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GUIDANCE ON TAX IMPLICATIONS TO CANADIAN SHAREHOLDERS OF SPIN-OUT TRANSACTION

The information presented below is intended to provide guidance to shareholders of NGEx (“NGEx Shareholders”) and Filo Mining (“Filo Mining Shareholders”) regarding the tax implications of the previously announced spin-out of NGEx’s wholly owned Filo del Sol property to Filo Mining by way of a plan of arrangement under the *Canada Business Corporations Act* (the “Arrangement”) that closed on August 16, 2016 (the “Effective Date”). Pursuant to the Arrangement, NGEx distributed 100% of the Filo Common Shares it received under the Arrangement to holders (“NGEx Shareholders”) of common shares of NGEx (the “NGEx Common Shares”) on a pro rata basis. NGEx Shareholders of record as of August 23, 2016 received one common share of Filo Mining (a “Filo Common Share”) for every four NGEx Common Shares held. The Filo Common Shares commenced trading on August 26, 2016 on the TSXV as a Tier 2 Issuer under the ticker symbol “FIL”.

Prior to completion of the Arrangement, NGEx carried out an internal valuation to estimate the value to be ascribed to the Filo Common Shares, based on certain assumptions and a number of factors including, but not limited to, the assets and properties comprising the Filo del Sol project, inferred resource estimates, and peer group companies. After consultation with its financial advisors and based on the net assets transferred to Filo Mining, NGEx estimated the value to be ascribed to Filo Mining as a stand-alone entity on the Effective Date at approximately CAD\$38 million, or approximately \$0.75 per Filo Common Share on a non-diluted basis on the Effective Date (the “Estimated Share Value”).

The distribution of the Filo Common Shares pursuant to the Arrangement was implemented as a reduction of capital of the NGEx Common Shares. Further, NGEx does not believe that the aggregate fair market value of the Filo Common Shares distributed by NGEx exceeds the “paid-up capital” (as defined in the *Income Tax Act* (Canada) (the “Tax Act”)) of the NGEx Common Shares immediately before Effective Date. Accordingly, a deemed dividend (for purposes of the Tax Act) is not expected to arise with respect to the distribution of the Filo Common Shares.

CAUTIONARY NOTES

This advice is of a general nature only and is not, and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder and no representations with respect to the tax consequences to any particular holder are made. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, holders should consult their own tax advisors having regard to their own particular circumstances or if they are uncertain of the adjusted cost base in their NGEx Common Shares or their Filo Common Shares. Further information on the federal income tax consequences of the Arrangement for Canadian resident shareholders is contained in the management information circular of NGEx Resources Inc. dated July 8, 2016 which is filed on SEDAR at www.SEDAR.com.

The determination as to the ascribed value of the Filo Common Shares and consequently, whether the Arrangement results in a deemed dividend is a question of fact. NGEx and Filo Mining cannot provide assurance that the Canadian tax authorities agree with the method of valuation and the Estimated Share Value. NGEX’s estimate of ascribed value for the Filo Common Shares and view that the Arrangement should not result in a deemed dividend is not binding on you or the Canadian tax authorities.

NGEx and Filo Mining will not be responsible for any additional tax, interest or penalties assessed by the Canadian tax authorities should NGEx Shareholders and Filo Mining Shareholders use the

Estimated Share Value, or any other amount, in reporting their taxable income and filing their tax returns.

Cautionary Note Regarding Forward-Looking Information

Certain information set out in this notice constitutes forward-looking information within the meaning of applicable securities legislation. Forward looking information is often, but not always, identified by the use of words such “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes” or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative connotation thereof. In particular, this notice contains forward-looking information with respect to, among other things, the expected tax consequences of the Arrangement. Forward-looking information is based upon the opinions and expectations of management of NGEx and Filo Mining as at the date hereof. Although NGEx and Filo Mining believe that the expectations reflected in such forward-looking information are based upon reasonable assumptions, they can give no assurance that those expectations will prove to have been correct. Readers are cautioned not to place undue reliance on forward-looking information included in this news release, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking information is based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward-looking information will not occur, which may cause actual results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information. These risks and uncertainties include, among other things, risk factors set forth in NGEx’s Annual information Form for the year ended December 31, 2015 under the heading “Risk Factors” and in Filo Mining’s Listing Application under the heading “Risk Factors”, copies of which are filed on SEDAR at www.SEDAR.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive. These statements are made as at the date hereof and unless otherwise required by law, NGEx and Filo Mining do not intend, or assume any obligation, to update this forward-looking information.