investor relations activities must vest in stages over not less than 12 months with no more than one-quarter of the options vesting in any three month period. The Filo Option Plan also provides that if Change of Control, as defined therein, occurs, all shares subject to option shall immediately become vested, notwithstanding any determination of the Board, and may thereupon be exercised in whole or in part by the option holder.

If there is any change in the outstanding Filo Common Shares by reason of a stock dividend or split, recapitalization, consolidation, combination or exchange of Filo Common Shares, or other fundamental corporate change, the Filo Board will make, subject to stock exchange approval or the approval of other applicable regulatory authorities, if any, an appropriate substitution or adjustment to (i) the exercise price of unexercised options under the Filo Option Plan, (ii) the number and kind of shares or other securities reserved for issuance pursuant to the Filo Option Plan, or (iii) the number and kind of shares subject to unexercised Filo Options under the Filo Option Plan. In the event of the reorganization of Filo Mining or the amalgamation or consolidation of the Corporation with another corporation, the Filo Board may make such provision for the protection of the rights of participants as the Filo Board in its discretion deems appropriate. The determination of the Filo Board, as to any adjustment or as to there being no need for adjustment, will be final and binding on all parties.

Notwithstanding any other provision of the Filo Option Plan, if the Filo Board at any time by resolution declares it advisable to do so in connection with any proposed sale or conveyance of all or substantially all of the property and assets of the Corporation or any proposed merger, consolidation, amalgamation or offer to acquire all of the outstanding Filo Common Shares (collectively, the "Proposed Transaction"), Filo Mining may give written notice to all participants advising that their respective Filo Options, may be exercised only within 90 days after the date of the notice and not thereafter, and that all rights of the participants under any Filo Options not exercised will terminate at the expiration of the 90-day period, provided that the Proposed Transaction is completed within 180 days after the date of the notice. If the Proposed Transaction is not completed within the 180-day period, no right under any Filo Option will be affected by the notice, except that the Filo Option may not be exercised between the date of expiration of the 90-day period and the day after the expiration of the 180-day period.

If a director, officer, employee or consultant ceases to be an eligible participant for any reason, other than death, each option held will cease to be exercisable 90 days after such termination date or any such longer period as determined by the Filo Board. If such person ceases to be an eligible participant due to termination for cause, the options shall cease to be exercisable immediately. If a director, officer, employee or consultant dies, the legal representative may exercise the options within a period of the earlier of (i) the expiry date of such option; and (ii) 12 months after the date of death, but only to the extent the options were exercisable on the date of death. The Filo Options are non-assignable and non-transferrable.

The following Filo Options are issued and outstanding under the Filo Option Plan as of the date of this Company Description:

Number of Filo Options	Exercise Price ⁽¹⁾	Expiry Date	Dilution (%) ⁽²⁾
46,250	\$1.30	August 22, 2016	0.1%
491,875	\$1.40	May 7, 2017	1.0%
631,250	\$0.65	May 11, 2018	1.2%
62,500	\$0.57	November 25, 2018	0.1%
505,000	\$0.42	February 24, 2019	1.0%
10,000	\$0.48	March 31, 2019	0.0%
TOTAL: 1,746,875			3.4%

Note:

- (1) Subject to adjustment in accordance with the Plan of Arrangement. The exercise prices of each Replacement NGEx Option and each Filo Option issued pursuant to the Arrangement shall be and be deemed to be automatically adjusted such that the aggregate In-the-Money Amounts thereof does not exceed the In-the-Money Amount of the exchanged NGEx Option determined immediately before the exchange, with the intention that subsection 7(1.4) of the Tax Act will apply to each exchange. The disclosed exercise prices of the Filo Options have been determined based on the value ascribed to the Filo Common Shares to establish the exchange ratio for the NGEx Common Shares in connection with the transaction. In the event the aggregate of the In-the-Money Amount immediately after the closing exceeds the In-the-Money Amount of the NGEx Options prior to the closing of the transaction, the exercise prices will be adjusted in accordance with the terms of the Arrangement by referring to the fair market value of shares. In order to determine the fair market value, reference will be made to Exchange Policy 4.4, which requires a ten trading day period. Any required adjustments will be made on a pro-rata basis between the Replacement NGEx Options and the Filo Options.
- (2) Calculated as number of options/ number of shares outstanding

No other stock options have been granted under the Filo Option Plan or otherwise since incorporation.

Prior sales

Filo Mining has not issued any shares except one incorporation Filo Common Share to NGEx on May 12, 2016 for consideration of \$1.00. In addition, an aggregate of 51,270,950 Filo Common Shares were issued in connection with the Arrangement.

Escrowed securities and securities subject to contractual restriction on transfer

There are no Filo Common Shares currently held in escrow or that are subject to a contractual restriction on transfer. On completion of the Arrangement, no Filo Common Shares will be held in escrow by the Transfer Agent.

Listing of the share

The Filo Common Shares have been approved for listing on Nasdaq First North and TSX-V and the estimated first day of trading on Nasdaq First North is September 6, 2016. The Filo Common Shares began trading on the TSX-V on August 26, 2016.

Principal securityholders

To the knowledge of Filo Mining's directors and executive officers, and based on existing information as of the date hereof, no person or company, upon completion of the Arrangement will, beneficially own, or control or direct, directly or indirectly, voting securities of Filo Mining carrying 10% or more of the voting rights attached to any class of voting securities of Filo Mining, except Lorito Holdings S.à.r.l. ("**Lorito**") and Zebra Holdings and Investments S.à.r.l. ("**Zebra**"), who report their security holdings as joint actors. Together, Lorito and Zebra hold a total of 39,762,539 NGEx Common Shares, representing approximately 19.39% of the outstanding NGEx Common Shares. Accordingly, following completion of the Arrangement and assuming no change in securityholdings of Lorito and Zebra in NGEx, Lorito and

Zebra will hold a total of 9,940,635 Filo Common Shares, representing approximately 19.39% of the outstanding Filo Common Shares (18.75% on a fully diluted basis).

Shareholder	No. shares	% capital / votes
Zebra	5,440,635	10.61%
Lorito	4,500,000	8.78%
Others	41,330,315	80.61%
TOTAL:	51,270,950	100.00%

DIRECTORS AND OFFICERS

The Filo Board is comprised of Lukas Lundin, Wojtek Wodzicki, Ashley Heppenstall, Paul McRae and Alessandro Bitelli. Wojtek Wodzicki is the President and Chief Executive Officer of Filo Mining, Joyce Ngo is the Interim Chief Financial Officer of Filo Mining, Bob Carmichael is the Vice-President, Exploration of Filo Mining and Julie Kemp is the Corporate Secretary of Filo Mining. Filo Mining intends to hire a new Chief Financial Officer within three months from the listing. It is the intent of Filo Mining to add individuals to the Filo Board and management to ensure Filo Mining has the appropriate amount of local knowledge and skill sets with respect to South America.

The following table sets forth certain information with respect to each director and executive officers of Filo Mining.

Name, Jurisdiction of Residence and Position(s) ⁽¹⁾	Other principal assignments ⁽¹⁾	Number of Filo Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly, Immediately Following the Completion of the Arrangement ⁽³⁾	Percentage of Filo Common Shares Issued and Outstanding Immediately Following the Completion of the Arrangement ⁽⁴⁾
Lukas H. Lundin ^{(5) (6)} Geneva, Switzerland <i>Director and Chairman of the Board</i>	Business/mining executive; director and officer of a number of publicly traded resource-based companies, including Lucara Diamond Corp., Lundin Mining Corporation, Lundin Gold Inc., Denison Mines Corp., and Lundin Petroleum S.A.	437,961 Filo Common Shares 125,000 Filo Options	0.85%
C. Ashley Heppenstall ^{(5) (6) (7)} Hong Kong <i>Director</i>	Mr. Heppenstall is a director of Lundin Petroleum AB, Lundin Gold Inc., Africa Energy Corp., Etrion Corporation and ShaMaran Petroleum Corp., and was, from May 2010 until May 2013, a director of Vostok Nafta Investment Ltd., a corporation traded on the Nasdaq OMX Nordic Exchange in Stockholm.	1,826,650 Filo Common Shares NIL Filo Options	3.56%

Name, Jurisdiction of Residence and Position(s) ⁽¹⁾	Other principal assignments ⁽¹⁾	Number of Filo Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly, Immediately Following the Completion of the Arrangement ⁽³⁾	Percentage of Filo Common Shares Issued and Outstanding Immediately Following the Completion of the Arrangement ⁽⁴⁾
Paul McRae ⁽⁵⁾⁽⁶⁾⁽⁷⁾ Algarve, Portugal <i>Director</i>	Senior Vice-President, Projects, Lundin Mining Corporation	NIL Filo Common Shares NIL Filo Options	N/A
Alessandro Bitelli ⁽⁶⁾⁽⁷⁾ British Columbia, Canada <i>Director</i>	Executive Vice-President, Chief Financial Officer, Lundin Gold Inc.	NIL Filo Common Shares NIL Filo Options	N/A
Wojtek Wodzicki, British Columbia, Canada <i>President, Chief Executive Officer and Director</i>	President and Chief Executive Officer of NGEx	188,300 Filo Common Shares 318,750 Filo Options	0.37%
Joyce Ngo, British Columbia, Canada <i>Interim Chief Financial Officer</i>	Interim Chief Financial Officer of NGEx	NIL Filo Common Shares 66,250 Filo Options	N/A

Name, Jurisdiction of Residence and Position(s) ⁽¹⁾	Other principal assignments ⁽¹⁾	Number of Filo Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly, Immediately Following the Completion of the Arrangement ⁽³⁾	Percentage of Filo Common Shares Issued and Outstanding Immediately Following the Completion of the Arrangement ⁽⁴⁾
Bob Carmichael, British Columbia, Canada <i>Vice President,</i> <i>Exploration</i>	Vice President, Exploration of NGEx	10,000 Filo Common Shares 163,750 Filo Options	0.02%
Julie Kemp, British Columbia, Canada <i>Corporate Secretary</i>	Corporate Secretary of NGEx	NIL Filo Common Shares 37,500 Filo Options	N/A

Notes:

- (1) The information as to residence and principal occupation, not being within the knowledge of Filo Mining, has been furnished by the respective directors and officers individually.
- (2) Directors serve until the earlier of the next annual general meeting or their resignation.
- (3) The information as to securities beneficially owned or over which a director or officer exercises control or direction, not being within the knowledge of Filo Mining, has been furnished by the respective directors and officers individually based on shareholdings in NGEx as of the date of this Company Description.
- (4) There are 51,270,950 Filo Common Shares outstanding as of the date of this Company Description.
- (5) Denotes member of the Compensation Committee.
- (6) Denotes member of the Audit Committee.
- (7) Denotes member of the Corporate Governance and Nominating Committee.

The directors and executive officers of Filo Mining as a group, beneficially own, directly or indirectly, or exercise control or direction over an aggregate of approximately 2,462,911 Filo Common Shares, representing approximately 4.8% of the issued Filo Common Shares.

The principal occupations of each of the directors and executive officers of Filo Mining within the past five years are disclosed in the brief biographies set forth below.

Lukas H Lundin, Age: 58 – Chairman of the Board. Business/mining executive; director and officer of a number of publicly traded resource-based companies, including Lucara Diamond Corp., Lundin Mining Corporation, Lundin Gold Inc., Denison Mines Corp., Lundin Petroleum S.A., and NGEx Resources Inc. Mr. Lundin is known for recognizing value and superior global investment opportunities in the natural resource sector. His uninhibited pursuit of highly prospective properties around the world has resulted in numerous resource discoveries, including the multi-million ounce Veladero gold discovery. Mr. Lundin has also led several companies through highly profitable business acquisitions and mergers such as Lundin Mining's \$3.3 billion merger with EuroZinc Mining, the \$2 billion sale of Tanganyika Oil Company Ltd. and most recently the \$9.2 billion sale of Red Back Mining Inc. Mr. Lundin is a graduate of the New Mexico Institute of Mining and Technology. Mr. Lundin has not entered into a non-competition or non-disclosure agreement with Filo Mining.

C. Ashley Heppenstall, Age: 54 – Director. Mr. C. Ashley Heppenstall has been Chairman of the Board at Etrion Corporation since June 14, 2016. Prior to that, Mr. Heppenstall served as the Chief Executive Officer and President at Lundin Petroleum AB from 2001 until October 1, 2015. Mr. Heppenstall is also a director of Lundin Petroleum AB, Lundin Gold Inc., Chairman of Africa Energy Corp., and a director of ShaMaran Petroleum Corp., and, from May 2010 until May 2013, was a director of Vostok Nafta Investment Ltd., a corporation traded on the Nasdaq OMX Nordic Exchange in Stockholm. Mr. Heppenstall is also the Chairman of the Audit Committees of ShaMaran Petroleum Corp and Etrion Corporation. Mr. Heppenstall holds a Bachelor of Science Degree in Mathematics from the University of Durham. Mr. Heppenstall has not entered into a non-competition or non-disclosure agreement with Filo Mining.

Paul McRae, Age: 67 – Director. Mr. McRae is the Senior Vice-President, Projects, of Lundin Mining Corporation. Mr. McRae has a distinguished global reputation in project and construction management in the mining industry for both surface and underground projects of all scales and complexities. He was most recently responsible for the successful development of Lundin Mining Corporation's Eagle Mine in Northern Michigan. His track record includes on time/on budget project management of major underground investments for INCO including McCreedy East, Garson and Birch Tree projects, serving as Project Manager on the highly successful De Beers Victor Project in Northern Canada, and leadership of numerous other projects from conceptual through construction phases in Australia, Canada, Spain, Portugal and South America, over a career spanning more than 40 years. Mr. McRae is a director of Lundin Gold Inc. Mr. McRae has not entered into a non-competition or non-disclosure agreement with Filo Mining.

Alessandro Bitelli, Age: 57 – Director. Mr. Bitelli is currently Executive Vice-President, Chief Financial Officer of Lundin Gold Inc. Mr. Bitelli is a Chartered Professional Accountant with over 30 years of experience in the mining industry and in public accounting, having worked in both North America and Europe. Over the years Mr. Bitelli served as Chief Financial Officer of several public companies including, most recently, Orca Gold Inc. and Red Back Mining Inc. from September 2007 to August 2010; He held the position of Vice President of Finance at Ashton Mining of Canada Inc. from 1995 to 2007. Mr. Bitelli has not entered into a non-competition or non-disclosure agreement with Filo Mining.

Wojtek Wodzicki, Age: 53 – President and Chief Executive Officer and Director . Dr. Wojtek A. Wodzicki, P.Geol. (BC), has been the Chief Executive Officer and President at NGEx Resources Inc. (Formerly Canadian Gold Hunter Corp.) since April 17, 2009. Dr. Wodzicki has worked in the international mining industry since 1987 and has managed exploration programs on five continents. He is a geologist by training and has a doctorate in Geosciences from the University of Arizona. He

previously served as Vice President of Strategic Partnerships for Lundin Mining Corporation and President, CEO and Director of Sanu Resources Ltd. Prior to joining the Lundin Group Dr. Wodzicki was with Teck Cominco Ltd. in a variety of roles that included managing exploration offices in Bolivia, Peru, Chile, and Argentina. He finished his career with Teck Cominco as General Manager of Exploration for North America and Europe-Africa. During his tenure as CEO of NGEx Resources Inc., NGEx Resources Inc. has successfully raised numerous rounds of financing. It is anticipated that 50% of Mr. Wodzicki's time will be devoted to Filo Mining. Mr. Wodzicki has not entered into a non-competition or non-disclosure agreement with Filo Mining.

Joyce Ngo, Age: 39 – Interim Chief Financial Officer. Ms. Ngo has held the position of the Interim Chief Financial Officer of NGEx Resources since February 2016 and prior to that held the position of Corporate Controller since March, 2012. Ms. Ngo has thirteen years of professional experience in both public practice and in public companies. Ms. Ngo spent five years in public accounting with KPMG LLP and is a graduate of Simon Fraser University with a Bachelor of Business Administration, majoring in Accounting and Finance with a minor in Economics. Ms. Ngo is a member of the Institute of Chartered Professional Accountants of British Columbia. It is anticipated that approximately 50% of Ms. Ngo's time will be devoted to Filo Mining. Ms. Ngo has not entered into a non-competition or non-disclosure agreement with Filo Mining.

Bob Carmichael, Age: 52 – Vice President, Exploration. Mr. Carmichael joined NGEx from the UK office of Lundin Mining Corporation, where he was General Manager, Resource Exploration with oversight of all near-mine and resource definition exploration activities. Prior to joining Lundin Mining, Mr. Carmichael acted as Vice President, Exploration for EuroZinc Mining Corporation and held executive positions and directorships for several other Canadian exploration companies operating internationally. He has also been a director and first Vice President of the Association for Mineral Exploration British Columbia (AME BC) and sat on the technical committee for Geoscience BC. Mr. Carmichael is a registered Professional Engineer in the province of British Columbia, holds a Bachelor of Applied Science degree from the University of British Columbia and has 23 years of experience in public company management and international mineral exploration. It is anticipated that approximately 50% of Mr. Carmichael's time will be devoted to Filo. Mr. Carmichael has not entered into a non-competition or non-disclosure agreement with Filo Mining.

Julie Kemp, Age: 53 – Corporate Secretary.

Ms. Kemp is an experienced Corporate Secretary and was the Corporate Secretary of Aurizon Mines Ltd., a TSX/NYSE MKT index listed gold mining company, for more than 23 years, reporting to the Chief Executive Officer and the Board of Directors. During her lengthy career within the mining industry, Ms. Kemp has been involved in the administration of a number of publicly listed companies, including their legal and regulatory compliance obligations, Board and Committee duties, continuous disclosure requirements, corporate transactions, corporate policies, corporate records, and shareholder communications. Ms. Kemp is a member of the Canadian Society of Corporate Secretaries.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions or Individual Bankruptcies

Other than as disclosed below, to the knowledge of Filo Mining, no director or executive officer:

- (a) is, as at the date of this Company Description, or has been, within ten years before the date of this Company Description, a director, chief executive officer or chief financial officer of any company (including Filo Mining) that:
 - (i) was the subject, while the director was acting in that capacity as a director, chief

executive officer or chief financial officer of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or

- (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director ceased to be a director, chief executive officer or chief financial officer but which resulted from an event that occurred while the director was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) is, as at the date of this Company Description, or has been within 10 years before the date of this Company Description, a director or executive officer of any company (including Filo Mining) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the ten years before the date of this Company Description, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director.

Mr. Lukas Lundin was a director of Sirocco Mining Inc. ("**Sirocco**"). Mr. Lundin resigned as a director of Sirocco on January 31, 2014 at which time Sirocco was a public-traded company and financially solvent. Pursuant to a Plan of Arrangement completed on January 31, 2014, Canada Lithium Corp. ("**Canada Lithium**") acquired Sirocco. The final step in the transaction was the amalgamation of Canada Lithium and Sirocco to form RB Energy Inc. ("**RBI**"). On October 13, 2014, RBI announced that, among other things, RBI's then Board of Directors had approved the filing of an Initial Order (the "**Order**") for creditor protection under the Companies' Creditors Arrangement Act (the "**CCAA**"). The Québec Superior Court issued the requested Order in respect of RBI and its Canadian subsidiaries on October 14, 2014. RBI was then put under the protection of the Court and KPMG LLP was appointed monitor under the Order. The TSX delisted RBI's common shares effective at the close of business on November 24, 2014 for failure to meet its continued listing requirements. Since that time, RBI's common shares have been suspended from trading. On May 8, 2015, the Court appointed Duff & Phelps Canada Restructuring Inc. as receiver of RBI and its subsidiaries to administer and realize upon the assets of RBI. Although Mr. Lundin was never a director or officer or control person of RBI, he was a director of Sirocco within the 12 month period prior to RBI filing for protection under the CCAA.

Mr. Alessandro Bitelli was the chief financial officer of RB Energy Inc. when it sought court protection under the Companies' Creditors Arrangement Act and was granted such protection by an order of the Québec Superior Court on October 14, 2014. The TSX delisted RB Energy Inc. common shares effective at the close of business on November 24, 2014 for failure to meet its continued listing requirements. Since that time, RB Energy Inc. common shares have been suspended from trading. On May 8, 2015, the Québec Superior Court appointed Duff & Phelps Canada Restructuring Inc., now KSV Advisory Inc., as receiver of RB Energy Inc. and its Canadian subsidiaries to administer and realize upon the assets of RB Energy Inc.

Mr. Carmichael was a director of Redcorp Ventures Ltd. which sought court protection under the

Companies' Creditors Arrangement Act and was granted such protection by an order of the Supreme Court of British Columbia on March 4, 2009. On June 29, 2009, Redcorp Ventures Ltd. was assigned into bankruptcy and Abakhan & Associates Inc. was appointed as Trustee of the Estates.

To the knowledge of Filo Mining, no director or executive officer has been subject to:

- (a) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Indebtedness of Directors, Executive Officers and Senior Officers

There is and has been no indebtedness of any director, executive officer or senior officer or associate of any of them, to or guaranteed or supported by Filo Mining during the period from incorporation.

Other information regarding the board of directors and the management

None of the board members or senior executives has any related-party relationship with any other board member or senior executive. There are no conflicts of interest between the board members' or senior executives' obligations to the Company and their private interests or other obligations.

None of the Company's board members or senior executives has been found guilty in any case of fraud or has been the object of any sanctions in the past five years imposed by any authority authorised by laws or regulations to do so (including approved professional bodies). None of the Company's board members or senior executives has been involved in any bankruptcy, compulsory liquidation or similar procedure in their capacity as board member, deputy board member or senior executive over the past five years. No board member or senior executive has over the past five years been the subject of official accusations or sanctions by supervisory or legislative bodies and none of them has been prohibited by a court of law from serving as a board member or in management or engage in business ventures in any other way over the past five years. None of the Company's board appointments has a time limit and no board member has any agreement with the Company granting the right to compensation after the appointment term has ended.

Auditor

The auditors of Filo Mining are PricewaterhouseCoopers LLP, Suite 700, 250 Howe Street, Vancouver, British Columbia V6C 3R8.

Statement of executive compensation

Summary Compensation

Filo Mining was incorporated on May 12, 2016 and has not yet completed a financial year. No compensation has been paid to date. In addition, it has no compensatory plan or other arrangements in respect of compensation received or that may be received by its Chief Executive Officer, its Interim Chief Financial Officer, or its Vice-President, Exploration in its current financial year.

Filo Mining has established a Compensation Committee (the "**Compensation Committee**"), which will administer the compensation mechanisms to be implemented by the Filo Board. The individuals that will

be appointed to the Compensation Committee, once formed, will each have direct experience that is relevant to their responsibilities in determining executive compensation for Filo Mining.

