



**2020 FIRST QUARTER REPORT**

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

**For the Three Months Ended March 31, 2020  
(UNAUDITED)**

**FILO MINING CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**THREE MONTHS ENDED MARCH 31, 2020**  
(Amounts in Canadian Dollars unless otherwise indicated)

The following management's discussion and analysis ("MD&A") of Filo Mining Corp. ("Filo Mining" or the "Company") should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2020 and related notes therein. The financial information in this MD&A is reported in Canadian dollars unless otherwise indicated and is partly derived from the Company's condensed interim consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The effective date of this MD&A is May 6, 2020. Additional information about the Company and its business activities is available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's website [www.filo-mining.com](http://www.filo-mining.com).

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

**CORE BUSINESS**

Filo Mining is a mineral exploration company, focused on its 100% controlled, flagship Filo del Sol Project, which is comprised of two adjacent land holdings: the Filo del Sol Property located in San Juan Province, Argentina, and the Tamberias Property, located in Region III, Chile. The Filo del Sol Project is located between the prolific Maricunga and El Indio gold belts, two major mineralized trends that contain such deposits as Caspiche, La Coipa, Veladero, and El Indio. The region is a stable mining jurisdiction and hosts a number of large-scale mining operations. The project area is covered under the Mining Integration and Complementation Treaty between Chile and Argentina, which provides the framework for the development of cross border mining projects.

The Company has completed a pre-feasibility study ("PFS") on the Filo del Sol Project, with an effective date of January 13, 2019, which demonstrated the project's robust economic potential. The PFS, which was based only on the oxide portion of the current Mineral Resource and used prices of US\$3.00/lb copper, US\$1,300/oz gold, and US\$20/oz silver, yielded an after-tax net present value ("NPV") of US\$1.28 billion at a discount rate of 8%, and generated an internal rate of return ("IRR") of 23%. Positive valuations were also maintained across a wide range of sensitivities on key assumptions.

The Company's most recent Mineral Resource and Mineral Reserve statement is shown below.

<b>Category</b>	<b>Tonnes (millions)</b>	<b>Cu (%)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>	<b>Lbs Cu (billions)</b>	<b>Oz Au (millions)</b>	<b>Oz Ag (millions)</b>
Mineral Resource							
Indicated	425.1	0.33	0.32	10.7	3.1	4.4	146.9
Inferred	175.1	0.27	0.33	6.2	1.1	1.8	34.8
Mineral Reserve							
Proven	-	-	-	-	-	-	-
Probable	259.1	0.39	0.33	15.1	2.2	2.8	126.0

The Filo del Sol Project continues to hold significant exploration potential, with less than 20% of the project area explored to date. The Company's Mineral Resource estimates are inclusive of the Mineral Reserve estimates as set forth above.

The technical information relating to the PFS is based on a technical report titled "NI 43-101 Technical Report, Pre-feasibility Study for the Filo del Sol Project" dated February 22, 2019, with an effective date of January 13, 2019 (the "Technical Report"). The Technical Report was prepared for Filo Mining by Ausenco Engineering Canada Inc. ("Ausenco"). The Qualified Persons, as defined under NI 43-101, responsible for the Technical Report are Scott Elfen, P.E., Ausenco; Robin Kalanchey, P.Eng., Ausenco; Bruno Borntraeger, P.Eng., Knight Piesold Ltd.; Fionnuala Devine, P.Geo., Merlin Geosciences Inc.; Ian Stillwell, BGC Engineering Inc.; Neil Winkelmann, FAusIMM, SRK Consulting (Canada) Inc.; James N. Gray, P.Geo., Advantage Geoservices Limited; and Jay Melnyk, P.Eng., AGP Mining Consultants, all of whom are independent of Filo Mining. The Technical Report is available for review under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.filo-mining.com](http://www.filo-mining.com).

The Company's strategy is to create value for its shareholders by expanding and increasing the quality of the resources and reserves at the Filo del Sol Project and by advancing engineering and other studies that are required to prepare the Filo del Sol Project for eventual development by the Company or by third parties.

The Company has a strong management team and board with extensive experience in the resource sector, particularly in Chile and Argentina. The board and management team have an appropriate mix of geological, engineering, financial, and business skills to advance the Company's projects and to generate value for its shareholders.