On an annual basis, the Compensation Committee will review the compensation of the Named Executive Officers (“**NEO**”) to ensure that each is being compensated in accordance with the objectives of Filo Mining’s compensation program, which will be to:

- provide competitive compensation that attracts and retains talented employees;
- align compensation with shareholder interests;
- pay for performance;
- support the Filo Mining’s vision, mission and values; and
- be flexible to recognize the needs of Filo Mining in different business environments.

Filo Mining does not currently have any compensation policies or mechanisms in place. The compensation policies are anticipated to be comprised of three components; namely, base salary, equity compensation in the form of stock options, and discretionary performance-based bonuses. In addition, NEOs will be entitled to participate in a benefits program to be implemented by Filo Mining. A NEO’s base salary will be intended to remunerate the Named Executive Officer for discharging job responsibilities and will reflect the executive’s performance over time. Base salaries are used as a measure to compare to, and remain competitive with, compensation offered by competitors and as the base to determine other elements of compensation and benefits. The stock option component of a Named Executive Officer’s compensation, which includes a vesting element to ensure retention, will aim to meet the objectives of the compensation program to be implemented, by both motivating the executive towards increasing share value and enabling the executive to share in the future success of Filo Mining. Discretionary performance-based bonuses will be considered from time to time to reward those who have achieved exceptional performance and meet the objectives of Filo Mining’s compensation program by rewarding pay for performance. Other benefits will not form a significant part of the remuneration package of any of the NEOs of Filo Mining.

The Filo Board has adopted the Filo Option Plan which has been approved by the TSX-V. The Filo Option Plan, once implemented, will allow for the granting of incentive stock options to its officers, employees and directors. The purpose of granting such options would be to assist Filo Mining in compensating, attracting, retaining and motivating the directors of Filo Mining and to closely align the personal interests of such persons to that of the shareholders of Filo Mining.

Outstanding Option-Based Awards

Pursuant to the Plan of Arrangement, for each NGEx Option that is outstanding immediately before the Effective Time, which has not been duly exercised or cancelled, will be deemed to be exchanged for one Replacement NGEx Option and one-quarter of one fully-vested Filo Option. Each whole Filo Option will entitle the holder thereof to purchase from Filo Mining one Filo Common Share.

Provided that no NGEx Options will have been duly exercised or cancelled prior to the Effective Time, it is estimated that the following Filo Options will be held by Filo Mining’s Named Executive Officers, under the Filo Option Plan, as of the Effective Date:

Name	Number of securities underlying unexercised Filo Options	Expected Filo Option Exercise Price (\$) ⁽¹⁾	Filo Option Expiry Dates
Wojtek Wodzicki, President and Chief Executive Officer	93,750	\$1.40	May 7, 2017
	125,000	\$0.65	May 11, 2018
	100,000	\$0.42	February 24, 2019
Joyce Ngo, Interim Chief Financial Officer	2,500	\$1.30	August 22, 2016
	3,750	\$1.40	May 7, 2017
	10,000	\$0.65	May 11, 2018
	37,500	\$0.57	November 25, 2018
	12,500	\$0.42	February 24, 2019
Bob Carmichael, Vice-President, Exploration	7,500	\$1.30	August 22, 2016
	43,750	\$1.40	May 7, 2017
	62,500	\$0.65	May 11, 2018
	50,000	\$0.42	February 24, 2019

Note:

- (1) Subject to adjustment in accordance with the Plan of Arrangement. The exercise prices of each Replacement NGEx Option and each Filo Option issued pursuant to the Arrangement shall be and be deemed to be automatically adjusted such that the aggregate In-the-Money Amounts thereof does not exceed the In-the-Money Amount of the exchanged NGEx Option determined immediately before the exchange, with the intention that subsection 7(1.4) of the Tax Act will apply to each exchange. The disclosed exercise prices of the Filo Options have been determined based on the value ascribed to the Filo Common Shares to establish the exchange ratio for the NGEx Common Shares in connection with the transaction. In the event the aggregate of the In-the-Money Amount immediately after the closing exceeds the In-the-Money Amount of the NGEx Options prior to the closing of the transaction, the exercise prices will be adjusted in accordance with the terms of the Arrangement by referring to the fair market value of shares. In order to determine the fair market value, reference will be made to Exchange Policy 4.4, which requires a ten trading day period. Any required adjustments will be made on a pro-rata basis between the Replacement NGEx Options and the Filo Options.

Incentive Plan Awards

Filo Mining does not have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to its NEOs. Other than the Filo Options that the Named Executive Officers will receive on completion of the Arrangement, Filo Mining has made no option-based or share-based awards to any of its Named Executive Officers.

Pension Plan Benefits

Filo Mining does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

Termination of Employment, Change in Responsibilities and Employment Contracts

Filo Mining has no employment contracts between it and either of its Named Executive Officers. Further, it has no contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of Filo Mining or its subsidiaries, if any, or a change in responsibilities of a Named Executive Officer following a change of control. Filo Mining will consider entering into contracts with its Named Executive Officers following completion of the Arrangement.

Defined Benefit or Actuarial Plan Disclosure

Filo Mining has no defined benefit or actuarial plans.

Director Compensation

Filo Mining currently has no arrangements, standard or otherwise, pursuant to which directors are compensated by Filo Mining for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as a consultant or expert since its incorporation on May 12, 2016 and up to and including the date of this Company Description.

Upon completion of the Arrangement, Filo Mining will adopt a compensation program for directors. The objectives of the director compensation program will be to attract, retain and inspire performance of members of the Board of a quality and nature that will enhance Filo Mining's growth. The compensation will be intended to provide an appropriate level of remuneration considering the experience, responsibilities, time requirements and accountability of directors. The philosophy, and market comparisons and review with respect to director compensation, will be the same as for the executive compensation programs to be implemented by Filo Mining.

The Filo Option Plan, once implemented, will allow for the granting of incentive stock options to its officers, employees and directors. The purpose of granting such options would be to assist Filo Mining in compensating, attracting, retaining and motivating the directors of Filo Mining and to closely align the personal interests of such persons to that of the shareholders of Filo Mining.

Outstanding Option-Based Awards

Pursuant to the Plan of Arrangement, each NGEx Option that is outstanding immediately before the Effective Time, which has not been duly exercised or cancelled, will be deemed to be exchanged for one Replacement NGEx Option and one-quarter of one fully-vested Filo Option.

Provided that no NGEx Options will have been duly exercised or cancelled prior to the Effective Time, it is estimated that the following Filo Options will be held by Filo Mining's directors, other than the Named Executive Officers, under the Filo Option Plan, as of the Effective Date:

Name	Number of securities underlying unexercised Filo Options	Expected Filo Option Exercise Price (\$) ¹⁾	Filo Option Expiry Date
Lukas Lundin	37,500	\$1.40	May 7, 2017
	50,000	\$0.65	May 11, 2018
	37,500	\$0.42	February 24, 2019

Note:

- (1) Subject to adjustment in accordance with the Plan of Arrangement. The exercise prices of each Replacement NGEx Option and each Filo Option issued pursuant to the Arrangement shall be and be deemed to be automatically adjusted such that the aggregate In-the-Money Amounts thereof does not exceed the In-the-Money Amount of the exchanged NGEx Option determined immediately before the exchange, with the intention that subsection 7(1.4) of the Tax Act will apply to each exchange. The disclosed exercise prices of the Filo Options have been determined based on the value ascribed to the Filo Common Shares to establish the exchange ratio for the NGEx Common Shares in connection with the transaction. In the event the aggregate of the In-the-Money Amount immediately after the closing exceeds the In-the-Money Amount of the NGEx Options prior to the closing of the transaction, the exercise prices will be adjusted in accordance with the terms of the Arrangement by referring to the fair market value of shares. In order to determine the fair market value, reference will be made to Exchange Policy 4.4, which requires a ten trading day period. Any required adjustments will be made on a pro-rata basis between the Replacement NGEx Options and the Filo Options.

No other stock options have been granted by Filo Mining since the date of its incorporation on May 12, 2016 and Filo Mining does not have a share-based awards program.

Aggregate Options Exercised and Option Values

No stock options have been exercised since the date of its incorporation on May 12, 2016.

Audit Committee

Each member of the Audit Committee has adequate education and experience that is relevant to their performance as an audit committee member and, in particular, the requisite education and experience that have provided the member with the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Filo Mining's financial statements.

It is intended that the Audit Committee will establish a practice of approving audit and non-audit services provided by the external auditor. The Audit Committee intends to delegate to its Chair the authority, to be exercised between regularly scheduled meetings of the Audit Committee, to pre-approve audit and non-audit services provided by the independent auditor. All such preapprovals would be reported by the Chair at the meeting of the Audit Committee next following the pre-approval.

The charter to be adopted by the Audit Committee is expected to be substantially similar to that of NGEx's Audit Committee charter.

To date, Filo Mining has paid no fees to its external auditor.

CORPORATE GOVERNANCE

Canadian corporate governance code

The Company discloses its corporate governance practices pursuant to the disclosure requirements in National Instrument 58-101 – Disclosure of Corporate Governance Practices (the “**Governance Disclosure Rule**”) that apply to issuers listed on the TSX-V. The Company’s governance practices are made with reference to National Policy 58-201, Corporate Governance Guidelines (the “**Governance Guidelines**”). The Governance Disclosure Rule and the Governance Guidelines are initiatives of the Canadian Securities Administrators (“**CSA**”).

The Governance Guidelines are not intended to be prescriptive, but are to be used as guidelines in developing corporate governance practices. The Governance Guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance practices. The Governance Disclosure Rule requires that, if management of an issuer solicits proxies from its Shareholders for the purpose of electing directors, specified disclosure of its corporate governance practices must be included in its management information circular.

The Board recognizes the importance of corporate governance to the effective management of the Company and to the protection of its employees and Shareholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance Shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Company's affairs and in light of opportunities or risks which may arise.

The Company believes that its corporate governance practices have been, and continue to be, in compliance with applicable Canadian requirements. The Company continues to monitor developments in Canada with a view to further revising its governance policies and practices, as appropriate.

Further details regarding rules in relation to corporate governance are set forth in Section “*Summary of shareholder rights*” that is attached as an Appendix to the Company Description.

Board structure and function

The Board shall be constituted at all times of a majority of independent directors in accordance with the Governance Guidelines. The Chairman of the Board should also be independent or alternatively the Board will appoint an independent lead director. Directors are considered to be "independent" if they have no direct or indirect material relationship with Filo Mining. A "material relationship" is a relationship which could, in the view of the Filo Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Filo Board is composed of five directors, of which four are considered to be independent. Mr. Wodzicki is not independent, as he is the President and CEO of Filo Mining. Filo Mining does not have a formal policy limiting the number of outside directorships or the number of directors that can sit on the same board outside of the Company.

Certain directors of Filo Mining are directors of other reporting issuers.

The Board is responsible for the stewardship of the business and affairs of the Company. The Board seeks to discharge this responsibility by reviewing, discussing and approving the Company’s strategic planning and organizational structure and supervising management to oversee that the long-term operational and financial goals and organizational structure enhance and preserve the business of the Company and the underlying value of the Company.

The Board discharges its responsibility for overseeing the management of the Company’s business by delegating to the Company’s senior officers the responsibility for day-to-day management of the Company. The Board discharges its responsibilities both directly and through its standing committees; namely, the Audit Committee, the Corporate Governance and Nominating Committee and the Compensation Committee. In addition to these regular committees, the Board may appoint ad hoc committees periodically to address issues of a more short-term nature. The Board's primary roles are overseeing corporate performance and providing quality, depth and continuity of management to meet the Corporation's strategic objectives. Other principal duties include, but are not limited to, the following categories: (i) appointment of management; (ii) board organization; (iii) strategic planning; (iv) monitoring of financial performance and other financial reporting matters; (v) risk management; (vi) environmental oversight; (vii) policies and procedures; and (viii) communications and reporting.

Standing committees of Filo Mining

There are currently three standing committees of the Board; the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee. The following table identifies the members of each of these Committees as of the date of this document:

<i>Audit Committee</i>	<i>Compensation Committee</i>	<i>Corporate Governance and Nominating Committee</i>
Alessandro Bitelli (Chair) C. Ashley Heppenstall Paul McRae	Lukas H. Lundin (Chair) C. Ashley Heppenstall Paul McRae	C. Ashley Heppenstall (Chair) Alessandro Bitelli Paul McRae

Audit committee

Filo Mining has an Audit Committee comprised of Alessandro Bitelli (Chair), C. Ashley Heppenstall and Paul McRae, each of whom is independent and financially literate¹ within the meaning of National Instrument 52-110 (“NI 52-110”). This Committee is primarily responsible for overseeing the accounting and financial reporting processes of the Company and its subsidiaries and all audits and external reviews of the financial statements of the Company on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Company and its subsidiaries. The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services, which are further elaborated on in the Audit Committee’s charter.

¹ For the purposes of NI 52-110, an individual is financial literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer’s financial statements.

The Audit Committee oversees the accounting and financial reporting processes of the Company and its subsidiaries and all audits and external reviews of the financial statements of the Company on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Company and its subsidiaries. All auditing services and non-audit services to be provided to the Company by the Company's auditors shall, to the extent and in the manner required by applicable law or regulation, be pre-approved by the Audit Committee. The Audit Committee reviews, on a continuous basis, any reports prepared by the Company's external auditors relating to the Company's accounting policies and procedures, as well as internal control procedures and systems. The Audit Committee is also responsible for examining all financial information, including annual and quarterly financial statements and management's discussion and analysis, prepared for securities commissions and similar regulatory bodies prior to filing or delivery of the same and annual and interim press releases relating to financial results prior to public disclosure of such information. The Audit Committee also oversees the annual audit process, quarterly review engagements, if any, the Company's internal accounting controls, Code of Business Conduct and Ethics, any complaints and concerns regarding accounting, internal controls or auditing matters and the resolution of issues identified by the Company's external auditors. The Audit Committee recommends to the Board the firm of independent auditors to be nominated for appointment by the shareholders and the compensation of the auditors. The Audit Committee meets a minimum of four times per year.

Below are the details of each Audit Committee member, including his name, whether he is independent and financially literate as such terms are defined under NI 52-110 and his education and experience as it relates to the performance of his duties as an audit committee member. The qualifications and independence of each member is discussed below:

Member Name	Independent⁽¹⁾	Financially Literate⁽²⁾	Education and Experience Relevant to Performance of Audit Committee Duties
Alessandro Bitelli (Chair)	Yes	Yes	Mr. Bitelli is a Chartered Professional Accountant with over 30 years of experience in the mining industry and in public accounting, having worked in both North America and Europe. Mr. Bitelli is currently Executive Vice President, Chief Financial Officer of Lundin Gold Inc. Over the years Mr. Bitelli served as Chief Financial Officer of several public companies including, most recently, Orca Gold Inc. and Red Back Mining Inc. from September 2007 to August 2010; He held the position of Vice President of Finance at Ashton Mining of Canada Inc. from 1995 to 2007.
C. Ashley Heppenstall	Yes	Yes	Mr. Heppenstall holds a Bachelor of Science Degree in Mathematics from the University of Durham. Mr. C. Ashley Heppenstall has been Chairman of the Board at Etrion Corporation since June 14, 2016. Prior to that, Mr. Heppenstall served as the Chief Executive

			Officer and President at Lundin Petroleum AB from 2001 until October 1st 2015. Mr. Heppenstall is also a director of Lundin Petroleum AB, Lundin Gold Inc., Chairman of Africa Energy Corp., and a director of ShaMaran Petroleum Corp., and, from May 2010 until May 2013, was a director of Vostok Nafta Investment Ltd., a corporation traded on the Nasdaq OMX Nordic Exchange in Stockholm. Mr. Heppenstall is also the Chairman of the Audit Committees of ShaMaran Petroleum Corp and Etrion Corporation.
Paul McRae	Yes	Yes	Mr McRae is the Senior Vice-President, Projects, of Lundin Mining Corporation. Mr. McRae has a distinguished global reputation in project and construction management in the mining industry for both surface and underground projects of all scales and complexities. He was most recently responsible for the successful development of Lundin Mining Corporation's Eagle Mine in Northern Michigan. His track record includes on time/on budget project management of major underground investments for INCO including McCreedy East, Garson and Birch Tree projects, serving as Project Manager on the highly successful De Beers Victor Project in Northern Canada, and leadership of numerous other projects from conceptual through construction phases in Australia, Canada, Spain, Portugal and South America, over a career spanning more than 40 years. Mr. McRae is a director of Lundin Gold Inc. Mr. McRae's work with various significant projects has provided him with a good understanding of financial reporting standards and practices.

⁽¹⁾ Independent within the meaning of NI 52-110.

⁽²⁾ An individual is financially literate within the meaning of NI 52-110 if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues and can reasonably be expected to be raised by the Corporation's financial statements.

Compensation committee

The Board has formed a compensation committee comprised of Lukas H. Lundin (Chair), C. Ashley Heppenstall and Paul McRae, all of whom are independent within the meaning set out in the

Governance Guidelines. The compensation committee's mandate is to annually review and recommend to the Board the form and adequacy of compensation for directors, the Chief Executive Officer and other senior officers.

The compensation committee is also responsible for implementing and overseeing the Company's compensation policies and programs as approved by the Board, including among other things: recommending compensation policies and guidelines to the Board; ensuring that the Company has in place programs to attract and develop executive officers of the highest calibre and a process to provide for the orderly succession of executive officers; and reviewing and approving corporate goals and objectives relevant to the compensation of executive officers and, in light of those goals and objectives, recommending to the Board the annual salary, bonus and other benefits, direct and indirect, of executive officers.

The Company reimburses its directors for reasonable expenses incurred by them in the exercise of their duties.

Corporate governance and nominating committee

The Board has formed a Corporate Governance and Nominating Committee ("**CGNC**") comprised of C. Ashley Heppenstall (Chair), Alessandro Bitelli and Paul McRae, each of whom is independent within the meaning set out in the Governance Guidelines. The CGNC's mandate is to develop and monitor the Company's approach to corporate governance issues and has primary responsibility for identifying prospective Board members. The CGNC, among other things, oversees the effective functioning of the Board and oversees the relationship between the Board and management. The CGNC has been mandated to annually review and make recommendations to the Board with respect to: (i) the size and composition of the Board; (ii) the appropriateness of the committees of the Board; and (iii) the contribution of individual directors. The Committee is required to meet at least annually and to report to the Board following its meetings. The CGNC has the authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.

LEGAL AND SUPPLEMENTARY INFORMATION

Name and incorporation

Filo Mining was incorporated under the CBCA on May 12, 2016 for the purposes of the Arrangement. No material amendments have been made to Filo Mining's articles or other constating documents since its incorporation.

Filo Mining's head and principal business address are all located at Suite 2000, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8. Filo Mining's registered office address is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

Legal proceedings

Filo Mining is not a party to any material legal proceedings and Filo Mining is not aware of any such proceedings known to be contemplated.

Interest of management and others in material transactions

No director, executive officer or greater than 10% shareholder of Filo Mining and no associate or affiliate of the foregoing persons has or had any material interest, direct or indirect, in any transaction since incorporation or in any proposed transaction which in either such case has materially affected or will materially affect Filo Mining save as described herein.

The auditors of Filo Mining are PricewaterhouseCoopers LLP, Suite 700, 250 Howe Street, Vancouver, British Columbia V6C 3R8.

Registrar and transfer agent

The registrar and transfer agent for the Filo Common Shares is Computershare Investor Services Inc. at its principal offices at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9.

Material contracts

The only agreement or contract that Filo Mining has entered into since its incorporation or will enter into as part of the Arrangement which may be reasonably regarded as being material is the Arrangement Agreement dated June 13, 2016 between Filo Mining and NGEx. The Arrangement Agreement became effective on July 16, 2016. See "Arrangement Agreement".

A copy of the Arrangement Agreement may be inspected at any time up to the commencement of the Meeting during normal business hours at Filo Mining's offices located at Suite 2000, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8 and under Filo Mining's profile on the SEDAR website at www.sedar.com.

Interest of experts

PricewaterhouseCoopers LLP, Chartered Professional Accountants, is the auditor of Filo Mining and is independent of Filo Mining within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Fionnuala Devine, P. Geo. Of Merlin Geosciences Inc., Diego Charchaflié, P.Geo. of LPF Consulting SRL, and James N. Gray, P.Geo. of Advantage Geoservices Ltd., prepared the Filo del Sol Report. As of the date of this Company Description, neither Fionnuala Devine, Merlin Geosciences Inc., Diego Charchaflié, LPF Consulting SRL, James N. Gray, nor Advantage Geoservices Ltd. own any of the issued and outstanding Filo Common Shares.

Information regarding Certified Adviser

All companies traded on First North must have a Certified Adviser that monitors the relevant company's compliance with the rules and regulations of First North. The Company has appointed Pareto Securities as its Certified Adviser. As of the date of this Company Description, Pareto Securities holds no shares or other securities in or issued by Filo Mining.

TAX MATTERS

The following is a summary of certain tax issues that may arise as a result of holding shares in the Company. The summary is based on Swedish tax legislation currently in force and is intended only as general information for shareholders, who are resident or domiciled in Sweden for tax purposes, if not otherwise stated.

The summary does not cover situations where shares are held as current assets in business operations or by a partnership. Furthermore, the summary does not cover special regulations governing tax exempt capital gains, shareholding in companies that are, or have previously been, closely held companies (Sw. fåmansföretag) or on shares acquired on the basis of such holdings, or other specific situations and rules. The summary also does not cover tax issues related to holdings in unlisted shares. Shares are considered listed for Swedish tax purposes if the shares are subject to continuous publicly available listing on the basis of marketable trade in the share. The summary is not applicable to shareholders that have ever been resident in Canada for Canadian tax purposes, carried on business or maintained a permanent establishment in Canada or performed independent personal services in Canada from a fixed base situated in Canada, each as defined in the Sweden-Canada Income Tax Convention (1996). Special tax consequences that are not described below may also apply for certain categories of taxpayers, including investment companies, mutual funds, insurance companies and persons who are not resident or domiciled in Sweden. Each shareholder is recommended to consult a tax adviser for information on the specific tax consequences that may arise as a result of holding shares in the Company, including the applicability and effect of foreign or other rules, tax treaties or from foreign exchange rate fluctuations between currencies which may be applicable.

Certain Swedish income tax considerations

Capital gains taxation

Individuals who sell their shares, are subject to capital gains tax. The current tax rate is 30 per cent of the gain. The capital gain is calculated to equal the difference between the sales proceeds, after deduction for sales expenses, and the shares' acquisition cost for tax purposes. The acquisition cost is determined according to the "average cost method". This means that the costs for all shares of the same type and class are added together and determined collectively, with respect to changes to the holding. Alternatively, "the standard rule" according to which the acquisition cost is deemed to be equal to 20 per cent of the net sales price may be applied on the disposal of listed shares.

Capital losses on listed shares are fully deductible against taxable capital gains on shares during the same fiscal year. The loss is also deductible against gains on other listed securities that are taxed in the same manner as shares (except for shares in mutual funds containing only Swedish receivables (Sw. räntefonder)). A loss in excess of the above mentioned gains is deductible with 70 per cent against any other taxable income derived from capital.

If a deficit arises in the income from capital category, a reduction of the tax on income from employment and from business, as well as the tax on real estate, is allowed. The tax reduction allowed amounts to 30 per cent of any deficit not exceeding SEK 100,000 and 21 per cent of any deficit in excess of SEK 100,000. Deficits may not be carried forward to a later fiscal year.

Dividend taxation

In general, dividends, if any, on shares are taxed in Sweden at a rate of 30 per cent as income from capital for individuals.

Since the dividend is generally taxable in both Sweden and Canada, double taxation may occur. However, Canadian withholding tax levied can be credited from Swedish tax to the extent Swedish tax is attributable to foreign income (overall credit).

If the foreign tax should exceed the Swedish tax attributable to foreign income one year, the credit may, subject to certain limitations, be carried forward for up to five years. Alternatively, the foreign tax may be deducted as a cost for the recipient.

Limited liability companies

Capital gains

Swedish limited liability companies (Sw: aktiebolag) are taxed on all income as income from business activities at a flat rate of 22 per cent. Regarding the calculation of a capital gain or loss and the acquisition cost, see above under section "Certain Swedish income tax considerations".

A capital loss on shares incurred by a corporate shareholder may be offset only against gains on shares or other securities that are taxed in the same manner as shares. Such capital losses may, under certain circumstances, also be deductible against capital gains on such securities within the same group of companies, provided the requirements for group contributions are met. Capital losses on shares or other such securities, which have not been deducted from capital gains within a certain year, may be carried forward and be offset against similar capital gains in future years without any limitation in time.

Dividend taxation

In general, dividends, if any, on shares to limited liability companies are taxed in Sweden at a rate of 22 per cent as ordinary income from business activities.

Since the dividend is generally taxable in both Sweden and Canada, double taxation may occur. However, Canadian withholding tax levied can be credited from Swedish tax to the extent Swedish tax is attributable to foreign income (overall credit).

If the foreign tax should exceed the Swedish tax attributable to foreign income one year, the credit may, subject to certain limitations, be carried forward for up to five years. Alternatively, the foreign tax may be deducted as a cost for the recipient.

Canadian withholding tax

Unless the dividend is tax-free for the Swedish holder, the Canadian tax withheld can generally be credited against Swedish income tax and real estate tax. In order to benefit from the tax credit, legal entities must apply for a tax credit from the Swedish Tax Agency. The 30% preliminary tax withheld by Euroclear on dividends to individuals is normally reduced with the withholding tax levied and individuals will automatically benefit from the tax credit if the withholding tax is reported to the Tax Agency and included in the annual income statement.

Certain tax issues for shareholders who are not tax resident in Sweden

Individual shareholders who are not resident or domiciled in Sweden for Swedish tax purposes are generally not subject to tax in Sweden for capital gains realized upon the sale or other disposal of shares. Shareholders may, however, be subject to taxation in their country of domicile and elsewhere.

Under a domestic Swedish tax provision, non-Swedish tax resident individuals may be subject to Swedish capital gains taxation upon a sale or other disposal of shares in non-Swedish corporate entities if the shares were acquired during their tax residency in Sweden if they have been resident or lived

permanently in Sweden at any time during the calendar year of such disposal or during the previous ten calendar years preceding the year of disposal. The applicability of this provision may however be limited by an applicable tax treaty between Sweden and other countries.

Foreign legal entities are not liable to Swedish tax on dividends or capital gains upon a sale or other disposal of shares, provided that the shares are not pertaining to a permanent establishment in Sweden.

Certain Canadian federal income tax considerations for non-residents of Canada

The following summary describes, as of the date hereof, the principal Canadian federal income tax consequences under the Income Tax Act (Canada) (the “**Canadian Tax Act**”), generally applicable to a holder (a “**Holder**”), who, for the purposes of the Canadian Tax Act, and at all relevant times, (i) is not (and is not deemed to be) resident in Canada for the purposes of the Canadian Tax Act and any applicable income tax treaty or convention, (ii) holds Shares as capital property, (iii) deals at arm’s length with, and is not affiliated with, the Company, and (v) will not use or hold, and is not deemed to use or hold, Shares in carrying on a business in Canada. The Shares will generally be considered to be capital property for this purpose unless either the Holder holds such Shares in the course of carrying on a business of trading or dealing in securities, or the Holder has acquired such Shares in a transaction or transactions considered to be an adventure or concern in the nature of trade. In addition, this discussion does not apply to a Holder that carries on or is deemed to carry on, an insurance business in Canada and elsewhere or to an “authorized foreign bank,” as defined in the Canadian Tax Act. Any such Holder to which this summary does not apply should consult its own tax advisor.

This summary is based upon the current provisions of the Canadian Tax Act and the regulations thereunder (the “**Canadian Tax Regulations**”), the Sweden-Canada Income Tax Convention (1996) (the “**Convention**”) as in effect on the date hereof, and our understanding of the administrative and assessing policies and practices of the Canada Revenue Agency published in writing prior to the date hereof. The summary also takes into account all specific proposals to amend the Canadian Tax Act and the Canadian Tax Regulations that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Canadian Tax Proposals**”), and assumes that the Canadian Tax Proposals will be enacted in the form proposed. No assurance can be given that the Canadian Tax Proposals will be enacted in the form proposed or at all. This summary does not otherwise take into account or anticipate any changes in law, administrative policy or assessing practice, whether by way of legislative, regulatory, judicial or administrative decision, action or interpretation, nor does it address other federal or any provincial, territorial or foreign tax considerations.

This summary is not exhaustive of all possible Canadian federal income tax considerations of holding shares. The summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business, or tax advice to any prospective Holder. Holders should consult their own tax advisors as to the Canadian federal tax consequences, and the tax consequences of any other jurisdiction, applicable to them having regard to their own particular circumstances.

Dividends on the shares

Canadian withholding tax at a rate of 25 per cent (subject to reduction under the provisions of any applicable income tax treaty or convention) will be payable on the gross amount of dividends on the Shares paid or credited, or deemed to be paid or credited, to a Holder. The Canadian withholding taxes will be deducted directly by the Company or its paying agent from the amount of the dividend otherwise payable and remitted to the Receiver General of Canada. The rate of withholding tax applicable to a dividend paid on the Shares to a Holder who is a resident of Sweden for purposes of the Convention, who is entitled to the benefits of the Convention, and who beneficially owns the dividend will generally

be reduced to 15 per cent or, if such a Holder is a company that controls directly at least ten per cent of the voting power of the Company, or that holds directly at least 25 per cent of the Company's capital, to 5 per cent. The rate of withholding tax on dividends may also be reduced under certain other bilateral income tax treaties or conventions to which Canada is a signatory. The treaty rate is only applied if sufficient information regarding the tax residency of the shareholder is available.

Dispositions of the shares

A Holder will not be subject to tax under the Canadian Tax Act in respect of any capital gain realized by such Holder on a disposition, or deemed disposition, of the shares unless the shares constitute "taxable Canadian property," as defined in the Canadian Tax Act, of the Holder at the time of disposition and the holder is not entitled to an exemption under any applicable income tax treaty or convention. As long as the shares are then listed on a "designated stock exchange" (which currently includes the TSX and the Stockholm Stock Exchange), the shares generally will not constitute taxable Canadian property of a Holder, unless (a) at any time during the 60-month period preceding the disposition: (i) one or any combination of (A) the Holder, (B) persons not dealing at arm's length with such Holder, and (C) partnerships in which the Holder or a person described in (B) holds a membership interest directly or indirectly through one or more partnerships, owned 25 per cent or more of the Company's issued shares of any class or series; and (ii) more than 50 per cent of the fair market value of the shares was derived, directly or indirectly, from a combination of real or immovable property situated in Canada, "Canadian resource properties," as such term is defined in the Canadian Tax Act, "timber resource properties," as such term is defined in the Canadian Tax Act, or options in respect of interests in, or for civil law rights in, any such properties whether or not the property exists, or (b) the shares are otherwise deemed to be taxable Canadian property. If the shares are considered taxable Canadian property to a Holder, an applicable income tax treaty or convention may in certain circumstances exempt that Holder from tax under the Canadian Tax Act in respect of the disposition or deemed disposition of the shares. Under the Convention, a holder who, for purposes of the Convention is at all relevant times a resident of Sweden and is entitled to the benefits of the Convention would not be subject to Canadian taxation on capital gains from the sale of shares listed on the TSX. Holders whose shares are, or may be, taxable Canadian property should consult their own tax advisors for advice having regard to their particular circumstances.

As long as the shares are listed at the time of their disposition or deemed disposition on a "recognized stock exchange" (which currently includes the TSX and the Stockholm Stock Exchange), as defined in the Canadian Tax Act, a Holder who disposes of shares that are taxable Canadian property will not be required to satisfy the obligations imposed under section 116 of the Canadian Tax Act and, as such, the purchaser of such shares will not be required to withhold any amount on the purchase price paid. An exemption from such requirements may also be available in respect of such disposition if the shares are "treaty-exempt property," as defined in the Canadian Tax Act.

A Holder whose shares are taxable Canadian property should consult their own tax advisors.

GLOSSARY OF TERMS

In this Company Description, the following capitalized words and terms shall have the following meanings:

Arrangement	The arrangement under section 192 of the CBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with this Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of NGEEx.
Arrangement Agreement	The arrangement agreement dated as of June 13, 2016, as may be supplemented or amended from time to time.
Carve-Out Financial Statements	Audited carve-out consolidated financial statements and unaudited carve-out consolidated financial statements.
CBCA	The <i>Canada Business Corporations Act</i> and the regulations made thereunder, as promulgated or amended from time to time.
CCAA	The <i>Companies' Creditors Arrangement Act</i> .
Company Description	This company description of Filo Mining Corp. dated as of September 1, 2016.
Court	The Supreme Court of British Columbia.
Director	The director appointed under Section 260 of the CBCA.
Effective Date	The date of certification of the Articles of Arrangement by the Director in accordance with section 192(8) of the CBCA.
Effective Time	12:01 a.m. (Vancouver time) on the Effective Date.
Fairness Advisor	Evans & Evans, Inc.
Filo Board	The duly appointed board of directors of Filo Mining.
Filo Common Shares or Shares	The common shares of Filo Mining.
Filo del Sol Project	The Filo del Sol copper-gold-silver property located in San Juan Province, Argentina and Region III, Chile.
Filo del Sol Report	The NI 43-101 technical report dated June 10, 2016, prepared by Fionnuala Devine, P. Geo., Diego Charchaflié, P. Geo., and James N. Gray, P. Geo., titled Geological Report for the Filo del Sol Property, Region II, Chile and San Juan

Province, Argentina” with an effective date of May 30, 2016.

Filo Mining	Filo Mining Corp., a company incorporated pursuant to the laws of Canada.
Filo Option Plan	The stock option plan of Filo Mining to be approved by the NGEx Shareholders at the Meeting.
Filo Options	The stock options of Filo Mining that will be granted to NGEx Optionholders pursuant to the Arrangement in exchange for the NGEx Options and will be exercisable for Filo Common Shares pursuant to the Filo Option Plan.
Filo Working Capital	The \$3 million to be transferred by NGEx to Filo Mining on the Effective Date under the Arrangement.
Final Order	The final order of the Court pursuant to section 192(3) of the CBCA, in a form acceptable to NGEx approving the Arrangement as such order may be amended by the Court (with the consent of NGEx) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to NGEx) on appeal, such Court having approved the procedural and substantive fairness of the terms and conditions of the distribution of the securities by NGEx Shareholders in the United States and after notice and a hearing upon the fairness of such terms and conditions at which all NGEx Shareholders have the right to appear.
Holder	A beneficial owner of Filo Common Shares who, for the purposes of the Canadian Tax Act, and at all relevant times, (i) is not (and is not deemed to be) resident in Canada for the purposes of the Canadian Tax Act and any applicable income tax treaty or convention, (ii) holds Shares as capital property, (iii) deals at arm’s length with, and is not affiliated with, the Company, and (v) will not use or hold, and is not deemed to use or hold, Shares in carrying on a business in Canada.
IFRS	International Financial Reporting Standards as adopted by the International Accounting Standards Board or a successor entity, as amended from time to time.
In-the-Money Amount	At a particular time with respect to a NGEx Option, Replacement NGEx Option, or Filo Option means the amount, if any, by which the fair market value of the relevant underlying security exceeds the exercise price of the relevant option at the particular time.
Meeting	The special meeting of NGEx Shareholders and NGEx Optionholders held on August 11, 2016.
Named Executive Officers or NEO	Has the meaning ascribed to such term in Form 51-102F6 – Statement of Executive Compensation.
NGEx	NGEx Resources Inc., a company incorporated pursuant to the laws of Canada.

NGEx Board	The duly appointed board of directors of NGEx.
NGEx Common Shares	The common shares of NGEx.
NGEx Options	The stock options issued by NGEx to acquire NGEx Common Shares.
NGEx Optionholder	A holder of unexercised NGEx Options immediately before the Effective Time.
NGEx Shareholders	The holders of NGEx Common Shares.
Nasdaq First North	Nasdaq First North Exchange (Stockholm).
Nasdaq Stockholm	Nasdaq Stockholm AB.
NI 43-101	National Instrument 43-101 – <i>Standards of Disclosure for Mineral Projects</i> .
PEA	Preliminary Economic Assessment
Person or person	Is and includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof.
Plan of Arrangement	The Plan of Arrangement, and any amendments or variations thereto made in accordance with the Arrangement Agreement, the Plan of Arrangement or upon the direction of the Court in the Final Order with the consent of NGEx.
Project Constellation	Project Constellation means the two copper/gold/silver deposits, the Los Helados deposit, Chile, and the Josemaria deposit, Argentina, integrated together as one project.
Securities Legislation	The securities legislation of the provinces and territories of Canada, the FI (the securities legislation of Sweden), the U.S. Exchange Act and the U.S. Securities Act, each as now enacted or as amended, and the applicable rules, regulations, rulings, orders, instruments and forms made or promulgated under such statutes, as well as the rules, regulations, by-laws and policies of the TSX, Nasdaq Stockholm, TSX-V and Nasdaq First North.
SEDAR	System for Electronic Document Analysis and Retrieval at www.sedar.com .
Special Resolution	A resolution required to be approved under the CBCA by not less than two-thirds of the votes cast by those NGEx Shareholders and NGEx Optionholders who vote

in person or by proxy at the Meeting for which appropriate notice has been given.

Subsidiary	Is, with respect to a specified body corporate, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified body corporate and shall include any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation to a subsidiary.
Tax Act	The <i>Income Tax Act</i> (Canada) and the regulations made thereunder, as promulgated or amended from time to time.
Transfer Agent	Computershare Investor Services Inc. or such other trust company or transfer agent as may be designated by NGEx.
TSX	The Toronto Stock Exchange.
TSX-V	The TSX Venture Exchange.
U.S.	United States.
U.S. Exchange Act	The United States <i>Securities Exchange Act of 1934</i> , as amended, and the rules and regulations promulgated from time to time thereunder.
U.S. Securities Act	The United States <i>Securities Act of 1933</i> , as amended, and the rules and regulations promulgated from time to time thereunder.

APPENDIX

Filo Mining Corp. - Pro-forma financial statements

As at March 31, 2016

Filo Mining Corp. - Condensed interim financial statements

For the period from incorporation on May 12, 2016 to May 31, 2016

The Filo del Sol Exploration Business of NGEx Resources Inc. - Carve-out financial statements

For the period January 1, 2016 to March 31, 2016

The Filo del Sol Exploration Business of NGEx Resources Inc. - Carve-out financial statements

3 years ended December 31, 2015, 2014 and 2013

Corporate Governance - Shareholder Rights in Canada and Sweden

Summary of Differences Applicable to Filo Mining Corp.

Filo Mining Corp. – Filo Amended and Restated By-Law no 1

Filo Mining Corp.

Pro forma Financial Statements

March 31, 2016

Pro Forma Financial Statements

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Filo Mining Corp.
Pro forma Consolidated Statement of Financial Position
As at March 31, 2016
(Unaudited – prepared by management)
(All amounts expressed in Canadian Dollars)

	Filo Mining Corp.	Filo Mining Carve-out	Pro forma Adjustments	<i>Note</i>	Filo Mining Corp. Consolidated Pro Forma
ASSETS					
Current assets					
Cash and cash equivalents	\$ 1	\$ 740,857	\$ 3,000,000	<i>4a</i>	\$ 3,740,858
Receivables and other assets	-	72,519	-		72,519
	1	813,376	3,000,000		3,813,377
Non-current assets					
Mineral properties	-	5,841,049	-		5,841,049
TOTAL ASSETS	1	6,654,425	3,000,000		9,654,426
LIABILITIES					
Current liabilities					
Trade payables and accrued liabilities	3,050	403,016	-		406,066
EQUITY					
Share capital	1	-	9,251,409	<i>4(a)(b),5</i>	9,251,410
Owner's net investment	-	6,251,409	(6,251,409)	<i>4(b)</i>	-
Deficit	(3,050)	-	-		(3,050)
TOTAL EQUITY	(3,049)	6,251,409	3,000,000		9,248,360
TOTAL LIABILITIES AND EQUITY	\$ 1	\$ 6,654,425	\$ 3,000,000		\$ 9,654,426

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

Filo Mining Corp.
Pro forma Consolidated Statement of Comprehensive Loss
For the three months ended March 31, 2016
(Unaudited – prepared by management)
(All amounts expressed in Canadian Dollars)

	Filo Mining Corp.	Filo Mining Carve-Out	Pro forma Adjustments	Note	Filo Mining Corp. Consolidated Pro Forma
Expenses					
Exploration and project investigation	\$ -	\$ 1,286,328	-		\$ 1,286,328
General and administrative					
Salaries and benefits	-	125,434	-		125,434
Share based compensation	-	127,121	-		127,121
Management fees	-	47,312	-		47,312
Professional fees	-	68,650	-		68,650
Travel	-	11,329	-		11,329
Promotion and public relations	-	41,808	-		41,808
Office and general	-	81,061	-		81,061
Operating loss	-	1,789,043	-		1,789,043
Other expenses					
Foreign exchange loss	-	73,168	-		73,168
Net loss	-	1,862,211	-		1,862,211
Other comprehensive loss					
Foreign currency translation adjustment	-	528,740	-		528,740
Net comprehensive loss	\$ -	\$ 2,390,951	-		2,390,951
Loss per share					
<i>Basic and diluted</i>	-	-	-	6	0.05
<i>Weighted average common shares outstanding</i>	1	-	51,265,933		51,265,934

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

Filo Mining Corp.
Pro forma Consolidated Statement of Comprehensive Loss
For the year ended December 31, 2015
(Unaudited – prepared by management)
(All amounts expressed in Canadian Dollars)

	Filo Mining Corp.	Filo Mining Carve-Out	Pro forma Adjustments	Note	Filo Mining Corp. Consolidated Pro Forma
Expenses					
Exploration and project investigation	\$ -	\$ 9,581,054	-		\$ 9,581,054
General and administrative					
Salaries and benefits	-	365,177	-		365,177
Share based compensation	-	344,140	-		344,140
Management fees	-	196,449	-		196,449
Professional fees	3,050	148,079	-		151,129
Travel	-	83,073	-		83,073
Promotion and public relations	-	118,917	-		118,917
Office and general	-	155,172	-		155,172
Operating loss	3,050	10,992,061	-		10,995,111
Other expenses					
Foreign exchange loss	-	731,273	-		731,273
Net worth tax expense	-	93,419	-		93,419
Net loss	3,050	11,816,753	-		11,819,803
Other comprehensive loss					
Foreign currency translation adjustment	-	775,323	-		775,323
Net comprehensive loss	\$ 3,050	\$ 12,592,076	-		12,595,126
Loss per share					
<i>Basic and diluted</i>	3,050	-	-	6	0.24
<i>Weighted average common shares outstanding</i>	1	-	51,265,933		51,265,934

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

Filo Mining Corp.
Notes to the Pro forma Consolidated Financial Statements
For the year ended December 31, 2015 and the three months ended March 31, 2016
(Unaudited – prepared by management)
(All amounts expressed in Canadian Dollars)

1. PLAN OF ARRANGEMENT

These unaudited pro forma financial statements of Filo Mining Corp. ("Filo Mining" or the "Company") have been prepared for inclusion in the Information Circular of NGEx Resources Inc. ("NGEx") dated July 8, 2016. They should be read in conjunction with the May 31, 2016 audited financial statements of Filo Mining ("May 2016 Filo Mining Financial Statements"), the unaudited carve-out condensed interim financial statements of the Filo del Sol Exploration Business of NGEx Resources Inc. as at and for the three months ended March 31, 2016 ("2016 Filo Carve-out") and the audited carve-out financial statements of the Filo del Sol Exploration Business of NGEx Resources Inc. as at and for the year ended December 31, 2015 ("2015 Filo Carve-out").

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

Under the Arrangement, NGEx will then distribute all of the shares of Spinco to its shareholders on the basis of one Spinco share for every four NGEx shares held by way of a reduction and return of share capital. Upon closing of the transaction, Spinco will be owned exclusively by existing NGEx shareholders in identical proportion to their previous shareholdings of NGEx. There will be no change to shareholders' existing holdings in the Company. Filo Mining is concurrently applying for a listing of the Spinco shares on the TSX Venture Exchange and the Nasdaq First North Exchange in Sweden.

Under the terms of the Arrangement, Spinco will hold the following key assets:

- A 100% interest in the Filo del Sol Exploration Business.
- \$3 million in cash and cash equivalents.

Filo Mining was incorporated on May 12, 2016 and its registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada. To date, Filo Mining has not commenced operations.

2. BASIS OF PRESENTATION

The unaudited pro forma consolidated financial statements are prepared to give effect to and reflect the transactions as described in Note 1 (the "Transactions") and the pro-forma assumptions and adjustment described in note 4 below and include:

- Unaudited pro forma consolidated statement of financial position as at March 31, 2016 prepared from the May 2016 Filo Mining Financial Statements and the 2016 Filo Carve-out, as included in the Information Circular, reflecting the Transactions as if they occurred on March 31, 2016.
- Unaudited pro forma consolidated statement of operations and comprehensive loss for the period from January 1, 2016 to March 31, 2016, prepared from the May 2016 Filo Mining Financial Statements and the 2016 Filo Carve-out, as included in the Information Circular, reflecting the Transactions as if they occurred on January 1, 2015.