## **FIRST QUARTER 2020 OPERATING HIGHLIGHTS**

### ***Successful Completion of 2019/2020 Season Despite Curtailment in Response to COVID-19***

The Company planned its 2019/2020 field program to follow-up on the exploration successes of the previous season, which confirmed the existence of a significant porphyry copper-gold system underlying the current Mineral Resource at Filo del Sol. The 2019/2020 season, which began in November 2019, was curtailed in late March 2020 in response to the intensification of the COVID-19 pandemic, and its arrival in Chile and Argentina.

Despite the shortened program, the Company completed its main objective for the season which was to expand the mineralization below the known deposit, particularly below the area of highest copper and gold grades. The Company drilled eight diamond holes, two of which were completed to their planned depths, while the rest were stopped short of their targeted depths as a result of the curtailment. The completed holes expanded the deep mineralization well below the bottom of the PFS pit shell, and both ended in mineralization.

The campaign was highlighted by hole FSDH032, which was drilled to a final depth of 1,141.0 metres and intersected mineralization over a length of 1,009.0 metres at 0.95% Copper Equivalent ("CuEq"), and hole FSDH034, which was drilled to a final depth of 1,106.0 metres and intersected mineralization over a length of 1,034.0 metres at 0.68% CuEq, including 439.0 metres at 0.84% CuEq. Most notably, drilling exited the current Mineral Resource pit shell at depths of 378 metres and 320 metres respectively, and the remaining intercepts below these depths are completely outside of the current Mineral Resource, demonstrating the considerable extent and grade of the underlying mineralization.

Complete assay results for the first five diamond holes of the 2019/2020 campaign are provided in the table below, and the pending results for the remaining holes will be made available when received and verified by the Company.

Hole-ID	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)	Ag (g/t)	CuEq <sup>1</sup> (%)
<b>FSDH032</b>	<b>132.0</b>	<b>1,141.0</b>	<b>1,009.0</b>	<b>0.57</b>	<b>0.39</b>	<b>11.1</b>	<b>0.95</b>
incl.	378.0	1,141.0	762.7	0.68	0.43	13.2	1.10
and incl.	492.0	702.8	210.8	0.90	0.54	19.5	1.46
FSDH033	96.0	552.0	456.0	0.48	0.44	18.7	0.96
incl.	200.0	226.0	26.0	2.03	0.81	2.8	2.64
and incl.	264.0	284.0	20.0	0.03	0.42	223.1	2.19
and incl.	518.0	552.0	34.0	0.68	0.37	8.8	1.02
<b>FSDH034</b>	<b>72.0</b>	<b>1,106.0</b>	<b>1,034.0</b>	<b>0.42</b>	<b>0.32</b>	<b>3.4</b>	<b>0.68</b>
incl.	520.0	959.0	439.0	0.54	0.36	4.2	0.84
incl.	676.0	732.0	56.0	0.74	0.60	8.5	1.25
FSDH035	46.0	58.0	12.0	0.43	0.06	1.3	0.48
FSDH036	174.0	367.1	193.1	0.16	0.25	3.6	0.37
incl.	174.0	226.0	52.0	0.32	0.35	1.7	0.59
incl.	174.0	182.0	8.0	0.92	0.93	3.0	1.62

<sup>1</sup> Copper Equivalent is calculated based on US\$ 2.80/lb Cu, US\$ 1,400/oz Au and US\$ 16/oz Ag. The formula is: CuEq % = Cu % + (0.7292 \* Au g/t) + (0.0083 \* Ag g/t). See the Company's News Release dated April 20, 2020 for full details.

Together with holes completed during the previous season, these findings represent a step change in the Company's understanding of the geology of the Filo del Sol deposit and continue to affirm that the current Mineral Resource is only a small portion of a much larger mineralized system. The Company now has three diamond holes drilled to depths in excess of 1 kilometre, spanning a north-south distance of 1 kilometre, with all holes ending in mineralization.

In addition to the diamond drilling, 13 reverse circulation ("RC") holes were drilled to the southwest of the resource area to test for an extension of the oxide part of the Filo del Sol deposit suggested by surface mapping and re-interpretation of geophysical data. Assay results for the first 11 RC holes have been received and verified by the Company, as communicated by the Company's news release dated April 20, 2020. While no significant mineralization was encountered by most of the RC holes during the 2019/2020 campaign, the Company did encounter silicification and locally anomalous pathfinder elements consistent with the extension of the upper part of the system into this area. Accordingly, potential remains for mineralization at depth which will be followed up by future exploration.