Filo Mining Corp.
Notes to the Pro forma Consolidated Financial Statements
For the year ended December 31, 2015 and the three months ended March 31, 2016
(Unaudited – prepared by management)
(All amounts expressed in Canadian Dollars)

- Unaudited pro forma consolidated statement of operations and comprehensive loss for the year ended December 31, 2015 prepared from the May 2016 Filo Mining Financial Statements and the 2015 Filo Carve-out, as included in the Information Circular, reflecting the Transactions as if they occurred on January 1, 2015.

These pro forma consolidated financial statements are not intended to reflect the financial position and results of operations that would have occurred if the events reflected therein had been in effect at the dates indicated. Further, these pro forma interim financial statements are not necessarily indicative of the financial position and results of operations that may be obtained in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these unaudited pro forma financial statements are those as set out in the audited carve-out financial statements of the Filo del Sol Exploration Business of NGEx Resources Inc. as at and for the year ended December 31, 2015.

4. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro forma consolidated financial statements incorporate the following pro forma adjustments and/or assumptions:

- As part of the Agreement, Filo Mining receives \$3,000,000 in cash from NGEx.
- The amount contained within owner's net investment of \$6,251,409 is transferred to share capital upon issuance of shares of Filo Mining to NGEx.

5. SHARE CAPITAL

The changes in share capital that will occur pursuant to the Arrangement are as follows:

	Number of Common shares	Amount
Issued on incorporation	1	\$ 1
Issued under the Arrangement	51,265,933	9,251,409
Balance end of period	51,265,934	\$ 9,251,410

6. BASIS OF CALCULATION OF BASIC AND DILUTED LOSS PER SHARE

Pro forma basic and diluted loss per share are calculated based upon the weighted average number of Filo Mining common shares that would have been outstanding, assuming that any shares issued under the Arrangement would have been issued and outstanding for the periods presented. The weighted average number of shares outstanding for the basic and diluted loss per share calculations for the interim period ended March 31, 2016 and the year ended December 31, 2015 was assumed to be 51,265,934.

Filo Mining Corp.

Condensed Interim Financial Statements

For the period from Incorporation on May 12, 2016 to May 31, 2016

Condensed Interim Financial Statements

**For the period from Incorporation on May 12,
2016 to May 31, 2016**

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July 5, 2016

Independent Auditor's Report

To the Directors of Filo Mining Corp.

We have audited the accompanying condensed interim financial statements of Filo Mining Corp., which comprise the condensed interim statement of financial position as at May 31, 2016 and the condensed interim statements of comprehensive loss, cash flows and changes in equity for the period from incorporation on May 12, 2016 to May 31, 2016, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the condensed interim financial statements

Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting, and for such internal control as management determines is necessary to enable the preparation of condensed interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these condensed interim financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the condensed interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed interim financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the condensed interim financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the condensed interim financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the condensed interim financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the condensed interim financial statements present fairly, in all material respects, the financial position of Filo Mining Corp. as at May 31, 2016 and its financial performance and its cash flows for the period from incorporation on May 12, 2016 to May 31, 2016 in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting.

/s/ PricewaterhouseCoopers LLP

Chartered Professional Accountants

Filo Mining Corp.
Condensed Interim Statement of Financial Position
(All amounts expressed in Canadian Dollars)

May 31, 2016

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1
<hr/>	
TOTAL ASSETS	\$ 1
<hr/>	
LIABILITIES	
Current liabilities:	
Trade payables and accrued liabilities	\$ 3,050
<hr/>	
TOTAL LIABILITIES	3,050
<hr/>	
SHAREHOLDER'S EQUITY	
Share capital (Note 1,4)	1
Deficit	(3,050)
<hr/>	
TOTAL EQUITY	(3,049)
<hr/>	
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$ 1

Subsequent Event (Note 8)

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

ON BEHALF OF THE BOARD:

/s/William A. Rand
Director

/s/Wojtek A. Wodzicki
Director

Filo Mining Corp.
Condensed Interim Statement of Comprehensive Loss
(All amounts expressed in Canadian Dollars)

**Period from incorporation on
May 12, 2016
To May 31, 2016**

Expenses

Professional fees \$ 3,050

**Net Loss and Comprehensive Loss for
the Period**

\$ 3,050

Basic and diluted loss per common share (3,050)

**Weighted average common shares
outstanding** 1

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

Filo Mining Corp.
Condensed Interim Statement of Cash Flows
(All amounts expressed in Canadian Dollars)

**Period from incorporation on
May 12, 2016 to May 31, 2016**

Cash flows used in operating activities		
Net loss for the period	\$	(3,050)
Net change in working capital items:		
Trade payables and accrued liabilities		3,050
		-
Cash flows used in financing activities		
Share subscription		1
Increase in cash and cash equivalents during the period		1
Cash and cash equivalents, beginning of period		-
Cash and cash equivalents, end of period	\$	1

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

Filo Mining Corp.
Condensed Interim Statement of Changes in Equity
(All amounts expressed in Canadian Dollars)

	Number of shares issued and outstanding	Share capital	Deficit	Total
Balance, Incorporation on May 12, 2016	-	\$ -	\$ -	-
Share issued on incorporation (Note 1,4)	1	1	-	1
Net loss and comprehensive loss for the period	-	-	(3,050)	(3,050)
Balance, May 31, 2016	1	\$ 1	\$ (3,050)	\$ (3,049)

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

Filo Mining Corp.
Notes to the Condensed Interim Financial Statements
(All amounts expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Filo Mining Corp. (the "Company" or "Filo Mining") was incorporated on May 12, 2016 under the laws of Canada Business Corporations Act in anticipation of a plan of arrangement to reorganize the exploration business of NGEx Resources Inc. ("NGEx"), the Company's current parent company (see Note 8). The Company's intended business activity is the exploration and development of the Filo del Sol mineral properties located in South America. To date, the Company has not commenced operations. The Company's registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada.

The Company's ability to settle its existing liabilities and continue as a going concern is dependent upon the Company securing financing and continued support from NGEx (see Note 8).

2. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared on a historical cost basis in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards 34, Interim Financial Reporting.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on July 5, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Functional and presentation currency

The functional and presentation currency of the Company is the Canadian dollars.

b) Financial instrument classification and risks

In respect of the recognition and measurement of financial instruments, the Company has adopted the following policies:

Accounting classification of the following financial instruments	Other financial liabilities
<i>Measured at amortized cost:</i>	
Trade payables and accrued liabilities	X

c) Current and deferred income tax

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

Filo Mining Corp.
Notes to the Condensed Interim Financial Statements
(All amounts expressed in Canadian Dollars)

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

4. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares, without par value. On May 12, 2016, the Company issued one common share upon incorporation to NGEx.

5. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management and definition of capital, the Company considers the items included in shareholders' equity to be capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its assets. In order to maintain or adjust the capital structure, the Company may attempt to issue new shares or debt instruments, acquire or dispose of assets, or to bring in joint venture partners.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

6. MANAGEMENT OF FINANCIAL RISKS

The Company relies upon NGEx, its parent company, in managing its capital structure. The Company's financial instruments are exposed to the following financial risk:

- (1) Liquidity risks associated with the inability to meet obligations as they become due is minimized through its dependence on NGEx. Trade payables and accrued liabilities are due within twelve months of the Statement of Financial Position date.

Filo Mining Corp.
Notes to the Condensed Interim Financial Statements
(All amounts expressed in Canadian Dollars)

7. INCOME TAXES

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

	May 31, 2016
Combined basic federal and provincial income tax rates	26%
Net loss before taxes	\$ (3,050)
Expected income tax recovery	\$ (793)
Income tax benefits not recognized	793
Future income tax recovery	\$ -
	May 31, 2016
Loss carry-forwards	793
Unrecognized deferred tax assets	\$ 793

The income tax benefit, if any, of these losses have not been recorded in the condensed interim financial statements due to the uncertainty of their recovery.

8. SUBSEQUENT EVENT

On June 13, 2016, NGEx 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 ("Arrangement").

Under the terms of the Arrangement, NGEx will transfer its wholly-owned subsidiaries that directly or indirectly hold the Filo del Sol project and the Tamberias project located in Argentina and Chile, (the "Filo del Sol Exploration Business"), along with approximately \$3 million in cash, to the Company in exchange for 51,265,934 common shares of the Company. The Filo del Sol Exploration Business comprises of properties that straddle the international border between San Juan Province, Argentina and Region III, Chile. The mineral titles for these properties are 100% controlled by the Filo del Sol Exploration Business either through direct ownership or option agreements. Under the Arrangement, NGEx will distribute 100% of the common shares of Filo Mining it receives to NGEx shareholders on a pro rata basis. NGEx shareholders will be entitled to receive one common share of the Company for every four common shares of NGEx held as of the effective date of the Arrangement.

The Filo del Sol
Exploration Business of
NGEx Resources Inc.
Condensed Interim Carve-out Financial
Statements

March 31, 2016

Carve-out Financial Statements

March 31, 2016

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**The Filo del Sol Exploration Business of NGEx Resources Inc.
Condensed Interim Carve-out Statements of Financial Position
(All amounts expressed in Canadian Dollars)
(Unaudited)**

	March 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 740,857	\$ 271,228
Receivables and other assets	72,519	132,503
	813,376	403,731
Mineral properties (Note 4)	5,841,049	5,950,829
TOTAL ASSETS	\$ 6,654,425	\$ 6,354,560
LIABILITIES		
Current liabilities:		
Trade payables and accrued liabilities	\$ 403,016	\$ 243,179
OWNER'S NET INVESTMENT		
Owner's net investment (Note 5)	6,251,409	6,111,381
TOTAL LIABILITIES AND OWNER'S NET INVESTMENT	\$ 6,654,425	\$ 6,354,560

Subsequent Event (Note 1)

The accompanying notes are an integral part of these condensed interim carve-out financial statements.

ON BEHALF OF THE BOARD:

/s/William A. Rand
Director

/s/Wojtek A. Wodzicki
Director

**The Filo del Sol Exploration Business of NGEEx Resources Inc.
Condensed Interim Carve-out Statements of Comprehensive Loss
(All amounts expressed in Canadian Dollars)
(Unaudited)**

	For the Three Months Ended March 31,	
	2016	2015
Expenses		
Exploration and project investigation (Note 7)	\$ 1,286,328	\$ 7,734,546
General and Administration:		
Salaries and benefits (Note 6)	125,434	193,581
Share-based compensation	127,121	141,725
Management fees	47,312	116,861
Professional fees	68,650	66,607
Travel	11,329	49,494
Promotion and public relations	41,808	90,101
Office and general	81,061	110,899
Operating loss	1,789,043	8,503,814
Other expenses		
Foreign exchange loss	73,168	131,311
Net loss	\$ 1,862,211	\$ 8,635,125
Other comprehensive loss		
Foreign currency translation adjustment	528,740	(528,727)
Total comprehensive loss	\$ 2,390,951	\$ 8,106,398

The accompanying notes are an integral part of these condensed interim carve-out financial statements.

**The Filo del Sol Exploration Business of NGEx Resources Inc.
Condensed Interim Carve-out Statements of Cash Flows
(All amounts expressed in Canadian Dollars)
(Unaudited)**

	For the Three Months Ended March 31,	
	2016	2015
Cash flows used in operating activities		
Net loss for the period	\$ (1,862,211)	\$ (8,635,125)
Items not involving cash and cash equivalents:		
Depreciation	4,155	4,529
Share-based compensation	180,232	184,166
Unrealized foreign exchange loss	72,323	131,311
Net changes in working capital items:		
Receivables and other	137,595	153,777
Trade payables and accrued liabilities	222,127	(1,293,425)
	<u>(1,245,779)</u>	<u>(9,454,767)</u>
Cash flows from financing activities		
Funding provided by NGEx Resources Inc.	2,350,747	4,613,723
	<u>2,350,747</u>	<u>4,613,723</u>
Cash flows used in investing activities		
Mineral properties and related expenditures	(572,468)	(304,581)
	<u>(572,468)</u>	<u>(304,581)</u>
Effect of exchange rate change on cash and cash equivalents	(62,871)	355,511
Increase / (Decrease) in cash and cash equivalents during the period	469,629	(4,790,114)
Cash and cash equivalents, beginning of period	271,228	7,671,044
Cash and cash equivalents, end of period	\$ 740,857	\$ 2,880,930

The accompanying notes are an integral part of these condensed interim carve-out financial statements.

**The Filo del Sol Exploration Business of NGEx Resources Inc.
Condensed Interim Carve-out Statements of Changes in Owner's Net Investment
(All amounts expressed in Canadian Dollars)
(Unaudited)**

	2016	2015
Owner's net investment, January 1	\$ 6,111,381	\$ 15,476,591
Net loss and comprehensive loss	(2,390,951)	(8,106,398)
Net contributions from owner	2,350,747	4,613,723
Share-based compensation	180,232	184,166
Owner's net investment, March 31	\$ 6,251,409	\$ 12,168,082

The accompanying notes are an integral part of these condensed interim carve-out financial statements.

The Filo del Sol Exploration Business of NGEx Resources Inc.
Notes to Unaudited Condensed Interim Carve-out Financial Statements
March 31, 2016
(All amounts expressed in Canadian Dollars)

1. ARRANGEMENT AGREEMENT

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

Under the Arrangement, NGEx will then distribute all of the shares of Spinco to its shareholders on the basis of one Spinco share for every four NGEx shares held by way of a reduction and return of share capital. Upon closing of the transaction, Spinco will be owned exclusively by existing NGEx shareholders in identical proportion to their previous shareholdings of NGEx. There will be no change to shareholders' existing holdings in the Company. Filo Mining is concurrently applying for a listing of the Spinco shares on the TSX Venture Exchange and the Nasdaq First North Exchange in Sweden.

Under the terms of the Arrangement, Spinco will hold the following key assets:

- A 100% interest in the Filo del Sol Exploration Business.
- \$3 million in cash and cash equivalents.

Filo Mining was incorporated on May 12, 2016 and its registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada. To date, Filo Mining has not commenced operations.

These carve-out financial statements reflect the assets, liabilities, expenses and cash flows of the Filo del Sol Exploration Business that has been spun out by NGEx to Spinco as more fully described in Note 3 below.

2. NATURE OF OPERATIONS

The Filo del Sol Exploration Business is engaged in the acquisition, exploration and development of mineral properties located in South America and has not yet determined whether these properties contain mineral reserves that are economically recoverable. This high sulphidation epithermal copper-gold-silver system is currently in the resource definition stage. The continued operations of the Filo del Sol Exploration Business through Filo Mining and the recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of Filo Mining to obtain necessary financing to complete the development of such properties, and upon future profitable production from or disposition of such properties.

3. BASIS OF PRESENTATION

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

The interim financial statements should be read in conjunction with the audited carve-out financial statements of the Filo del Sol Exploration Business of NGEx for the years ended December 31, 2015, 2014 and 2013, which includes information necessary or useful to understand the Company's businesses and financials statement presentation. In particular, the Filo del Sol Exploration Business' basis of presentation and significant accounting policies were presented as Notes 3 and 4 to the

The Filo del Sol Exploration Business of NGEx Resources Inc.
Notes to Unaudited Condensed Interim Carve-out Financial Statements
March 31, 2016
(All amounts expressed in Canadian Dollars)

audited carve-out financial statements for the years ended December 31, 2015, 2014 and 2013, and have been consistently applied in the preparation of these condensed interim carve-out financial statements.

These condensed interim carve-out financial statements were authorized for issuance by the Board of Directors of the Company on July 5, 2016.

4. MINERAL PROPERTIES

	Filo del Sol	Tamberias	TOTAL
December 31, 2014	\$ 8,724,353	\$ 1,667,092	\$ 10,391,445
Additions	-	304,581	304,581
Adjustment to acquisition consideration for Filo del Sol from PPC	(2,881,858)	-	(2,881,858)
Currency translation effect	(1,890,576)	27,237	(1,863,339)
December 31, 2015	\$ 3,951,919	\$ 1,998,910	\$ 5,950,829
Additions	-	572,468	572,468
Currency translation effect	(666,910)	(15,338)	(682,248)
March 31, 2016	\$ 3,285,009	\$ 2,556,040	\$ 5,841,049

In October 2014, NGEx acquired the 40% interest in Filo del Sol held by its joint exploration partner Pan Pacific Copper Co. ("PPC") to then own, directly or indirectly, 100% of the Filo del Sol Exploration Business in exchange for cash (US\$3.5 million) and by assuming the obligation to fund the US\$3.5 million of PPC's share of future exploration activities on properties that PPC and NGEx are joint venture partners on and are not part of the Filo del Sol Exploration Business (the "La Rioja Properties"). Subsequent to the date of these financial statements and prior to the effective date of the Arrangement, the La Rioja Properties will be assigned and transferred to an NGEx subsidiary that is not part of the Filo del Sol Exploration Business. The related assets and the remaining US\$3.5 million obligation to PPC, which resides with NGEx and will not be transferred to Filo Mining in connection with the Arrangement, have been excluded from these carve out financial statements of the Filo del Sol Exploration Business.

The Filo del Sol Exploration Business of NGEx Resources Inc.
Notes to Unaudited Condensed Interim Carve-out Financial Statements
March 31, 2016
(All amounts expressed in Canadian Dollars)

5. OWNER'S NET INVESTMENT

NGEx's investment in the operations of the Filo del Sol Exploration Business is presented as Owner's Net Investment in the carve-out financial statements. Owner's Net Investment represents the accumulated net contributions from owners net of accumulated losses of the operations. Net financing transactions with NGEx as presented in the carve-out statements of cash flows represent the net contributions related to the funding of operations between the Filo del Sol Exploration Business and NGEx.

6. RELATED PARTY TRANSACTIONS

Key management compensation

The key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities. Management services were provided by NGEx's Board of Directors and members of its executive management team.

Total compensation expense for key management personnel attributable and allocated to the Filo del Sol Exploration Business, and the composition thereof, is as follows:

	Three months ended March 31,	
	2016	2015
Salaries	\$ 95,948	\$ 61,217
Employee benefits	11,830	7,619
Director fees	9,548	5,738
Share-based compensation	122,097	42,646
	\$ 239,423	\$ 117,220

The Filo del Sol Exploration Business of NGEx Resources Inc.
Notes to Unaudited Condensed Interim Carve-out Financial Statements
March 31, 2016
(All amounts expressed in Canadian Dollars)

7. EXPLORATION AND PROJECT INVESTIGATION

The exploration and project investigation expenditures attributable to the Filo del Sol Exploration Business are as follows:

	Three months ended March 31, 2016		
	Filo del Sol	Tamberias	Total
Land Holding Costs	\$ 13,899	\$ 23,619	\$ 37,518
Drilling, fuel, camp costs and field supplies	317,286	194	317,480
Roadwork, travel and transport	191,577	3,468	195,045
Consultants, geochemistry and geophysics	217,793	-	217,793
Environmental and community relations	16,502	-	16,502
VAT	167,166	134	167,300
Office, salaries, overhead and other administrative costs	261,479	20,100	281,579
Share-based compensation	39,865	13,246	53,111
Total Expenditures	\$ 1,225,567	\$ 60,761	\$ 1,286,328

	Three months ended March 31, 2015		
	Filo del Sol	Tamberias	Total
Land Holding Costs	\$ 109,740	\$ 103,120	\$ 212,860
Drilling, fuel, camp costs and field supplies	871,353	224,937	1,096,290
Roadwork, travel and transport	2,967,721	511,717	3,479,438
Consultants, geochemistry and geophysics	254,480	93,804	348,284
Environmental and community relations	102,909	10,325	113,234
VAT	1,276,770	165,461	1,442,231
Office, salaries, overhead and other administrative costs	875,988	123,781	999,769
Share-based compensation	10,610	31,830	42,440
Total Expenditures	\$ 6,469,571	\$ 1,264,975	\$ 7,734,546

8. SEGMENTED INFORMATION

The Filo del Sol Exploration Business is principally engaged in the acquisition, exploration and development of the Filo del Sol mineral properties in South America. The segments presented below together with the mineral property information presented in Note 4 and Note 7 reflects the way in which the management of NGEx reviews its business performance. Operating segments are reported in a manner consistent with the internal reporting provided to executive management who act as the chief operating decision-maker. The Chief Executive Officer of NGEx is responsible for allocating resources and assessing performance of the operating segments.

The geographic distribution of the mineral property assets is as follows:

	March 31, 2016	December 31, 2015
Argentina	3,285,009	3,951,919
Chile	2,556,040	1,998,910
	\$ 5,841,049	\$ 5,950,829

The Filo del Sol
Exploration Business of
NGEx Resources Inc.

Carve-out Financial Statements

For the years ended December 31, 2015, 2014 and 2013

Carve-Out Financial Statements

December 31, 2015, 2014 and 2013

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July 5, 2016

Independent Auditor's Report

To the Board of Directors of NGEEx Resources Inc.

We have audited the accompanying carve-out financial statements of the Filo del Sol Exploration Business of NGEEx Resources Inc., which comprise the carve-out statements of financial position as at December 31, 2015 and December 31, 2014 and the carve-out statements of comprehensive loss, cash flows and changes in owner's net investment for each of the three years in the period ended December 31, 2015, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the carve-out financial statements

Management is responsible for the preparation and fair presentation of these carve-out financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these carve-out financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the carve-out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the carve-out financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the carve-out financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the carve-out financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the carve-out financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the carve-out financial statements present fairly, in all material respects, the financial position of the Filo del Sol Exploration Business of NGE_x Resources Inc. as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for each of the three years in the period ended December 31, 2015 in accordance with International Financial Reporting Standards.

/s/ PricewaterhouseCoopers LLP

Chartered Professional Accountants

**The Filo del Sol Exploration Business of NGEx Resources Inc.
Carve-out Statements of Financial Position
(All amounts expressed in Canadian Dollars)**

	December 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 271,228	\$ 7,671,044
Receivables and other assets (Note 5)	132,503	277,070
	403,731	7,948,114
Mineral properties (Note 6)	5,950,829	10,391,445
TOTAL ASSETS	\$ 6,354,560	\$ 18,339,559
LIABILITIES		
Current liabilities:		
Trade payables and accrued liabilities	\$ 243,179	\$ 2,862,968
OWNER'S NET INVESTMENT		
Owner's net investment (Note 7)	6,111,381	15,476,591
TOTAL LIABILITIES AND OWNER'S NET INVESTMENT	\$ 6,354,560	\$ 18,339,559

Subsequent Event (Note 1)

The accompanying notes are an integral part of these carve-out financial statements.