In addition to the drilling, full 3D induced polarization and drone-supported magnetic geophysical surveys were completed over the project area, providing a high-quality geophysical dataset. The results of these surveys will be integrated with the geological model to provide a comprehensive 3D model of the geology and physical properties of the deposit area which will guide future drilling campaigns.

## **OUTLOOK AND CONTINUED RESPONSE TO COVID-19**

The exploration findings from the last two field seasons have demonstrated that the extent of the mineralization extends well beyond the depths of the current Mineral Resource. Complete assay results are still pending from the recent drill campaign and will be made available once received and verified by the Company.

As the Company continues to assess its options for unlocking value at the Filo del Sol Project for its shareholders, it will take into consideration this recent exploration success, as well as the compelling investment thesis presented by the PFS.

The Company continues to respond to the COVID-19 pandemic within the framework of internal protocols, and local and national health authority requirements and recommendations. The health and safety of the Company's employees, contractors, visitors, and stakeholders remain Filo Mining's top priority. The Company's camp facilities and offices have implemented travel restrictions, surveillance, monitoring and response plans to reduce the risk of COVID-19 exposure and outbreak, including health screening of personnel when appropriate. All non-critical business travel has also been curtailed. We will continue to monitor the situation and are prepared to implement additional changes to minimize any potential impacts of the global outbreak that might emerge at the Company's project site or offices as necessary. In addition, as part of its response to COVID-19 and the resulting global economic turmoil, the Company has implemented immediate cost saving measures, including cuts to discretionary expenditures and voluntary reductions to senior management salaries for the duration of the crisis.

## RESULTS FROM OPERATIONS

Filo Mining is a junior exploration company and, as such, its net losses are largely driven by its exploration and project investigation activities. There is no expectation of generating operating profits until it identifies and develops a commercially viable mineral deposit.

Key financial results for the last eight quarters are provided in the table below.

Three Months Ended	Mar-20	Dec-19	Sep-19	Jun-19	Mar-19	Dec-18	Sep-18	Jun-18
Exploration costs (\$000's)	11,940	5,759	1,895	4,332	11,022	5,183	2,208	3,595
Operating loss (\$000's)	12,794	7,844	2,575	5,243	12,030	6,201	3,816	4,433
Net loss (\$000's)	11,836	8,038	3,105	5,336	12,092	6,191	3,865	4,446
Net loss per share, basic and diluted (\$)	0.13	0.09	0.04	0.07	0.17	0.09	0.05	0.06

Due to the geographic location of the Filo del Sol Project, the Company's business activities fluctuate with the seasons, through increased drilling and other exploration activities during the summer months in South America. As a result, a general recurring trend is the increase in exploration expenditures, and therefore net losses, for the fourth quarter and first quarter of a fiscal year, relative to the second and third quarters. In addition, other relevant factors, such as the financial position of the Company, other corporate initiatives, as well as the type and scope of planned exploration/project work, could affect the level of exploration activities and net loss in a particular period.

Filo Mining incurred a net loss of \$11.8 million (2019: \$12.1 million) for the three months ended March 31, 2020, including an operating loss of \$12.8 million (2019: \$12.0 million). Exploration and project investigation costs are the most significant expenditures of the Company and account for approximately 93% (2019: 92%) of the operating loss during the three months ended March 31, 2020. This is reflective of the Company's accounting policy to expense its exploration costs through the consolidated statement of comprehensive loss, except for mineral property option payments and mineral property acquisition costs, which are capitalized.

Exploration and project investigation costs for the three months ended March 31, 2020 were \$11.9 million (2019: \$11.0 million), which increased relative to the comparative period. The increase is generally the result of the larger field program undertaken during the first quarter of 2020, which primarily consisted of an 8-hole diamond drill program, 13 RC holes on the Tamberias West prospect, and conducting drone magnetometer and full 3D induced polarization ("IP") geophysical surveys over the project area. By comparison, the first quarter of 2019 was highlighted by the completion of the PFS, a smaller diamond drill campaign, and hydrological studies. Detailed breakdowns of exploration costs for the periods presented are provided in the notes to the condensed interim consolidated financial statements.