ON BEHALF OF THE BOARD:

/s/William A. Rand
Director

/s/Wojtek A. Wodzicki
Director

**The Filo del Sol Exploration Business of NGEx Resources Inc.
Carve-out Statements of Comprehensive Loss
(All amounts expressed in Canadian Dollars)**

	For the Year Ended December 31,		
	2015	2014	2013
Expenses			
Exploration and project investigation (Note 9)	\$ 9,581,054	\$ 9,610,324	\$ 2,635,928
General and Administration:			
Salaries and benefits (Note 8)	365,177	906,721	162,771
Share-based compensation	344,140	684,662	160,752
Management fees	196,449	348,606	83,605
Professional fees	148,079	204,417	78,008
Travel	83,073	159,186	26,607
Promotion and public relations	118,917	252,912	51,229
Office and general	155,172	354,548	109,327
Operating loss	10,992,061	12,521,376	3,308,227
Other expenses			
Foreign exchange loss / (gain)	731,273	455,347	(73,023)
Other expenses	93,419	99,725	-
Net loss	\$ 11,816,753	\$ 13,076,448	\$ 3,235,204
Other comprehensive loss			
Foreign currency translation adjustment	775,323	(489,111)	(430,160)
Total comprehensive loss	\$ 12,592,076	\$ 12,587,337	\$ 2,805,044

The accompanying notes are an integral part of these carve-out financial statements.

**The Filo del Sol Exploration Business of NGEx Resources Inc.
Carve-out Statements of Cash Flows
(All amounts expressed in Canadian Dollars)**

	For the Year Ended December 31,		
	2015	2014	2013
Cash flows used in operating activities			
Net loss for the year	\$ (11,816,753)	\$ (13,076,448)	\$ (3,235,204)
Items not involving cash and cash equivalents:			
Depreciation	11,214	13,168	2,833
Share-based compensation	458,298	873,317	185,272
Unrealized foreign exchange loss (gain)	730,638	454,574	(73,023)
Net changes in working capital items:			
Receivables and other	196,027	958,338	(1,188,893)
Trade payables and accrued liabilities	(2,403,465)	253,084	2,470,472
Due to joint exploration partners	-	(2,594,833)	2,925,054
	(12,824,041)	(13,118,800)	1,086,511
Cash flows from financing activities			
Funding provided by NGEx Resources Inc.	5,650,426	21,710,178	3,342,350
	5,650,426	21,710,178	3,342,350
Cash flows used in investing activities			
Mineral properties and related expenditures	(304,581)	(557,962)	(1,071,236)
Acquisition of Filo del Sol interest from PPC	-	(3,922,800)	-
	(304,581)	(4,480,762)	(1,071,236)
Effect of exchange rate change on cash and cash equivalents	78,380	(228,143)	(206,158)
(Decrease)/Increase in cash and cash equivalents during the year	(7,399,816)	3,882,473	3,151,467
Cash and cash equivalents, beginning of year	7,671,044	3,788,571	637,104
Cash and cash equivalents, end of year	\$ 271,228	\$ 7,671,044	\$ 3,788,571

The accompanying notes are an integral part of these carve-out financial statements.

**The Filo del Sol Exploration Business of NGEx Resources Inc.
Carve-out Statements of Changes in Owner's Net Investment
(All amounts expressed in Canadian Dollars)**

	December 31, 2015	December 31, 2014	December 31, 2013
Owner's net investment, beginning of year	\$ 15,476,591	\$ 1,557,633	\$ 835,055
Net loss and comprehensive loss	(12,592,076)	(12,587,337)	(2,805,044)
Net contributions from owner	2,768,568	25,632,978	3,342,350
Share-based compensation	458,298	873,317	185,272
Owner's net investment, end of year	\$ 6,111,381	\$ 15,476,591	\$ 1,557,633

The accompanying notes are an integral part of these carve-out financial statements.

**The Filo del Sol Exploration Business of NGEx Resources Inc.
Notes to the Carve-out Financial Statements
For the years ended December 31, 2015, 2014 and 2013
(All amounts expressed in Canadian Dollars)**

1. ARRANGEMENT AGREEMENT

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

Under the Arrangement, NGEx will then distribute all of the shares of Spinco to its shareholders on the basis of one Spinco share for every four NGEx shares held by way of a reduction and return of share capital. Upon closing of the transaction, Spinco will be owned exclusively by existing NGEx shareholders in identical proportion to their previous shareholdings of NGEx. There will be no change to shareholders' existing holdings in the Company. Filo Mining is concurrently applying for a listing of the Spinco shares on the TSX Venture Exchange and the Nasdaq First North Exchange in Sweden.

Under the terms of the Arrangement, Spinco will hold the following key assets:

- A 100% interest in the Filo del Sol Exploration Business.
- \$3 million in cash and cash equivalents.

Filo Mining was incorporated on May 12, 2016 and its registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada. To date, Filo Mining has not commenced operations.

These carve-out financial statements reflect the assets, liabilities, expenses and cash flows of the Filo del Sol Exploration Business that has been spun out by NGEx to Spinco as more fully described in Note 3 below.

2. NATURE OF OPERATIONS

The Filo del Sol Exploration Business is engaged in the acquisition, exploration and development of mineral properties located in South America and has not yet determined whether these properties contain mineral reserves that are economically recoverable. This high sulphidation epithermal copper-gold-silver system is currently in the resource definition stage. The continued operations of the Filo del Sol Exploration Business through Filo Mining and the recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of Filo Mining to obtain necessary financing to complete the development of such properties, and upon future profitable production from or disposition of such properties.

3. BASIS OF PRESENTATION

These carve-out statements of financial position, comprehensive loss, changes in owner's net investment, and cash flows, which comprise these carve-out financial statements have been prepared in accordance with a financial reporting framework specified in subsection 3.11(6) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards for carve-out financial statements.

These carve-out financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

**The Filo del Sol Exploration Business of NGEx Resources Inc.
Notes to the Carve-out Financial Statements
For the years ended December 31, 2015, 2014 and 2013
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These carve-out financial statements, including comparatives, are prepared on a historical cost basis, applying IFRS standards that are effective as at December 31, 2015.

The formation of the Filo del Sol Exploration Business is the result of the transfer of assets between entities under common control; accordingly, the transaction is excluded from the scope of IFRS 3 (R), Business Combinations. These carve-out financial statements have been presented based on the amounts recorded by NGEx. During the periods presented, the Filo del Sol Exploration Business did not operate as an independent entity, and accordingly, standalone financial information does not exist. Accordingly, these carve-out financial statements represent an extraction of the financial information relating to the Filo del Sol Exploration Business.

These carve-out financial statements may not be indicative of the Filo del Sol Exploration Business' financial performance and do not necessarily reflect what its carved-out results of operations, financial position and cash flows would have been had the Filo del Sol Exploration Business operated as an independent entity during the years presented. The following basis of preparation for the carve-out statements of financial position, comprehensive loss, cash flows and changes in owner's net investment of the Filo del Sol Exploration Business have been applied:

- All assets and liabilities of the companies disclosed in note 4(a) below that are directly attributable to the Filo del Sol Exploration Business (see note 6) have been extracted in these carve-out financial statements and;
- All expenditures of the companies listed in Note 4(a) below have been extracted in these carve-out financial statements and are directly attributable to the Filo del Sol Exploration Business.
- Common expenses incurred by companies other than the companies listed in note 4(a) below have been allocated on a pro-rata basis to the Filo del Sol Exploration Business based on the level of exploration expenditures incurred in each period.
- Income taxes have been calculated as if the Filo del Sol Exploration Business had been a separate legal entity and had filed a separate tax return for the periods presented.

These carve-out financial statements were authorized for issuance by the Board of Directors of the Company on July 5, 2016.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of combination

The carve-out financial statements include the accounts of the following wholly-owned entities which collectively comprise the Filo del Sol Exploration Business:

<u>Subsidiaries</u>	<u>Jurisdiction</u>	<u>Nature of operations</u>
NGEx Filo del Sol Holdings Inc.	Canada	Holding company
NGEx Chile Holdings Inc.	Canada	Holding company
Filo del Sol Uruguay S.A.	Uruguay	Holding company
Frontera Holdings (Bermuda) IV Ltd.	Bermuda	Holding company
Frontera Holdings (Bermuda) V Ltd.	Bermuda	Holding company
Filo del Sol Exploracion S.A.	Argentina	Exploration company
Frontera Chile Limitada	Chile	Exploration company

**The Filo del Sol Exploration Business of NGEx Resources Inc.
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All intercompany balances, transactions, including income and expenses arising from inter-company transactions are eliminated in preparing the carve-out financial statements.

b) Functional and presentation currency

The carve-out financial statements are presented in Canadian dollars. The functional currency for each subsidiary entity of the Filo del Sol Exploration Business that has operations in Chile and Argentina is the Chilean peso and the Argentine peso, respectively.

c) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

The majority of the Filo del Sol Exploration Business' significant foreign subsidiaries do not have the Canadian dollar as their functional currency. Accordingly, foreign exchange gains and losses arising from the translation of these foreign subsidiaries' accounts into Canadian dollars are reported as a component of other comprehensive income. Their results and financial position are translated into Canadian dollars as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position.
- Income and expenses for each income statement are translated at average exchange rate.
- All resulting exchange differences are recognized in other comprehensive loss.

d) Significant accounting estimates and judgments

The preparation of these carve-out financial statements 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 outcomes could differ from these estimates and assumptions. 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 Filo del Sol Exploration Business' assets and liabilities are accounted for prospectively.

The key accounting judgment applied in the preparation of these carve-out financial statements relates to the allocation of common costs of NGEx attributable to the Filo del Sol Exploration Business, while assets and liabilities that are not directly attributable to the Filo del Sol Exploration Business have been excluded from these carve-out financial statements, as further described in Note 3.

e) Mineral properties and exploration expenditure

The Filo del Sol Exploration Business has been actively exploring its mineral properties and has adopted the policy of capitalizing significant acquisition costs for property rights, including payments for exploration rights and estimated fair value of exploration properties acquired as part of a business acquisition.

**The Filo del Sol Exploration Business of NEX Resources Inc.
Notes to the Carve-out Financial Statements
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Mineral exploration costs and maintenance payments are expensed prior to the determination that a property has economically recoverable ore reserves. When it has been established that a mineral property is considered to be sufficiently advanced to the development stage and economic viability has been demonstrated, all further expenditures for the current year and subsequent years are capitalized as incurred.

At each period end, mineral property assets are reviewed to determine if there are any indicators of impairment. If any indication of impairment exists, an estimate of the mineral property assets' recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the mineral property interests and their value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

The Filo del Sol Exploration Business considers the following facts and circumstances in its determination for impairment:

- Whether the exploration on the mineral property assets have significantly changed, such that previously identified resource targets are no longer being pursued;
- Whether exploration results to date are promising and whether additional exploration work is being planned in the foreseeable future; and
- Whether remaining claim tenure terms are sufficient to conduct necessary studies or exploration work.

When an impairment subsequently reverses, the carrying amount of the asset cash generating units ("CGU") is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior periods. A reversal of an impairment loss is recognized in the period in which that determination was made in profit or loss.

f) Financial instrument classification and risks

In respect of the recognition and measurement of financial instruments, the Filo del Sol Exploration Business has adopted the following policies:

Financial instruments	Loans and receivables	Other financial liabilities
<i>Measured at amortized cost:</i>		
Receivables and others, cash and cash equivalents	X	
Trade payables and accrued liabilities		X

g) Receivables and other assets

The Filo del Sol Exploration Business assesses at the end of each reporting period whether there is objective evidence that its receivable and other assets are impaired. They are considered to be impaired and impairment losses are incurred only if there is objective evidence of impairment as a

The Filo del Sol Exploration Business of NGEx Resources Inc.
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result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognized in the consolidated statement of loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated statement of loss.

h) Current and deferred income tax

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

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

i) Share-based compensation

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

**The Filo del Sol Exploration Business of NGE Resources Inc.
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j) New accounting pronouncements

The IASB issued a number of new and revised International Accounting Standards, IFRS amendments and related interpretations which are effective for the Filo del Sol Exploration Business' financial year beginning on or after December 31, 2015. Pronouncements that are not applicable to the Filo del Sol Exploration Business have been excluded from those described below.

Pronouncement	Effective Date
Annual Improvements to IFRSs 2012-2014 Cycle	Required to be applied for years beginning on or after January 1, 2016
IAS 1 <i>Presentation of financial statements</i> has been amended to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.	Required to be applied for years beginning on or after January 1, 2016
IAS 11 <i>Accounting for acquisitions of interests in joint operations</i> has been amended to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business.	Required to be applied for years beginning on or after January 1, 2016
IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard includes: (i) a third measurement category for financial assets – fair value through other comprehensive income and (ii) a single, forward-looking 'expected loss' impairment model.	Required to be applied for years beginning on or after January 1, 2018.
IFRS 7 <i>Financial instruments – disclosure</i> has been amended to require additional disclosures on transition from IAS 39 to IFRS 9.	Required to be applied for years beginning on or after January 1, 2018.
IFRS 16 <i>Leases</i> specifies how leases should be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	Required to be applied for years beginning on or after January 1, 2019.

Management is currently assessing whether these new standards and interpretations would have a material impact on the future financial position and results of the Filo del Sol Exploration Business.

**The Filo del Sol Exploration Business of NGEx Resources Inc.
Notes to the Carve-out Financial Statements
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(All amounts expressed in Canadian Dollars)**

5. RECEIVABLES AND OTHER ASSETS

	December 31, 2015	December 31, 2014
Current:		
Prepaid expenses	\$ 107,875	\$ 251,495
Taxes recoverable and other receivables	24,628	25,575
	\$ 132,503	\$ 277,070

6. MINERAL PROPERTIES

	Filo del Sol	Tamberias	TOTAL
December 31, 2013	\$ 625,816	\$ 1,182,198	\$ 1,808,014
Additions	-	557,962	557,962
Acquisition of Filo del Sol interest from PPC	7,845,600	-	7,845,600
Currency translation effect	252,937	(73,068)	179,869
December 31, 2014	\$ 8,724,353	\$ 1,667,092	\$ 10,391,445
Additions	-	304,581	304,581
Adjustment to acquisition consideration for Filo del Sol from PPC	(2,881,858)	-	(2,881,858)
Currency translation effect	(1,890,576)	27,237	(1,863,339)
December 31, 2015	\$ 3,951,919	\$ 1,998,910	\$ 5,950,829

The Filo del Sol Exploration Business comprises of properties that straddle the international border between San Juan Province, Argentina, and Region III, Chile. The mineral titles for these properties are 100% controlled by the Filo del Sol Exploration Business either through direct ownership or option agreements.

Filo del Sol (Argentina)

In October 2014, NGEx acquired the 40% interest in Filo del Sol held by its joint exploration partner Pan Pacific Copper Co. ("PPC") to then own, directly or indirectly, 100% of the Filo del Sol Exploration Business in exchange for cash (US\$3.5 million) and by assuming the obligation to fund the US\$3.5 million of PPC's share of future exploration activities on properties that PPC and NGEx are joint venture partners on and are not part of the Filo del Sol Exploration Business (the "La Rioja Properties"). Subsequent to the date of these financial statements and prior to the effective date of the Arrangement, the La Rioja Properties will be assigned and transferred to an NGEx subsidiary that is not part of the Filo del Sol Exploration Business. The related assets and the remaining US\$3.5 million obligation to PPC, which resides with NGEx and will not be transferred to Filo Mining in connection with

**The Filo del Sol Exploration Business of NGEx Resources Inc.
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the Arrangement, have been excluded from these carve out financial statements of the Filo del Sol Exploration Business.

Tamberias (Chile)

The Tamberias property is located in Region III, Chile, and is adjacent to the Filo del Sol mineral property interests.

On March 25, 2011 the Filo del Sol Exploration Business entered into an option agreement (the "Agreement") with Compania Minera Tamberias SCM ("Tamberias SCM") whereby it can earn a 100% interest in the Tamberias property by making option payments totaling US\$20 million on or before June 30, 2023. Tamberias SCM will retain a 1.5% NSR royalty that will be paid only after the Filo del Sol Exploration Business has recovered all of its exploration and development costs. The Filo del Sol Exploration Business has cumulatively paid US\$1.95 million as at December 31, 2015.

7. OWNER'S NET INVESTMENT

NGEx's investment in the operations of the Filo del Sol Exploration Business is presented as Owner's Net Investment in the carve-out financial statements. Owner's Net Investment represents the accumulated net contributions from owners net of the accumulated losses of the operations. Net financing transactions with NGEx as presented in the carve-out statements of cash flows represent the net contributions related to the funding of operations between the Filo del Sol Exploration Business and NGEx.

8. RELATED PARTY TRANSACTIONS

Key management compensation

The key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities. Management services were provided by NGEx's Board of Directors and members of its executive management team.

Total compensation expense for key management personnel attributable and allocated to the Filo del Sol Exploration Business, and the composition thereof, is as follows:

	Year ended December 31,		
	2015	2014	2013
Salaries	\$ 314,674	\$ 756,302	\$ 147,987
Employee benefits	18,298	27,868	4,689
Director fees	32,339	43,253	10,373
Share-based compensation	276,442	500,735	97,703
	\$ 641,753	\$ 1,328,158	\$ 260,752

The Filo del Sol Exploration Business of NGEx Resources Inc.
Notes to the Carve-out Financial Statements
For the years ended December 31, 2015, 2014 and 2013
(All amounts expressed in Canadian Dollars)

9. EXPLORATION AND PROJECT INVESTIGATION

The exploration and project investigation expenditures attributable to the Filo del Sol Exploration Business are as follows:

	Year ended December 31, 2015		
	Filo del Sol	Tamberias	Total
Land Holding Costs	\$ 94,497	\$ 193,231	\$ 287,728
Drilling, fuel, camp costs and field supplies	3,330,737	524,529	3,855,266
Roadwork, travel and transport	899,676	251,570	1,151,246
Consultants, geochemistry and geophysics	224,108	105,998	330,106
Environmental and community relations	119,101	27,217	146,318
VAT	1,364,247	205,869	1,570,116
Office, salaries, overhead and other administrative costs	1,944,111	182,004	2,126,115
Share-based compensation	86,054	28,105	114,159
Total Expenditures	\$ 8,062,531	\$ 1,518,523	\$ 9,581,084

	Year ended December 31, 2014		
	Filo del Sol	Tamberias	Total
Land Holding Costs	\$ 51,405	\$ 180,122	\$ 231,527
Drilling, fuel, camp costs and field supplies	3,464,442	134,728	3,599,170
Roadwork, travel and transport	1,015,625	432,361	1,447,986
Consultants, geochemistry and geophysics	434,273	226,594	660,867
Environmental and community relations	312,387	12,392	324,779
VAT	1,098,609	157,779	1,256,388
Office, salaries, overhead and other administrative costs	1,556,942	344,009	1,900,951
Share-based compensation	135,723	52,933	188,656
Total Expenditures	\$ 8,069,406	\$ 1,540,918	\$ 9,610,324

	Year ended December 31, 2013		
	Filo del Sol	Tamberias	Total
Land Holding Costs	\$ 97,490	\$ 289,676	\$ 387,166
Drilling, fuel, camp costs and field supplies	192,893	275,848	468,741
Roadwork, travel and transport	269,247	646,876	916,123
Consultants, geochemistry and geophysics	23,608	98,733	122,341
Environmental and community relations	64,002	84,215	148,217
VAT	47,135	198,681	245,816
Office, salaries, overhead and other administrative costs	155,568	167,436	323,004
Share-based compensation	12,035	12,485	24,520
Total Expenditures	\$ 861,978	\$ 1,773,950	\$ 2,635,928

The Filo del Sol Exploration Business of NGEx Resources Inc.
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10. INCOME TAXES

	December 31, 2015	December 31, 2014	December 31, 2013
Combined basic federal and provincial income tax rates	26.00%	26.00%	25.75%
Net loss before taxes	\$ (11,816,753)	\$ (13,076,448)	\$ (3,235,204)
Expected income recovery	\$ (3,072,355)	\$ (3,399,876)	\$ (833,065)
Non-deductible share based compensation	119,157	227,062	47,708
Other non-deductible expenses and permanent differences	117,952	43,025	54,572
Difference in foreign tax rates	(82,640)	(715,326)	(34,808)
Income tax benefits not recognized and other items	2,917,886	3,845,115	765,593
Future income tax recovery	\$ -	\$ -	\$ -

	December 31, 2015	December 31, 2014	December 31, 2013
Loss carry-forwards	981,606	696,738	96,177
Mineral properties and related expenditures	5,516,758	3,004,890	2,510,855
Unrecognized deferred tax assets	\$ 6,498,364	\$ 3,701,628	\$ 2,607,032

The income tax benefit, if any, of these losses have not been recorded in the consolidated financial statements due to the uncertainty of their recovery.

11. SEGMENTED INFORMATION

The Filo del Sol Exploration Business is principally engaged in the acquisition, exploration and development of the Filo del Sol mineral properties in South America. The segments presented below together with the mineral property information presented in Note 6 and Note 9 reflects the way in which the management of NGEx reviews its business performance. Operating segments are reported in a manner consistent with the internal reporting provided to executive management who act as the chief operating decision-maker. The Chief Executive Officer of NGEx is responsible for allocating resources and assessing performance of the operating segments.

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

	December 31, 2015	December 31, 2014
Argentina	3,951,919	8,724,353
Chile	1,998,910	1,667,092
	\$ 5,950,829	\$ 10,391,445

The Filo del Sol Exploration Business of NGE Resources Inc.
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12. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental information regarding non-cash transactions is as follows:

	December 31, 2015	December 31, 2014	December 31, 2013
Mineral property acquisition of the remaining interest in the Filo del Sol Project	-	3,922,800	-
Share-based compensation in the exploration expenditures	114,159	188,656	24,520

13. MANAGEMENT OF FINANCIAL RISKS

The Filo del Sol Exploration Business' financial instruments are exposed to certain financial risks, including credit, market, liquidity and currency risks.

- (i) Credit risks associated with cash and cash equivalents is minimal as the Filo del Sol Exploration Business deposits the majority of its cash with large financial institutions that has been accorded a strong investment grade rating by a primary rating agency. Credit risks associated with tax receivables from governments are inherently managed, with exposure to potential loss assessed as minimal.
- (ii) Liquidity risks associated with the inability to meet obligations as they become due is minimized through the management of its capital structure and by maintaining good relationships with bankers. The Filo del Sol Exploration Business also closely monitors and reviews its costs to date and actual cash flows on a monthly basis. Trade payables and accrued liabilities are due within twelve months of the Statement of Financial Position date.
- (iii) The Filo del Sol Exploration Business is exposed to currency risks as its operations are primarily conducted in Argentina and Chile. Exploration and project investigation costs are primarily denominated in Argentina pesos, Chilean pesos and the US dollar. As the presentation currency is the Canadian dollar, significant changes in these foreign exchange rates would have a direct impact to the Filo del Sol Exploration Business' results of operations, financial position and cash flow. With the lifting of currency controls following the new Argentina government taking office in December 2015, the official Argentina currency had noticeably weakened by approximately 20% at December 31, 2015. The Argentina peso devaluation had a minimal impact on the Filo del Sol Exploration Business' net loss as the currency restriction was lifted in the last month of the 2015 year, but did result in a relatively large decrease to the reported value of the Filo del Sol Exploration Business' Argentina mineral property assets as at December 31, 2015. While the Filo del Sol Exploration Business has not used any hedging strategies to manage its exposure to currency fluctuations, management strives to minimize currency risks by sourcing certain of its operations domestically and reducing the cash held in foreign currencies. A 10% devaluation in the Argentina and Chilean pesos relative to the Canadian dollar would result in an approximately \$0.7 million future cost saving.