Excluding share-based compensation, administration costs for the three months ended March 31, 2020 were \$0.5 million (2019: \$0.7 million). Share-based compensation, a non-cash cost, reflects the amortization of the estimated fair value of options over their vesting period and is based to a large degree on the Company's share price and its volatility. The actual future value to the option holders may differ materially from these estimates as it depends on the trading price of the Company's shares if and when the options are exercised. In addition, as the granting of options and their vesting is at the discretion of the Board, the related expense is unlikely to be uniform across quarters or financial years.

During the three months ended March 31, 2020, the Company reported financing costs of \$1,960, which decreased relative to the comparative period (2019: \$201,350). This decrease is the result of the Company's heavier use of credit facilities during the first quarter of 2019, whereas during the first quarter of 2020 no amounts were drawn against the credit facilities.

Also, during the three months ended March 31, 2020, the Company recognized a net monetary gain of \$224,812 (2019: \$156,690) in relation to the application of hyperinflationary accounting for the Company's Argentine subsidiary, which began July 1, 2018. The monetary gains recognized are the results of changes in the Argentine price indices and changes to the Company's net monetary position during the respective periods. Further discussion regarding the application of hyperinflationary accounting has been provided in the notes to the condensed interim consolidated financial statements.

In addition, during the three months ended March 31 2020, the Company began acquiring and transferring marketable securities as a mechanism to facilitate intragroup funding transfers between its Canadian parent and its Argentine operating subsidiary. Through the transfer of marketable securities, the Company is able to achieve a more favorable foreign currency impact than would be available through financial institutions with the transfer of cash. Accordingly, for the three months ended March 31, 2020, the Company recognized a gain of \$743,190 (2019: \$nil) on the use of marketable securities for the purposes of facilitating intragroup funding transfers, which represents the net benefit of having used this funding mechanism over traditional methods.

No tax recovery is recognized as a result of the nature of the Company's activities and the lack of reasonably expected taxable profits in the near term.

In other comprehensive income, the Company reported a foreign exchange translation loss of \$145,527 (2019: gain of \$26,671) for the three months ended March 31, 2020, on translation of subsidiary company accounts from their functional currency to the Canadian dollar presentation currency. For the three months ended March 31, 2020, the foreign exchange translation loss is primarily the result of fluctuations of the Canadian dollar relative to the Chilean peso over the period. For the three months ended March 31, 2020, the impact of hyperinflation was a loss of \$17,353 (2019: \$596,200), and consists of adjustments recognized on the continuing inflation of opening non-monetary balances during the period and the ongoing translation of the Company's Argentine subsidiary into the Canadian dollar presentation.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at March 31, 2020, the Company had cash of \$6.5 million and net working capital of \$1.4 million, compared to cash of \$13.8 million and net working capital of \$12.7 million as at December 31, 2019. The decrease in the Company's cash and net working capital is due primarily to funds used in operations.

As an exploration company with no sources of revenue, the economic viability of the Company's long-term business plan is impacted by its ability to obtain financing, and global economic conditions impact the general availability of financing through public and private debt and equity markets, as well as through other avenues. Accordingly, the Company is cognizant of the current deterioration of global financial markets coinciding with the COVID-19 pandemic and will be reducing discretionary expenditures and senior management salaries and exercising additional caution and prudence in the management and deployment of its current working capital.

Based on Filo Mining's financial position at March 31, 2020, the Company anticipates the need for further funding to support its planned South American operations, and for general corporate and working capital purposes. The Company is currently evaluating potential additional sources of financing. Historically, capital requirements have been primarily funded through equity financing, joint ventures, disposition of mineral properties and investments, and the use of short-term credit facilities extended by Zebra Holdings and Investments S.à.r.l. ("Zebra"), an insider and related party of the Company by virtue of its shareholding in the Company in excess of 20%.

While management is confident that additional sources of funding will be secured to fund planned expenditures for at least twelve months from March 31, 2020, factors that could affect the availability of financing include the progress and results of ongoing exploration at the Company's mineral properties, the state of international debt and equity markets, and investor perceptions and expectations of the global copper, gold, and/or silver markets. There can be no assurance that such financing will be available in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. If necessary, the Company may explore opportunities to revise the due dates of its liabilities, and/or settle its liabilities through the issuance of the common shares and other equity instruments. Based on the amount of funding raised, the Company's planned initiatives and other work programs may be postponed, or otherwise revised, as necessary.