Shareholder Rights in Canada and Sweden

Summary of Differences Applicable to Filo Mining Corp.

The following is a summary of the main differences between the rights of shareholders in Filo Mining Corp. (“Filo” or the “Company”) based upon current Canadian legislation, Canadian corporate governance principles and the Company’s current articles of incorporation and by-laws as compared to the rights of shareholders generally under Swedish corporate law (in those parts applicable on public limited liability companies whose shares are subject to trading on a multilateral trading facility) and Swedish corporate governance principles. The Company is not required to comply with Swedish corporate governance rules. The summary is of a general nature and it is not an exhaustive review of all potentially relevant differences between Canadian and Swedish law or corporate governance requirements.

The business of Filo

Canada

The articles of incorporation do not restrict the Company from carrying on its business.

Sweden

Under the Swedish Companies Act, the objectives of a Swedish company must be set out in the articles of association. These objectives set out the limits within which a company can operate.

Shares

Canada

The Shares have been issued in accordance with the *Canada Business Corporations Act* (“CBCA”). The capital structure of the Company is composed of an unlimited number of common shares without par value (referred to as “Shares”).

Sweden

Under the Swedish Companies Act, a company may issue different classes of shares only if such share classes are specified in a company’s articles of association. The articles shall also contain limitations on the minimum and maximum number of shares and of each share class.

Voting rights

Canada

Under the CBCA, a corporation is required to prepare a list of shareholders entitled to vote as of the record date that shows the number of Shares held by each shareholder. A registered shareholder can either attend the meeting and vote him or herself or appoint someone else to vote his or her Shares (a “proxy holder”). A shareholder appoints a proxy holder to attend and act on the shareholder's behalf at a meeting of shareholders by giving the proxy holder a completed and executed form of proxy. A proxy holder is required to vote the Shares in accordance with the shareholder's instructions.

A non-registered shareholder has beneficial ownership of the shares, but a bank, trust company, securities broker or other financial institution (an “intermediary”) is the registered holder that holds the Shares on behalf of the beneficial owner. The intermediary cannot vote the Shares registered in its name unless it receives written voting instructions from the beneficial owner. If the beneficial owner

requests and provides an intermediary with appropriate documentation, the intermediary must appoint the beneficial owner or nominee of the beneficial owner as proxy holder.

Unless the by-laws otherwise provide, any meeting may be held entirely by means of a telephonic, electronic or other communication facility, provided the corporation makes available such a communication facility and it is in accordance with the regulations under the CBCA.

Sweden

Under the Swedish Companies Act, all shares carry one vote unless different share classes with different voting rights are provided for in the articles of association of the company. No share may however have a voting right which exceeds ten times the voting rights of any other share.

Shareholders registered in the share register as of the record date for a general meeting are entitled to vote at such general meeting (in person or by appointing a proxy holder). Shareholders with shares registered through a nominee must request to be temporarily registered as a shareholder of record on the record date in order to participate in a general meeting. The share register is kept by Euroclear and the record date for a general meeting shall be the fifth business day prior to the date of the meeting. Shareholders must also, if provided for in the articles of association, give notice of their intention to attend the shareholders' meeting.

Shareholder meetings

Canada

Under the CBCA, the directors of a corporation shall call an annual meeting of shareholders not later than eighteen months after the corporation comes into existence; and subsequently, not later than fifteen months after holding the last preceding annual meeting but no later than six months after the end of the corporation's preceding financial year. Meetings of shareholders of a corporation shall be held at the place within Canada provided in the by-laws or, in the absence of such provision, at the place within Canada that the directors determine. Meetings of shareholders of a corporation may be held at a place outside Canada if the place is specified in the articles or all the shareholders entitled to vote at the meeting agree that the meeting is to be held at that place.

Special meetings of shareholders may be called by the Board at any time. The holders of not less than five per cent of the issued Shares may also requisition the directors to call a meeting of the shareholders for the purposes stated in the requisition and subject to certain exemptions, on receiving the requisition, the directors shall call a meeting of shareholders. If the directors fail to do so within 21 days, any shareholder who signed the requisition may call the meeting.

Under the CBCA, shareholder action without a meeting may only be taken by written resolution signed by all shareholders who would be entitled to vote thereon at a meeting.

Sweden

Under the Swedish Companies Act, the board of directors is responsible for convening general meetings but holders of not less than ten percent of all shares in the company may request that an extraordinary general meeting is convened. If so requested, the board has two weeks to issue a notice to convene the general meeting failing which the shareholder can request that the Companies Registration Office

convenes the meeting. General meetings shall be held in the municipality in which the board of directors holds its registered office or in another municipality in Sweden if specified in the articles of association.

The general meeting shall be opened by the chairman of the board or such person as the board has decided. Moreover, the Swedish corporate governance code stipulates that the chairman of the board of directors together with a quorum of directors, as well as the chief executive officer, shall attend general meetings. The chairman of the general meeting shall be nominated by the nomination committee and elected by the general meeting.

Minutes from general meetings shall be available on the company's website no later than two weeks after the meeting.

Notices

Canada

At least 21 days prior to the meeting date, the Company is required to mail a notice of the shareholder meeting and a management information circular to all registered shareholders and the beneficial owners who have requested to receive a copy and who hold Shares as at the record date.

Sweden

Under the Swedish Companies Act, a general meeting of shareholders must be preceded by a notice. The notice of the annual general meeting of shareholders must be given no sooner than six weeks and no later than four weeks before the date of the meeting. In general, notice of extraordinary general meetings must be given no sooner than six weeks and no later than three weeks before the meeting. The notice shall be announced in a press release, published in the Swedish Official Gazette and on the company's website. The company must also publish in a daily newspaper with nationwide circulation a short form message containing information regarding the notice and where it can be found. The notice shall include an agenda listing each item that the meeting is to resolve upon.

Pursuant to the Swedish corporate governance code, a company shall, as soon as the time and venue of a general meeting have been decided publish such information on the company's website. With respect to annual general meetings, such publication shall be made no later than in conjunction with the third quarterly report.

Record date

Canada

The record date for voting or to receive notification of a meeting of shareholders is set by the Board. Under the CBCA, the record date must not be less than 21 days and not more than 60 days before the date of the meeting. Under Canadian securities laws, the record date for notice of the meeting shall be no fewer than 30 days and no more than 60 days before the meeting date.

Sweden

Under the Swedish Companies Act the record date for a general meeting is the fifth work day (*i.e.* not a holiday) prior to the date of the meeting.

Issue of Shares

Canada

Under the CBCA:

- (1) subject to the Company's articles and by-laws, shares may be issued at such times and to such persons and for such consideration as the directors may determine;
- (2) shares issued by a corporation are non-assessable, and the holders are not liable to the corporation or to its creditors in respect thereof; and
- (3) a share shall not be issued until the consideration for the share is fully paid in money or in property or past services that are not less in value than the fair equivalent of the money that the company would have received if the share had been issued for money.

Sweden

Under the Swedish Companies Act, resolutions on new share issues are as a main rule passed by the shareholders at a general meeting. A general meeting may also authorize the board of directors to issue new shares for period no longer than until the next annual general meeting. Furthermore, the board of directors may also resolve to issue new shares without such authorization, provided that the resolution is conditioned upon the shareholders' approval at a general meeting.

New shares may be issued against payment in cash, in kind or by way of set-off.

When issuing new shares, the limitations on maximum number of shares and share capital set out in the company's articles of association need to be adhered to, unless a general meeting decides to amend the articles.

Pre-emption rights

Canada

The articles of continuance of Filo Resources do not contain any pre-emption rights.

Sweden

Under the Swedish Companies Act, shareholders have pre-emption rights (*Sw. företrädesrätt*) to subscribe for new shares issued in proportion to their shareholdings as of a certain record date for the new share issue. Pre-emption rights to subscribe for new shares do not apply in respect of shares issued for consideration in kind or shares issued pursuant to convertibles or warrants previously granted by the company. The pre-emption rights to subscribe for new shares may also be set aside by a resolution passed by two thirds of the votes cast and shares represented at the general meeting resolving upon the issue. The corresponding majority threshold applies to a decision by a general meeting to authorize the board to decide upon new share issues with deviation from shareholders' pre-emption rights.

Dividends

Canada

Under the CBCA, a corporation may pay a dividend in money or property or by issuing fully paid shares of the corporation. A corporation shall not declare or pay a dividend if there are reasonable grounds for

believing that: (a) the corporation is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

Sweden

Under the Swedish Companies Act, payments of dividends require a shareholder resolution at a general meeting. A resolution to pay dividends may, with some exceptions, not exceed the amount recommended by the board of directors. Dividends may only be made if, after the payment of the dividend, there is sufficient coverage for the company's restricted equity and the payment of dividends is justified, taking into consideration the equity required for the type of operations, the company's need for consolidation and liquidity as well as the company's financial position in general. Each shareholder appearing in share register as of the record date for the dividend is entitled to receive the dividend distribution. Dividends are normally distributed to the shareholders through Euroclear.

Distribution of assets on liquidation

Canada

Under the CBCA, a company may apply to the court to supervise a voluntary liquidation. After the final accounts have been approved by the court, the liquidator will distribute any remaining property of the corporation, after the discharge of its obligations, among the shareholders according to their respective rights.

Sweden

Under the Swedish Companies Act, a company can enter into voluntary liquidation following a resolution by simple majority vote among the shareholders at a general meeting. All shares carry equal rights in a liquidation unless otherwise provided for in articles of association.

The Swedish Companies Act also stipulates that a company shall enter into compulsory liquidation in a capital deficiency situation and in certain other situations.

Certain extraordinary corporate actions

Canada

Under the CBCA, certain extraordinary corporate actions, such as certain amalgamations, continuances, and sales, leases or exchanges of all or substantially all of the property of a corporation other than in the ordinary course of business, and other extraordinary corporate actions such as liquidations, dissolutions and (if ordered by a court) arrangements, are required to be approved by special resolution. A special resolution is a resolution passed at a meeting by not less than two-thirds of the votes cast by the shareholders who voted in respect of that resolution or a resolution signed by all of the shareholders entitled to vote on that resolution. In certain cases, a special resolution to approve an extraordinary corporate action is also required to be approved separately by the holders of a separate class or series of shares.

Sweden

Under the Swedish Companies Act, a statutory merger requires a shareholder resolution passed at a general meeting. The majority requirements for a valid resolution depends on the type of companies

involved, however not less than two-thirds of the votes cast and the shares represented at the meeting. A voluntary liquidation requires a resolution passed at a shareholders meeting supported by more than half of the votes cast, unless otherwise provided in the articles of association of the company. A material change of the operations conducted by the company may require a change of the company's objects and purposes in the articles of association, see Section "*Amendment to the articles or the by-laws*" below.

Restrictions on change of control

Canada

The Company does not have any shareholder rights plans in effect.

Sweden

Not applicable for Swedish companies with shares listed on a multilateral trading facility.

Mandatory takeover bids/ squeeze-out rules

Canada

The CBCA contains the procedural requirements for going-private transactions and Canadian securities laws govern take-over bids. Under the CBCA, if a take-over bid is accepted by more than ninety per cent of the shares of any class of shares to which the take-over bid relates (within 120 days after the date of a take-over bid), other than shares held at the date of the take-over bid by or on behalf of the offeror or an affiliate, or associate of the offeror, the offeror is entitled to acquire the shares held by any dissenting offerees.

If the acquiring company elects to proceed by way of take-over bid but fails to acquire the requisite percentage of the shares to permit a force-out of the minority, the company may elect to squeeze out the minority through an amalgamation process.

Sweden

Under the Swedish Companies Act, a shareholder holding more than 90 percent of the shares in a company is entitled, on a compulsory basis, to buy-out the remaining shares from the other shareholders in the company. On the other hand, a minority shareholder is also, in such situation, entitled to demand that the majority shareholder purchases his or her shares.

Redemption provisions

Canada

Under the CBCA, a corporation may liquidate and dissolve by special resolution of the shareholders or, where the corporation has issued more than one class of shares, by special resolutions of the holders of each class whether or not they are otherwise entitled to vote.

After giving the appropriate notice and adequately providing for the payment or discharge of all its obligations, the Company will distribute its remaining property, either in money or in kind, among its shareholders according to their respective rights.

Subject to the conditions in the CBCA and a corporation's articles, a corporation may purchase or otherwise acquire shares issued by it. A corporation shall not make any payment to purchase or otherwise acquire shares issued by it if there are reasonable grounds for believing that (a) the corporation is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of the corporation's assets would after the payment be less than the aggregate of its liabilities and stated capital of all classes. Notwithstanding this fact, a corporation may purchase or otherwise acquire shares issued by it to, among other things, satisfy the claim of a shareholder who dissents.

Notwithstanding this, but subject to a corporation's articles, a corporation may purchase or redeem any redeemable shares issued by it at prices not exceeding the redemption price thereof stated in the articles or calculated according to a formula stated in the articles. A corporation shall not make any payment to purchase or redeem any redeemable shares issued by it if there are reasonable grounds for believing that (a) the corporation is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of the corporation's assets would after the payment be less than the aggregate of (i) its liabilities, and (ii) the amount that would be required to pay the holders of shares that have a right to be paid, on a redemption or in a liquidation, rateably with or before the holders of the shares to be purchased or redeemed, to the extent that the amount has not been included in its liabilities.

Sweden

A general meeting may also resolve upon the redemption of the company's shares through which the share capital of the company will be reduced. This is a more formal and complex process, which as a main rule involves also notice to the company's creditors.

Amendments to the articles or by-laws

Canada

Under the CBCA, any amendment to the articles generally requires approval by special resolution, which is a resolution passed by a majority of not less than two-thirds of the votes cast by the shareholders who voted in respect of that resolution or a resolution signed by all of the shareholders entitled to vote on that resolution. The CBCA provides that unless the articles or by-laws, or a unanimous shareholder agreement, otherwise provide, the directors may, by resolution, make, amend or repeal any by-laws that regulate the business or affairs of a corporation. Where the directors make, amend or repeal a by-law, they are required under the CBCA to submit the by-law, amendment or repeal to the shareholders at the next meeting of shareholders, and the shareholders may confirm, reject or amend the by-law, amendment or repeal by an ordinary resolution, which is a resolution passed by a majority of the votes cast by shareholders entitled to vote on the resolution.

Sweden

Under the Swedish Companies Act, an amendment of the articles of association requires a shareholder resolution at a general meeting. The majority requirement for a valid resolution depends on the type of alteration. However, not less than two-thirds of the votes cast and of the shares represented at the meeting will be required. The board of directors is not allowed to make amendments to the articles of association. Any amendment to the articles will have to be registered with the Swedish Companies Registration Office.

Directors and the board of directors

Number of directors

Canada

Under the CBCA, a distributing corporation must have no fewer than three directors, at least two of whom are not officers or employees of the corporation or its affiliates and at least 25 per cent of the directors must be resident Canadians. However, if a corporation has only one or two directors, at least one director must be a resident Canadian. Each director named in the notice of directors at the time of incorporation holds office until the first meeting of shareholders. At the first meeting of shareholders and at each succeeding annual meeting at which an election of directors is required, shareholders of a corporation shall, by ordinary resolution, elect directors to hold office for a term expiring not later than the close of the third annual meeting of shareholders following the election. Under the CBCA, the directors may also, if the articles so provide, appoint one or more additional directors, who shall also hold office for a term expiring at the end of the next annual meeting, provided that the total number of directors so elected shall not exceed one third of the number of directors elected at the previous annual meeting.

The Articles of the Corporation provide that the Company shall have a minimum of one and a maximum of ten directors, and that the number of directors may be determined from time to time by resolution of the Board.

Sweden

Under the Swedish Companies Act, a public company shall have a board of directors consisting of at least three board members and the chairman of the board may not be the managing director of the company. More than half of the directors shall be resident within the European Economic Area (unless otherwise approved by the Swedish Companies Registration Office). The actual number of board members shall be determined by a shareholders' meeting, within the limits set out in the company's articles of association.

For companies to which the Swedish corporate governance code applies not more than one director may also be a senior executive of the relevant company or a subsidiary. In addition, a majority of board members shall be independent of the company and its management and two of these members shall also be independent of major shareholders in the company.

Nomination, appointment and removal of directors

Canada

Under the CBCA, the shareholders of a corporation may remove any director or directors from office by an ordinary resolution which is passed by a majority of the votes cast by the shareholders entitled to vote on the resolution. However, there are a couple of exceptions. Where the holders of any class or series of shares of a corporation have an exclusive right to elect one or more of the directors such that a director so elected may only be removed by an ordinary resolution at a meeting of the shareholders of that class or series. In addition, where the articles provide for cumulative voting, a director may not be removed if the number of votes cast in favor of his removal is greater than the product of the number of directors required by the articles and the number of votes cast against the motion.

Sweden

Under Swedish law, the board of directors shall, except for any employee representatives, be elected by the annual general meeting of shareholders, unless the articles of association provide otherwise. The members of the board of directors are usually elected for the period until the end of the next annual general meeting of shareholders, unless a longer term of up to four financial years is set out in the articles of association. It is possible for a board member to be re-elected for a new term of office.

Companies to which the Swedish corporate governance code applies shall have a nomination committee. In addition to nominating directors, the nomination committee shall nominate the chairman of the board of directors and the auditors and shall also propose fees to each director and to the auditors. The nomination committee's proposals are to be presented in the notice of the general meeting and on the company's website. At the same time, the nomination committee is to issue a statement on the company's website explaining its proposals and providing more information about the candidates proposed for election or re-election.

Under the Swedish corporate governance code, the annual general meeting of shareholders shall either appoint the members of a nomination committee or pass a resolution specifying how the members are to be appointed. The nomination committee shall have at least three members, the majority of which shall be independent of the company and its management. One of the independent members shall also be independent of the company. One of the independent members shall also be independent of the largest shareholder. The chief executive officer and other senior executives may not be members of the nomination committee.

Remuneration

Canada

According to the by-laws of the Company, the directors shall be paid such remuneration for their services as the Board may from time to time determine. The directors shall also be entitled to be reimbursed for reasonable travelling and other expenses properly incurred by them in attending meetings of the Board or any committee thereof.

Sweden

Under the Swedish Companies Act, the remuneration to the board of directors shall be determined by the annual general meeting of shareholders, specifying the amount for each director. For companies complying with the Swedish corporate governance code, the nomination committee's proposal to the annual general meeting of shareholders shall include a proposal regarding the remuneration to each member of the board.

In addition, the board of directors shall, pursuant to the Swedish corporate governance code, have a remuneration committee. The remuneration committee shall prepare the board of directors' resolutions regarding executive compensation and shall also monitor and evaluate the company's principles and levels of remuneration to the executive management, including programs for variable compensation. The code also stipulates that variable compensation paid in cash to the executive management shall be subject to predetermined limits regarding the total outcome and that the board of directors in such cases shall consider (i) to make payment conditional on the performance proving to be sustainable over time, and (ii) to introduce the right to reclaim remuneration that has been paid on the basis of information which later proves to be manifestly misstated. Furthermore, all share and share-price related incentive schemes for the executive management shall be approved by a general meeting.

Powers of the board of directors

Canada

Directors of corporations governed by the CBCA have fiduciary obligations to the corporation. Under the CBCA, the duty of care of directors requires directors of a Canadian corporation to act honestly and in good faith with a view to the best interests of the corporation, and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Sweden

Under the Swedish Companies Act, the board of directors is responsible for the organization of the company and shall monitor the financial situation of the company and the group. The board shall appoint a managing director and issue instructions to such director setting out the responsibilities of the board and managing director. The board shall also issue instructions in reporting obligations in order for the board to fulfill its duties.

The managing director is responsible for the day-to-day management of the company in accordance with law, which normally includes appointing the other senior executives. The managing director shall be resident within the European Economic Area (unless otherwise approved by the companies' registration office).

Right to indemnification

Canada

Under the CBCA, a corporation may indemnify a director or officer, a former director or officer, or another individual who acts or acted at the corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity (an "Indemnifiable Person"), against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the corporation or other entity. The corporation may not indemnify an individual unless (a) he or she acted honestly and in good faith with a view to the best interests of the corporation or, as the case may be, to the best interests of the other entity for which the individual acted as directors or officer or in a similar capacity at the corporation's request; and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

A corporation may, with the approval of a court, also indemnify an Indemnifiable Person or advance him or her money in respect of derivative actions—actions by or on behalf of the corporation or entity to procure a judgment in its favor—to which such person is made a party because of the individual's associations with the corporation or other entity against all costs, charges and expenses reasonably incurred in connection with the action if the individual fulfills the conditions set out in (a) and (b) above.

The CBCA also creates a right or entitlement to indemnification, independent of contract. An Indemnifiable Person is entitled to recover costs of defending an action or proceeding brought against him or her as a result of that person's association with the corporation or other entity if the individual was not judged by the court or other competent authority to have committed any fault or omitted to do anything that the individual ought to have done, and fulfills the conditions set out in (a) and (b) above.

The CBCA also allows a corporation to advance moneys to a director, officer or other individual for the costs, charges, expenses of a proceeding mentioned above. The individual is required to repay the moneys if the individual does not fulfill the conditions noted in (a) and (b) above.

Sweden

The Swedish Companies Act does not contain any specific provisions requiring that the articles of association provide for indemnification of board members, officers or other persons. Instead, Swedish companies can have professional indemnity insurance in place for its board members and officers.

The annual general meeting of shareholders shall resolve on the discharge of the board of directors and managing director from liability. An action for damages on behalf of the company may be available in certain circumstances against a founder, board member, managing director, auditor or shareholder of the company. Such an action may be instituted where at a general meeting of shareholders the majority, or a minority comprising the owners of at least one-tenth of all shares, has supported the proposal that such an action be instituted. The action for damages in favor of a company may also be conducted by owners (in their own name) of at least one-tenth of all shares.

Financial statements, auditor's reports, auditors and audit committee

Canada

Under the CBCA, the directors of the Company must place before the shareholders at every annual meeting (a) comparative financial statements as prescribed relating separately to the period that began on the date the corporation came into existence and ended not more than six months before the annual meeting or, if the corporation has completed a financial year, the period that began immediately after the end of the last completed financial year and ended not more than six months before the annual meeting, and the immediately preceding financial year; (b) the report of the auditor, if any, and (c) any further information respecting the financial position of the Company and the results of its operations required by the articles, the by-laws or any unanimous shareholder agreement.

Reporting issuers that are listed on the TSX-V are required to prepare and file on SEDAR their annual financial statements and annual management discussion and analysis along with the report of the auditor, if any, within 120 days of the financial year-end. Reporting issuers that are listed on the TSX-V are required to prepare and file on SEDAR their quarterly financial statements and interim management discussion and analysis within 60 days of the after the end of the interim period.

Reporting issuers that are listed on the TSX-V are required to have an Audit Committee comprised of at least three Directors, the majority of whom are not officers, employees or control persons of the issuer. The Audit Committee is appointed by the Board pursuant to provisions of the CBCA and the bylaws of the Company. The primary responsibility for the Company's financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the Board. The Audit Committee is a standing committee of the Board established to assist it in fulfilling its responsibilities in this regard. The Audit Committee shall have responsibility for overseeing management reporting on internal controls. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so.

Sweden

Under the Swedish Companies Act, the annual general meeting shall adopt the balance sheet and the profit and loss statement. Further, it makes decisions in respect of the disposition of the company's profit or loss (such as payment of dividends).

The annual report, together with the auditor's report, must be presented at the annual general meeting which according to the Swedish Companies Act is to be held within six months after the end of the financial year.

Auditors are appointed by a general meeting of shareholders, whereby a registered accounting firm may be appointed as auditor. The Swedish corporate governance code requires that the board of directors shall at least once annually meet the company's auditor without any member of the executive management present.

Corporate governance reports and website

Canada

Companies listed on the TSX-V must provide corporate governance information in the management information circular (usually referred to as a proxy circular). The circular is distributed together with the Company's notice of annual shareholders' meeting and is filed on SEDAR. There is no requirement to include the management information circular on the Company's website, or to have the management information circular reviewed by the Company's auditors. The content of the management information circular is regulated by Canadian securities laws, and the circular must, among other things include a discussion of the Company's compliance with the Canadian corporate governance principles. Although there are no legal requirements regarding the information on the Company's website, the Company does include information useful to investors.

Sweden

For companies to which the Swedish corporate governance code applies there is a requirement that the company states which rules of the Swedish corporate governance code it has not complied with and to explain the reasons for each case of non-compliance, and describe the solution it has adopted instead. The company must also have a section on its website devoted to corporate governance matters, where the company's three most recent corporate governance reports are to be posted, together with, among other things, the articles of association, information about upcoming shareholders' meetings and minutes from general meetings held during the past three years.

Shareholder remedies and special audit rights

Canada

The most common shareholder remedies under the CBCA are the oppression remedy, derivative actions, dissent rights and court-appointed inspections.

Oppression Remedy

A "complainant" has the right to apply to a court for an order, and if the court is satisfied that in respect of a corporation or any of its affiliates (a) any act or omission of the corporation or any of its affiliates effects a result, (b) the business or affairs of the corporation or any of its affiliates are or have been carried on or conducted in a manner, or (c) the powers of the directors of the corporation or any of its

affiliates are or have been exercised in a manner, that is oppressive or unfairly prejudicial to or that unfairly disregards the interests of any security holder, creditor, director or officer, the court may make an order to rectify the matters complained of. A “complainant” means (a) a registered holder or beneficial owner, and a former registered holder or beneficial owner, of a security of a corporation or any of its affiliates, (b) a director or an officer or a former director or officer of a corporation or any of its affiliates, (c) the Director under the CBCA, or (d) any other person who, in the discretion of a court, is a proper person to make an application.

In connection with such an application, the court may make any interim or final order it thinks fit including, without limiting the generality of the foregoing, an order: restraining the conduct complained of; appointing a receiver or receiver-manager; to regulate a corporation’s affairs by amending the articles or by-laws or creating or amending a unanimous shareholder agreement; directing an issue or exchange of securities; appointing directors in place of or in addition to all or any of the directors then in office; directing a corporation, or any other person, to purchase securities of a security holder; directing a corporation, or any other person, to pay a security holder any part of the monies that the security holder paid for securities; varying or setting aside a transaction or contract to which a corporation is a party and compensating the corporation or any other party to the transaction or contract; requiring a corporation, within a time specified by the court, to produce to the court or an interested person financial statements or an accounting in such other form as the court may determine; compensating an aggrieved person; directing rectification of the registers or other records of a corporation; liquidating and dissolving the corporation; directing an investigation to be made; and requiring the trial of any issue.

Derivative Actions

A complainant may apply to a court for leave to bring an action in the name and on behalf of a corporation or any of its subsidiaries, or intervene in an action to which any such corporation is a party, for the purpose of prosecuting, defending or discontinuing the action on behalf of the corporation. In connection with an action brought or intervened in, the court may at any time make any order it thinks fit including, without limiting the generality of the foregoing, an order: authorizing the complainant or any other person to control the conduct of the action; giving directions for the conduct of the action; or directing that any amount adjudged payable by a defendant in the action shall be paid, in whole or in part, directly to former and present security holders of the corporation or its subsidiary instead of to the corporation or its subsidiary; and requiring the corporation or its subsidiary to pay reasonable legal fees incurred by the complainant in connection with the action.

Dissent Rights

In certain circumstances, shareholders of a CBCA company are entitled to dissent from some fundamental action undertaken by the company and demand to be paid fair value for their shares. Examples of these circumstances include amalgamations, a sale of all or substantially all of the company’s assets, or a resolution to alter the articles of the company to add, change or remove any restriction on the business or businesses that the corporation may carry on. Procedures for dissenting are complex and failure to strictly comply with the procedures may result in the loss of all dissent rights. If the procedures are followed, the dissenter’s shares must then be purchased by the corporation at fair market value. In the event that the parties cannot agree on what constitutes fair market value either the corporation or the dissenter can apply to court to determine the appropriate fair market value.

Inspections

A security holder or the Director under the CBCA may apply to a court for an order directing an investigation to be made of the corporation and any of its affiliated corporations. If, on an application, it appears to the court that (a) the business of the corporation or any of its affiliates is or has been carried on with intent to defraud any person, (b) the business or affairs of the corporation or any of its affiliates are or have been carried on or conducted, or the powers of the directors are or have been exercised in a manner that is oppressive or unfairly prejudicial to or that unfairly disregards the interests of a security holder, (c) the corporation or any of its affiliates was formed for a fraudulent or unlawful purpose or is to be dissolved for a fraudulent or unlawful purpose, or (d) persons concerned with the formation, business or affairs of the corporation or any of its affiliates have in connection therewith acted fraudulently or dishonestly, the court may order an investigation to be made of the corporation and any of its affiliated corporations. In connection with an investigation, the court may make any order it thinks fit, including, without limiting the generality of the foregoing, an order to investigate and an order appointing an inspector. The powers of the inspector will be set out in the enabling court order, including authorizing an inspector to enter any premises in which the court is satisfied there might be relevant information, to examine any thing and make copies of any document or record found on the premises, requiring any person to produce documents or records to the inspector and requiring an inspector to make an interim or final report to the court.

Sweden

Special examination

Under the Swedish Companies Act, a shareholder may submit a proposal for an examination through a special examiner. The proposal shall be submitted to an annual general meeting, or to any general meeting for which the matter is included in the notice to attend the general meeting. The scope of the examination shall be defined in the proposal, and may relate to the company's management and accounts during a specific period of time in the past, or certain measures or circumstances within the company. If the proposal is supported by owners of at least one-tenth of all shares, or at least one-third of the shares represented at the general meeting, the Swedish Companies Registration Office shall appoint one or more examiners. The Swedish Companies Registration Office shall give the company's board of directors the opportunity to submit its comments prior to the appointment of a special examiner. The examiner shall submit a report regarding the examination, which shall be made available to the shareholders and presented at the general meeting. Persons who are no longer shareholders, but who were included in the voting register prepared for the general meeting at which the issue of the appointment of a special examiner was addressed, shall also have the right to read the report.

Minority shareholders' auditor

A shareholder may propose that a minority shareholders' auditor shall be appointed. The proposal shall be submitted to a general meeting at which the election of auditors is to take place, or at a general meeting where the proposal is included in the notice to attend the general meeting. The Swedish Companies Registration Office shall appoint such auditor upon the request of any shareholder, if the proposal is supported by at least one-tenth of all shares in the company, or at least one-third of the shares represented at the general meeting. The company's board of directors shall be afforded the opportunity to comment prior to the appointment of an auditor. The appointment shall relate to the period of time up to and including the next annual general meeting. The auditor shall participate in the audit together with other auditors.

AMENDED AND RESTATED BY-LAW NO. 1

**A by-law relating generally to
the conduct of the affairs of**

FILO MINING CORP.

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BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of FILO MINING CORP.
(the "Corporation") as follows:

PART ONE

INTERPRETATION

1.01 Definitions

In this by-law and all other by-laws of the Corporation, unless the context otherwise specifies or requires:

- (1) "Act" means the Canada Business Corporations Act, R.S.C., 1985, c. C-44 and the regulations made under the Act, as from time to time amended, and every statute that may be substituted therefor and, in the case of such amendment or substitution, any reference in the by-laws of the Corporation shall be read as referring to the amended or substituted provisions therefor;
- (2) "appoint" includes "elect" and vice versa;
- (3) "articles" means the articles of the Corporation as from time to time amended or restated;
- (4) "board" means the board of directors of the Corporation;
- (5) "by-laws" means this by-law and any other by-law of the Corporation from time to time in force and effect;
- (6) "meeting of shareholders" includes an annual meeting of shareholders and a special meeting of shareholders;

- (7) "non-business day" means Saturday, Sunday and any other day that is a holiday as defined in the Interpretation Act (Canada);
- (8) "recorded address" means in the case of a shareholder, his or her address as recorded in the securities register; and in the case of joint shareholders, the address appearing in the securities register in respect of such joint holding, or the first address so appearing if there are more than one; and in the case of a director, officer, auditor or member of a committee of the board, his or her latest address as recorded in the records of the Corporation;
- (9) "signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by section 2.04 or by a resolution passed pursuant to section 2.04;
- (10) "special meeting of shareholders" includes a meeting of any class or classes of shareholders, and means a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;
- (11) all terms contained in the by-laws that are not otherwise defined in the by-laws and which are defined in the Act, such as "resident Canadian", shall have the meanings given to such terms in the Act;
- (12) words importing the singular shall include the plural and vice-versa; words importing the masculine gender shall include the feminine and neuter genders; and the word "persons" shall include individuals, bodies corporate, partnerships, associations, personal representatives and any number or aggregate of persons; and
- (13) the headings used in the by-laws are inserted for reference purposes only, and are not to be considered or taken into account in construing the terms or provisions thereof, or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

1.02 Conflicts with Laws

In the event of any inconsistencies between the by-laws and mandatory provisions of the Act, the provisions of the Act shall prevail.

PART TWO

BUSINESS OF THE CORPORATION

2.01 Registered Office

Unless changed in accordance with the Act, the registered office of the Corporation shall be in the province in Canada from time to time specified in the articles and at such address within such province as the directors may from time to time determine.

2.02 Corporate Seal

The Corporation may, but need not, adopt a corporate seal and if one is adopted it shall be in such form as the directors may by resolution adopt from time to time.

2.03 Financial Year

The first financial period of the Corporation and thereafter the fiscal year of the Corporation shall terminate on such date as the directors may by resolution determine.

2.04

Execution of Instruments

Subject to section 2.06, contracts, documents or instruments in writing requiring the signature of the Corporation may be signed on behalf of the Corporation by any one officer or director. The directors are authorized from time to time by resolution to appoint any officer or officers or any other person or persons on behalf of the Corporation either to sign contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing. In addition, any director or officer who may execute contracts, documents or instruments in writing, on behalf of the Corporation, may direct the manner in which and the person or persons by whom any particular contract, document or instrument in writing, or class thereof, may or shall be executed and delivered on behalf of the Corporation.

The signature or signatures of any officer or director of the Corporation and of any officer or officers, person or persons appointed as set out above by resolution of the directors may, if specifically authorized by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically or electronically reproduced upon all contracts, documents or instruments in writing or bonds, debentures or other securities of the Corporation executed or issued by or on behalf of the Corporation, and all contracts, documents or instruments in writing or securities of the Corporation on which the signature or signatures of any of the foregoing officers, directors or persons shall be so reproduced, as authorized by resolution of the directors, shall be deemed to have been manually signed by such officers, directors or persons whose signature or signatures is or are so reproduced, and shall be as valid to all intents and purposes as if they had been signed manually, and notwithstanding that the officers, directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such contracts, documents or instruments in writing or securities of the Corporation.

The corporate seal of the Corporation may, when required, be affixed to contracts, documents or instruments in writing signed as set out above or by an officer or officers, person or persons appointed as set out above by resolution of the board of directors, although a document is not invalid merely because a corporate seal is not affixed to it.

The term "contracts, documents or instruments in writing" as used in this by-law shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of securities and all paper writings.

2.05

Banking Arrangements

The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the directors. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the directors may from time to time by resolution prescribe or authorize.

2.06

Cheques, Drafts, Notes, Etc.

All cheques, drafts or orders for the payment of money, and all notes, acceptances and bills of exchange shall be signed by such officer or officers or other person or persons, whether or not an officer or officers of the Corporation, and in such manner as the directors may from time to time designate by resolution.

2.07

Custody of Securities

All securities (including shares, debentures, bonds, notes, warrants or other obligations or securities) owned by the Corporation shall be lodged in the name of the Corporation with a chartered

bank or a trust company or in a safety deposit box or, if so authorized by resolution of the directors, with such other depositories or in such other manner as may be determined from time to time by the directors. All securities (including shares, debentures, bonds, notes, warrants or other obligations or securities) belonging to the Corporation may be issued and held in the name of a nominee or nominees of the Corporation (and if issued or held in the names of more than one nominee shall be held in the names of the nominees jointly with right of survivorship), and shall be endorsed in blank with endorsement guaranteed in order to enable transfer thereof to be completed and registration thereof to be effected.

2.08 Voting Securities in Other Bodies Corporate

The signing officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments shall be in favour of such persons as may be determined by the said signing officers executing or arranging for the same. In addition, the directors may from time to time direct the manner in which and the persons by whom any particular voting rights or class of voting rights may or shall be exercised.

PART THREE

DIRECTORS

3.01 Number of Directors

Until changed in accordance with the Act, the board shall consist of not fewer than the minimum number and not more than the maximum number of directors provided in the articles.

3.02 Qualification

Every director shall be an individual 18 or more years of age, and no one who is of unsound mind and has been so found by a court in Canada or elsewhere, or who has the status of a bankrupt shall be a director. Unless the articles otherwise provide, a director need not be a shareholder. Subject to the Act, at least 25% of the directors of the Corporation must be resident Canadians. If at any time the Corporation has less than four directors, at least one director must be a resident Canadian.

3.03 Nomination of Directors

Subject only to the Act, Applicable Securities Laws, and the articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as Directors of the Corporation. Nominations of persons for election to the Board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of Directors, (a) by or at the direction of the Board or an authorized officer of the Corporation, including pursuant to a notice of meeting, (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act or (c) by any person (a "Nominating Shareholder") (i) who, at the close of business on the date of the giving of the notice provided for below in this Section 3.03 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (ii) who complies with the notice procedures set forth below in this Section 3.03:

- (a) In addition to any other applicable requirements, for a nomination to be made only by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form (the "Nomination Notice") to the secretary of the Corporation at the Corporation's registered office in accordance with this Section 3.03

even if such matter is already the subject of a notice to the shareholders or a public announcement.

- (b) To be timely, a Nominating Shareholder's notice to the secretary of the Corporation must be made (a) in the case of an annual meeting of shareholders, not less than thirty (30) days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than fifty (50) days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing Directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this paragraph.
- (c) To be in proper written form, a Nominating Shareholder's notice to the secretary of the Corporation must set forth (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (i) the name, age, business address and residential address of the person, (ii) the principal occupation(s) or employment(s) of the person, (iii) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, and (iv) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of Directors pursuant to the Act and Applicable Securities Laws (as defined below); and (b) as to the Nominating Shareholder giving the notice, full particulars regarding any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of Directors pursuant to the Act and Applicable Securities Laws. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.
- (d) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Section 3.03; provided, however, that nothing in this Section 3.03 shall be deemed to preclude discussion by a shareholder (as distinct from nominating Directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- (e) For purposes of this Section 3.03, (i) "public announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and (ii) "Applicable Securities Laws" means the applicable Securities Act of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such

statute and the published national instruments, multilateral instruments, policies, bulletins and notice of the securities commission and similar regulatory authority of each province and territory of Canada.

- (f) Notwithstanding any other provision of the by-laws, notice given to the secretary of the Corporation pursuant to this Section 3.03 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the secretary at the address of the Corporation's registered office; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (PST) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
- (g) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Section 3.03.

3.04 Term of Office

A director's term of office (subject to the provisions, if any, of the Corporation's articles, and subject to his election for an expressly stated term) shall be from the date of the meeting at which he is elected or appointed until the close of the annual meeting next following, or until his successor is elected or appointed.

3.05 Election and Removal

Directors shall be elected by the shareholders in a meeting on a show of hands unless a poll is demanded, and if a poll is demanded, such election shall be by ballot. The number of directors to be elected at any such meeting shall be the number of directors then in office unless the directors or the shareholders otherwise determine. Except for those directors elected for an expressly stated term, all the directors then in office shall cease to hold office at the close of a meeting of shareholders at which directors are elected but, if qualified, are eligible for re-election. If a meeting of the shareholders of the Corporation fails to elect the number or the minimum number of directors required by the articles by reason of the disqualification, incapacity or the death of any candidates, the directors elected at that meeting may exercise all the powers of the directors if the number of directors so elected constitutes a quorum. Subject to subsection 2 of section 109 of the Act, the shareholders of the Corporation may, by ordinary resolution at a special meeting, remove any director before the expiration of his term of office, in which case the director so removed shall vacate office forthwith upon the passing of the resolution for his removal, and may, by a majority of the votes cast at the meeting, elect any person in his stead for the remainder of his term.

3.06 Vacation of Office

The office of a director shall ipso facto be vacated if:

- (a) he dies;
- (b) he is removed from office by the shareholders;
- (c) he becomes bankrupt;
- (d) he is found by a court in Canada or elsewhere to be of unsound mind; or

- (e) his written resignation is received by the Corporation, or if a time is specified in such resignation, at the time so specified, whichever is later.

3.07 Vacancies

Subject to the Act, where a vacancy occurs in the board, except a vacancy resulting from an increase in the number or minimum number of directors or from failure to elect the number or minimum number of directors required by the articles, and a quorum of directors remains in office, the directors then in office (even though 25% of such directors are not resident Canadians) may appoint a person to fill the vacancy for the remainder of the term. If there is not then a quorum of directors or if there has been a failure to elect the number or minimum number of directors required by the articles, the directors then in office shall without delay call a special meeting of shareholders to fill the vacancy and, if they fail to do so or if there are no directors then in office, the meeting may be called by any shareholder.

3.08 Action by Directors

The directors shall manage, or supervise the management of, the business and affairs of the Corporation, and may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation and are not by the Act, the articles, the by-laws, any special resolution of the Corporation, or by statute expressly directed or required to be done in some other manner.

3.09 Canadian Directors Present at Meetings

The directors shall not transact business at a meeting unless at least twenty-five per cent of the directors present are resident Canadians or, if the Corporation has less than four directors, at least one of the directors present is a resident Canadian, except where:

- (a) a resident Canadian director who is unable to be present approves in writing or by telephonic, electronic or other communication facility, the business transacted at the meeting; and
- (b) the required number of resident Canadian directors would have been present had that director been present at the meeting.

3.10 Duties

Every director and officer of the Corporation in exercising his powers and discharging his duties shall:

- (a) act honestly and in good faith with a view to the best interests of the Corporation; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

3.11 Validity of Acts

An act by a director or officer is valid notwithstanding an irregularity in his election or appointment or a defect in his qualification.

3.12 Remuneration and Expenses

The remuneration to be paid to the directors shall be such as the directors shall from time to time determine. The directors may also by resolution award special remuneration to any director in undertaking any special services on the Corporation's behalf other than the routine work ordinarily required of a director of a Corporation. The confirmation of any such resolution or resolutions by the

shareholders shall not be required. The directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Corporation.

PART FOUR

MEETINGS OF DIRECTORS

4.01 Calling of Meetings

Meetings of the directors shall be held from time to time at such place as the chairman of the board (if any), the president or vice-president who is a director or any two directors may determine and the corporate secretary shall, upon direction of any of the foregoing, convene a meeting of directors.

4.02 Place of Meeting

Meetings of directors and of any committee of directors may be held at any place in or outside Canada.

4.03 Notice

Notice of the time and place for the holding of any such meeting shall be delivered personally, by mail or by facsimile, or otherwise communicated by electronic means upon written consent in accordance with the requirements of the Act ("Electronic Communications") to each director not less than two business days (exclusive of the day on which the notice is delivered, mailed, or sent by Electronic Communications but inclusive of the day for which notice is given) before the date of the meeting; provided that meetings of the directors or of any committee of directors may be held at any time without formal notice if all the directors are present (except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or if all absent directors have waived notice. Notice of any meeting of directors or of any committee of directors or any irregularity in any meeting or the notice thereof may be waived by any director in writing or by Electronic Communication addressed to the Corporation or in any other manner, and such waiver may be validly given either before or after the meeting to which such waiver relates. A notice of meeting of directors or of any committee of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified.

4.04 Quorum

Subject to section 3.09, the quorum for the transaction of business at any meeting of the directors shall consist of a majority of the directors then in office and, notwithstanding any vacancy among the directors, a quorum of directors may exercise all the powers of the directors.

4.05 First Meeting of the New Board

For the first meeting of directors to be held following the election of directors at an annual or special meeting of the shareholders, or for a meeting of directors at which a director is appointed to fill a vacancy in the board, no notice of such meeting need be given to the newly elected or appointed director or directors in order for the meeting to be duly constituted, provided a quorum of the directors is present.

4.06 Adjournment

Any meeting of directors or of any committee of directors may be adjourned from time to time by the chairman of the meeting, with the consent of the meeting, to a fixed time and place, and no notice of the time and place for the holding of the adjourned meeting need be given to any director if the

time and place of the adjourned meeting are announced at the original meeting. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The directors who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

4.07 Electronic Participation

Subject to the Act, if all of the directors consent, a director may participate in a meeting of the directors or a committee of directors by means of such telephonic, electronic or other communications facilities as permit all persons participating in the meeting to communicate adequately with each other, and a director participating in a meeting by such means shall be deemed to be present at that meeting. A consent is effective whether given before or after the meeting and may be given with respect to all meetings of the directors and committees of the directors.

4.08 Regular Meetings

The directors may appoint a day or days in any month or months for regular meetings of the directors at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

4.09 Chairman

The chairman of any meeting of the directors shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: chairman of the board, chief executive officer, president, lead director or a vice-president. If no such officer is present, the directors present shall choose one of their number to be chairman.

4.10 Votes to Govern

All questions arising at any meeting of directors shall be decided by a majority of votes. In case of an equality of votes, the chairman of the meeting in addition to his original vote shall not have a second or casting vote.

4.11 Resolution in Lieu of Meeting

A resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of directors or committee of directors is as valid as if it had been passed at a meeting of directors or committee of directors. A copy of every such resolution shall be kept with the minutes of the proceedings of the directors or committee of directors.

PART FIVE

COMMITTEES

5.01 Committees of Directors

The directors may appoint one or more committees of the board, however designated, and delegate to any such committee any of the powers of the board except those which pertain to items which, under the Act, a committee of the board has no authority to exercise.

5.02 Transaction of Business

Subject to the provisions of section 4.07, the powers of such committee or committees of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place in or outside Canada.

5.03 Audit Committee

The directors shall appoint annually from among its number an audit committee to be composed of not fewer than three directors. At least such number of directors as may be specified by the Act, other applicable law or stock exchange requirements shall not be officers or employees of the Corporation or its affiliates. The audit committee shall have the powers provided in the Act and in other applicable law and in, addition, such other powers and duties as the directors may determine.

5.04 Advisory Bodies

The directors may from time to time appoint advisory bodies as they may deem advisable.

5.05 Procedure

Unless otherwise determined by the directors, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

PART SIX

OFFICERS

6.01 Appointment of Officers

The directors shall annually or as often as may be required appoint a chief executive officer, president, chief financial officer and a corporate secretary, and if deemed advisable, may annually or as often as may be required appoint one or more vice-presidents (to which title may be words added indicating seniority or function), a treasurer, a controller and such other officers as the directors may determine, including one or more assistants to any one of the officers so appointed. Subject to sections 6.02 and 6.03, an officer may but need not be a director, and one person may hold more than one office. In case and whenever the same person holds the offices of corporate secretary and treasurer, he or she may but need not be known as the secretary-treasurer. The directors may from time to time appoint such other officers, employees and agents as they shall deem necessary who shall have such authority and shall perform such functions and duties as may from time to time be prescribed by resolution of the directors.

6.02 Chairman of the Board

The board may from time to time appoint a chairman of the board who shall be a director. If appointed, the directors may assign to him any of the powers and duties that are by any provisions of this by-law assigned to the lead director or to the president; and he shall, subject to the provisions of the Act, have such other powers and duties as the directors may specify. During the absence or disability of the chairman of the board, his duties shall be performed and his powers exercised by the lead director, if any, or by the president or the chief executive officer.

6.03 Lead Director

The board of directors may appoint from their number a lead director who, unless otherwise permitted by the Act, shall be a resident Canadian. Subject to the Act, a lead director shall possess and exercise such authority and powers and shall perform such duties as may be determined by the by-laws and the board of directors. A lead director shall not be an officer of the Corporation.

6.04 Chief Executive Officer

The chief executive officer shall have, under the control of the board of directors, general supervision and direction of the business and affairs of the Corporation. The chief executive officer shall possess and exercise such authority and powers and perform such other duties as may be determined by the by-laws, the board of directors and the chairman of the board. In the absence of the chairman of the board and lead director, if any, and if the executive officer is also a director of the Corporation, the executive officer shall, when present, preside at all meetings of the directors, any committee of the directors and shareholders; he or she shall sign such contracts, documents or instruments in writing as require his or her signature, and shall have such other powers and shall perform such other duties as may from time to time be assigned to him or her by resolution of the directors or as are incident to his or her office.

6.05 President

Unless the board of directors determines otherwise, the president shall be the chief operating officer of the Corporation and shall have, under the control of the board of directors and the chief executive officer, general supervision of the business of the Corporation. The president shall possess and exercise such authority and powers and perform such other duties as may be determined by the by-laws, the board of directors, the chairman of the board and the chief executive officer. In the absence of the chairman of the board and the lead director, if any, and the chief executive officer, and if the president is also a director of the Corporation, the president shall, when present, preside at all meetings of the directors, any committee of the directors and shareholders; he or she shall sign such contracts, documents or instruments in writing as require his or her signature, and shall have such other powers and shall perform such other duties as may from time to time be assigned to him or her by resolution of the directors or as are incident to his or her office.

6.06 Vice-President

The vice-president or, if more than one, the vice-presidents in order of seniority, shall be vested with all the powers and shall perform all the duties of the president in the absence or inability or refusal to act of the chief executive officer, provided, however, that a vice-president who is not a director shall not preside as chairman at any meeting of directors or shareholders. The vice-president or, if more than one, the vice-presidents in order of seniority, shall sign such contracts, documents or instruments in writing as require his, her or their signatures and shall also have such other powers and duties as may from time to time be assigned to him, her or them by resolution of the directors.

6.07 Corporate Secretary

The corporate secretary shall possess and exercise such authority and powers and perform such duties as may be determined by the by-laws, the board of directors, the chairman of the board, the chief executive officer and the president.

The corporate secretary shall give or cause to be given, as and when instructed, notices to the board of directors, the shareholders, officers, auditors and members of committees and advisory bodies of the board of directors. Unless otherwise determined by the board of directors, the corporate secretary shall attend and record minutes of all meetings of the board of directors, committees of the board of directors, shareholders and advisory bodies. The corporate secretary shall have charge of the

corporate seal or seals and of the corporate records, subject to section 8.03 hereof, required by law to be kept, except accounting records.

6.08 Treasurer or Assistant Treasurer

The Treasurer or Assistant Treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he or she shall render to the board whenever required an account of all his transactions as Treasurer or Assistant Treasurer and of the financial position of the Corporation; and he shall have such other powers and duties as the directors may specify. Unless and until the directors designate any other officer of the Corporation to be the Chief Financial Officer of the Corporation, the Treasurer or Assistant Treasurer shall be the Chief Financial Officer of the Corporation.

6.09 Powers and Duties of Other Officers

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the directors or the chief executive officer may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer otherwise directs.

6.10 Term of Office

All officers, employees and agents, in the absence of agreement to the contrary, shall be subject to removal by resolution of the directors at any time, with or without cause. Otherwise, each officer appointed by the directors shall hold office until his or her successor is appointed or until the earlier of his or her resignation or death.

6.11 Variation of Powers and Duties

The directors may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

6.12 Terms of Employment and Remuneration

The terms of employment and remuneration of all officers appointed by the board, including the chairman of the board, if any, and the president shall be determined from time to time by resolution of the board. The fact that any officer or employee is a director or shareholder shall not disqualify him or her from receiving such remuneration as may be determined.

6.13 Conflict of Interest

An officer shall disclose his or her interest in any material contract or proposed material contract with the Corporation in accordance with section 7.04.

6.14 Vacancies

If the office of chairman, lead director, president, vice-president, corporate secretary, controller, treasurer, or any other office created by the directors pursuant to section 6.10 hereof shall be or become vacant by reason of death, resignation or in any other manner whatsoever, the directors shall in the case of the president or the corporate secretary and may in the case of any other officer appoint an officer to fill such vacancy.

6.15 Other Officers

The duties of all other officers of the Corporation shall be such as the terms of their engagement call for or the board requires of them. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board otherwise directs.

PART SEVEN

PROTECTION OF DIRECTORS AND OFFICERS

7.01 Limitation of Liability

Except as otherwise provided in the Act, no director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, including any person with whom or which any moneys, securities or effects shall be lodged or deposited, or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his or her office or in relation thereto, unless the same shall happen by or through his or her failure to exercise his or her powers and to discharge his or her duties honestly, in good faith with a view to the best interests of the Corporation, and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, provided that nothing in these by-laws shall relieve a director or officer from the duty to act in accordance with the Act and regulations made thereunder, or relieve him or her from liability for a breach thereof. The directors for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the board of directors.

7.02 Indemnity

Subject to the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding to which the individual is involved because of that association with the Corporation or other entity, if:

- (a) the individual acted honestly and in good faith with a view to the best interests of the Corporation, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

The Corporation shall also indemnify such person in such other circumstances as the Act permits or requires. The Corporation may advance monies to a director, officer or other individual for

costs, charges and expenses of a proceeding referred to above. The individual shall repay the monies if he or she does not fulfill the conditions set out in paragraphs (a) and (b) above. Nothing in this by-law shall limit the right of any individual entitled to indemnity to claim indemnity apart from the provisions of this by-law.

7.03 Insurance

Subject to the Act, the Corporation may purchase and maintain insurance for the benefit of any person referred to in section 7.02 against any liability incurred by him or her in his or her capacity as a director or officer, or an individual acting in a similar capacity, of the Corporation or of another body corporate at the Corporation's request.

7.04 Conflict of Interest

A director or officer who is a party to, or who is a director or officer (or acting in a similar capacity) of or has a material interest in a party to, any material contract or transaction, whether made or proposed, with the Corporation shall disclose the nature and extent of his or her interest at the time and in the manner provided by the Act. Any such contract or transaction shall be referred to the directors or shareholders for approval even if such contract is one that in the ordinary course of the Corporation's business would not require approval by the directors or shareholders, and a director interested in a contract so referred to the permitted board shall not vote on any resolution to approve the same, except as permitted by the Act.

7.05 Submission of Contracts or Transactions to Shareholders for Approval

The directors in their discretion may submit any contract, act or transaction for approval, ratification or confirmation at any annual meeting of the shareholders or at any special meeting of the shareholders called for the purpose of considering the same and any contract, act or transaction that shall be approved, ratified or confirmed by resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Corporation's articles or any other by-law) shall be as valid and as binding upon the Corporation and upon all the shareholders as though it had been approved, ratified and/or confirmed by every shareholder of the Corporation.

PART EIGHT

SHARES

8.01 Issuance

Subject to the Act and the articles of the Corporation, the directors may from time to time issue, or grant options to purchase, the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the directors may determine, provided that no share shall be issued until it is fully paid as provided by the Act.

8.02 Commissions

The directors may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of such person purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

8.03 Transfer Agents and Registrars

The directors may from time to time appoint a registrar to maintain the securities register and a transfer agent to maintain the register of transfers and may also appoint one or more branch registrars to maintain branch securities registers and one or more branch transfer agents to maintain branch registers of transfers, but one person may be appointed both registrar and transfer agent. The directors may at any time terminate any such appointment.

8.04 Share Certificates

Every holder of one or more shares of the Corporation shall be entitled, at his option, to a share certificate, or to a non-transferable written acknowledgement of his right to obtain a share certificate, stating the number and class or series of shares held by him or her as shown on the securities register. Share certificates and acknowledgements of a shareholder's right to a share certificate shall be in such form as the directors shall from time to time approve. Any share certificate shall be signed in accordance with section 2.04; it need not be under the corporate seal. The signature of one of the signing officers may be printed or mechanically reproduced upon share certificates. Every printed or mechanically reproduced signature shall for all purposes be deemed to be a signature binding upon the Corporation. Unless the directors otherwise determine, certificates representing shares in respect of which a transfer agent or registrar, as the case may be, has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent or registrar. In the case of share certificates which are not valid unless countersigned by or on behalf of a transfer agent or registrar, the signature of any signing officer may be printed or mechanically reproduced upon share certificates and every such printed or mechanically reproduced signature shall for all purposes be deemed to be a signature binding upon the Corporation. Notwithstanding any change in the persons holding office between the time of signing and the issuance of any certificate, and notwithstanding that a person may not have held office at the date of issuance of such certificate, any such certificate so signed shall be valid and binding upon the Corporation.

8.05 Joint Shareholders

If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

8.06 Deceased Shareholders

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make dividends or other payments in respect thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

8.07 Replacement of Share Certificates

The directors or any officer or agent designated by the directors may in their or his or her discretion direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate claimed to have been lost, destroyed or wrongfully taken on payment of such reasonable fee, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the directors, or any officer or agent designated by the directors, may from time to time prescribe, whether generally or in any particular case.

8.08 Lien for Indebtedness

If the articles provide that the Corporation shall have a lien on shares registered in the name of a shareholder indebted to the Corporation, such lien may be enforced, subject to the articles, by the sale of the shares thereby affected or by any other action, suit, remedy or proceeding authorized or permitted by law or by equity and, pending such enforcement, may refuse to register a transfer of the whole or any part of such shares.

PART NINE

DIVIDENDS AND RIGHTS

9.01 Dividends

Subject to the Act, the directors may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

9.02 Dividend Cheques

A dividend payable in money shall be paid by either electronically by direct deposit or by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and, if paid by cheque, mailed by prepaid ordinary mail to such registered holder at his or her recorded address, unless such holder otherwise directs. In the case of joint holders any cheque issued shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as set out in this section, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

9.03 Non-Receipt of Cheques

In the event of non-receipt of any dividend cheque by the person to whom it is sent as set out in section 9.02, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the directors may from time to time prescribe, whether generally or in any particular case.

9.04 Record Date for Dividends and Rights

The directors may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of right to subscribe for securities of the Corporation, as a record date for the determination of the persons entitled to receive payment for such dividend or to exercise the right to subscribe for such securities, and notice of any such record date shall be given not less than 7 days before such record date in the manner provided in the Act. If no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the directors.

9.05 Unclaimed Dividends

Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

PART TEN

MEETINGS OF SHAREHOLDERS

10.01 Annual Meetings

The annual meeting of shareholders shall be held on such day and at such time in each year and, subject to section 10.03, at such place as the directors, the chairman of the board, the Lead Director, or the chief executive officer may from time to time determine, in any event no later than the earlier of (i) six months after the end of each financial year of the Corporation and (ii) 15 months after the Corporation's last annual meeting of shareholders, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting.

An annual meeting of shareholders may also be constituted as an annual and special meeting of shareholders to consider and transact any special business, which may be considered and transacted at a special meeting of shareholders.

10.02 Special Meetings

The directors shall have power to call a special meeting of shareholders at any time.

10.03 Place of Meetings

Subject to the Act, meetings of shareholders shall be held at the place within Canada that the directors determine. If the Corporation makes available a telephonic, electronic or other communication facility that permits all participants of a shareholders meeting to communicate adequately with each other during the meeting and otherwise complies with the Act, any person entitled to attend such meeting may participate by means of such communication facility in the manner prescribed by the Act, and any person participating in the meeting by such means is deemed to be present at the meeting.

10.04 Notice of Meetings

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in Part Eleven not less than 21 nor more than 60 days before the date of the meeting to each director, to the auditors and to each shareholder who at the close of business on the record date is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and the auditors' report, election of directors and reappointment of incumbent auditors shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting.

10.05 List of Shareholders Entitled to Notice

For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting. If a record date for the meeting is fixed pursuant to section 10.06, the shareholders listed shall be those registered at the close of business on such record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the central securities register is kept and at the meeting for which the list was prepared.

10.06 Record Date for Notice

The directors may fix in advance a record date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 21 days, for the determination of the shareholders entitled to notice of the meeting, provided that notice of any such record date is given not less than 7 days before such record date, in the manner provided in the Act. If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of the meeting shall be the close of business on the day immediately preceding the day on which the notice is given, or, if no notice is given, the day on which the meeting is held.

10.07 Meetings Held by Electronic Means

If the directors or shareholders of the Corporation call a meeting of shareholders pursuant to the Act, the directors may determine that the meeting shall be held, in accordance with the Act, entirely by means of a telephonic, electronic or other communications facility that permits all participants to communicate adequately with each other during the meeting.

10.08 Meetings without Notice

A meeting of shareholders may be held without notice at any time and place permitted by the Act (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held, and (b) if the auditors and the directors are present or waive notice of or otherwise consent to such meeting being held, provided that such shareholders, auditors or directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. At such a meeting, any business may be transacted which the Corporation at a meeting of shareholders may transact.

10.09 Chairman, Corporate Secretary and Scrutineers

The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: chairman of the board, chief executive officer, president, lead director or a vice-president who is a shareholder. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the corporate secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as corporate secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

10.10 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

10.11 Quorum

Subject to the Act in respect of a majority shareholder, a quorum for the transaction of business at any meeting of shareholders shall be two persons present, each being a shareholder entitled to vote thereat or a duly appointed proxyholder or representative for a shareholder so entitled. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of any meeting of shareholders, the shareholders

present or represented may adjourn the meeting to a fixed time and place but may not transact any other business.

10.12 Right to Vote

Subject to the provisions of the Act as to authorized representatives of any other body corporate or association, at any meeting of shareholders for which the Corporation has prepared the list referred to in paragraph 10.05, a shareholder whose name appears on such list is entitled to vote the shares shown opposite his name at the meeting to which the list relates. At any meeting of shareholders for which the Corporation has not prepared the list referred to in paragraph 10.05, every person shall be entitled to vote at the meeting who at the time is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting. The persons entitled to vote at any meeting of shareholders shall be the persons entitled to vote in accordance with the Act.

10.13 Proxyholders and Representatives

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, to attend and act as his or her representative at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or his or her attorney and shall conform with the requirements of the Act. Alternatively, every such shareholder which is a body corporate or association may authorize by resolution of its directors or governing body an individual to represent it at a meeting of shareholders and such individual may exercise on the shareholder's behalf all the powers it could exercise if it were an individual shareholder. The authority of such an individual shall be established by depositing with the Corporation a certified copy of such resolution, or in such other manner as may be satisfactory to the corporate secretary of the Corporation or the chairman of the meeting. Any such proxyholder or representative need not be a shareholder.

10.14 Time for Deposit of Proxies

The directors may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than 48 hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, it has been received by the corporate secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

10.15 Joint Shareholders

If two or more persons hold shares jointly, any of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy, they shall vote together as one on the shares jointly held by them.

10.16 Votes to Govern

At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws or by law, be determined by the majority of the votes cast on the question. In case of an equality of votes either upon a show of hand or upon a poll, the chairman of the meeting shall not be entitled to a second or casting vote.

10.17 Show of Hands

Subject to the Act, any question at a meeting of shareholders shall be decided by a show of hands, which may include such other indication of a vote made by means of the telephonic, electronic

or other communication facility, if any, made available by the Corporation for that purpose, unless a ballot thereon is required or demanded as provided in section 10.18. Upon a show of hands, every person who is present, in person or by means of the telephonic, electronic or other communications facility, if any that the Corporation has made available for such purpose, and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question. For the purpose of this section, if at any meeting the Corporation has made available to shareholders the means to vote electronically, any vote made electronically shall be included in tallying any votes by show of hands.

10.18 Ballots

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, the chairman may require a ballot or any person who is present and entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

10.19 Adjournment

The chairman at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

10.20 Resolution in Writing

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a written statement with respect to the subject matter of the resolution is submitted by a director or the auditors in accordance with the Act.

PART ELEVEN

NOTICES

11.01 Method of Giving Notices

Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the articles, the by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the directors shall be sufficiently given if delivered personally to the person to whom it is to be given; delivered to the recorded address of the person; mailed to the person's recorded address by prepaid or ordinary or air mail; sent to the person's recorded address by any means of prepaid transmitted or recorded communication; or an electronic document is provided in accordance with Part Twelve of this by-law.

A notice delivered as set out in this section is deemed to have been given when it is delivered personally or to the recorded address; a notice mailed as set out in this section shall be deemed to have been given when deposited in a post office or public letter box; and a notice sent by means of transmitted or recorded communication as set out in this section is deemed to have been dispatched or delivered to the appropriate communication company or agency or its representative for dispatch; and a notice sent by electronic means as set out in this section and Part Twelve shall be deemed to have been given upon receipt of reasonable confirmation of transmission to the designated information system indicated by the person entitled to receive such notice. The corporate secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the directors in accordance with any information believed by him or her to be reliable.

11.02 Signature to Notices

The signature of any director or officer of the Corporation to any notice or document to be given by the Corporation may be written, stamped, mechanically reproduced or electronically reproduced in whole or in part.

11.03 Proof of Service

With respect to every notice sent by post it is sufficient to prove that the envelope or wrapper containing the notice or other document was properly addressed as provided in this by-law and put into a post office or into a letter box. With respect to every notice or other document sent as an electronic document it is sufficient to prove that the electronic document was properly addressed to the designated information system as provided in this by-law and sent by electronic means. A certificate of the chairman of the board, the Lead Director, the chief executive officer, the president, a vice-president, the corporate secretary, the chief financial officer, the treasurer or the controller or of any other officer of the Corporation in office at the time of the making of the certificate or of a transfer officer of any transfer agent or branch transfer agent of shares of any class of the Corporation as to the facts in relation to the mailing or delivery of any notice or other document to any shareholder, director, officer or auditor or publication of any notice or other document shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation as the case may be.

11.04 Notice to Joint Shareholders

If two or more persons are registered as joint holders of any share, any notice may be addressed to all of such joint holders but notice to one of such persons shall be sufficient notice to all of them.

11.05 Computation of Time

In computing the date when notice must be given under any provision requiring a specified number of days notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

11.06 Undelivered Notices

If any notice given to a shareholder pursuant to section 11.01 is returned on three consecutive occasions because he or she cannot be found, the Corporation shall not be required to give any further notices to such shareholder until he or she informs the Corporation in writing of his or her new address.

11.07 Omissions and Errors

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in

any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

11.08 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder through whom he or she derives his or her title to such share prior to his or her name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he or she became so entitled) and prior to his or her furnishing to the Corporation the proof of authority or evidence of his or her entitlement prescribed by the Act.

11.09 Waiver of Notice

Any shareholder, proxyholder, representative, director, officer, auditor, member of a committee of the board or other person entitled to attend a meeting of shareholders may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him or her or to the shareholder whom the proxyholder or representative represents under any provision of the Act, the regulations thereunder, the articles, the by-laws or otherwise and such waiver or abridgement, whether given before or after the meeting or other event for which notice is required to be given shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board which may be given in any manner.

PART TWELVE

ELECTRONIC DOCUMENTS

12.01 Creation and Provision of Information

Unless the Corporation's articles provide otherwise, and subject to and in accordance with the Act, the Corporation may satisfy any requirement of the Act to create or provide a notice, document or other information to any person by the creation or provision of an electronic document. Except as provided in the Act, "electronic document" means any form of representation of information or of concepts fixed in any medium in or by electronic, optical or other similar means that can be read or perceived by a person by any means.

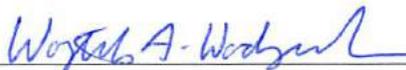
PART THIRTEEN

EFFECTIVE DATE

13.01 Effective Date

This by-law shall come into force upon being passed by the directors in accordance with the Act.

MADE by the board the 3rd day of August, 2016.

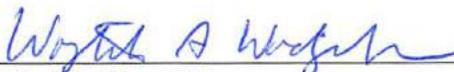


Wojtek A. Wodzicki
President and CEO



Julie A. S. Kemp
Corporate Secretary

CONFIRMED by the shareholder the 3rd day of August, 2016.



Wojtek A. Wodzicki
President and CEO



Julie A. S. Kemp
Corporate Secretary

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