The Company continues to have access to a US\$5 million credit facility extended by Zebra and expects to have the ongoing support of the Lundin family trusts, collectively, the Company's largest shareholder. On an ongoing basis, the Company evaluates and adjusts its planned exploration and administrative activities to ensure that adequate levels of working capital are maintained.

## **RELATED PARTY TRANSACTIONS**

Under the normal course of operations, the Company may undertake transactions or hold balances with related parties. Other than those related party transactions identified elsewhere in this MD&A, the Company also engages with Josemaria Resources Inc. ("Josemaria", formerly NGEx Resources Inc.) and NGEx Minerals Ltd. ("NGEx Minerals"), related parties by way of directors, officers and shareholders in common, and Bofill Mir & Alvarez Jana Abogados Ltda. ("BMJAL"), a Chilean legal firm, of which a director of the Company is a partner.

### ***Related party services***

The Company has a cost sharing arrangement with Josemaria and NGEx Minerals. Under the terms of this arrangement, the Company provides management, technical, administrative and/or financial services (collectively, "Management Services") to Josemaria and NGEx Minerals, and vice versa. In addition, the Company engages BMJAL, as its legal counsel in Chile. These transactions were incurred in the normal course of operations, and are summarized as follows:

	<b>Three months ended</b>	
	<b>2020</b>	<b>March 31, 2019</b>
Management Services to Josemaria	320,448	295,019
Management Services to NGEEx Minerals	132,391	-
Management Services from Josemaria	(129,185)	(101,007)
Management Services from NGEEx Minerals	(155,392)	-
Legal services from BMJAL	(24,374)	(35,135)

### ***Related party balances***

The amounts due from (to) related parties, and the components of the consolidated statement of financial position in which they are included, are as follows:

	<b>Related Party</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Receivables and other assets	Josemaria	139,672	196,489
Receivables and other assets	NGEEx Minerals	39,161	64,222
Accounts payable and accrued liabilities	Josemaria	(152,492)	(220,366)
Accounts payable and accrued liabilities	NGEEx Minerals	(69,710)	(57,490)
Accounts payable and accrued liabilities	BMJAL	-	(22,617)

### ***Key management compensation***

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

	<b>Three months ended</b>	
	<b>2020</b>	<b>March 31, 2019</b>
Salaries	186,250	271,875
Short-term employee benefits	6,695	13,096
Directors fees	24,250	24,250
Stock-based compensation	315,923	322,540
	<b>533,118</b>	<b>631,761</b>

## **SIGNIFICANT ACCOUNTING POLICIES**

The Company continues to follow the accounting policies described in Note 3 to the consolidated financial statements for the year ended December 31, 2019, as on SEDAR at [www.sedar.com](http://www.sedar.com).

## CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRS, such as the underlying condensed interim consolidated financial statements for the three months ended March 31, 2020, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenditures. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual results could differ from those estimates and such differences could be material. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. There have been no material changes to the critical accounting estimates discussed in the annual 2019 MD&A filed on SEDAR at [www.sedar.com](http://www.sedar.com) on March 19, 2020.

## FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables and other assets, and trade payables and accrued liabilities with carrying values considered to be reasonable approximations of fair value due to the short or near-term nature of these instruments.

As at March 31, 2020, the Company's financial instruments are exposed to the following financial risks, including credit, liquidity and currency risks:

- (i) Credit risks associated with cash is minimal as the Company deposits the majority of its cash with a large Canadian financial institution that has been accorded a strong investment grade rating by a primary rating agency.
- (ii) Liquidity risks associated with the inability to meet obligations as they become due, as further described in the "Liquidity and Capital Resources" section above, is minimized through the management of its capital structure and by maintaining good relationships with significant shareholders and creditors, such as Zebra. The Company also closely monitors and reviews its costs to date and actual cash flows on a monthly basis. In assessing liquidity risk as at March 31, 2020, the Company has also considered the impact of funds made available through the credit facilities extended by Zebra.

Based on Filo Mining's financial position at March 31, 2020, the Company anticipates the need for further funding to support its planned operations in South America, and for general corporate and working capital purposes. Please refer to the discussion provided in the Liquidity and Capital Resources section above for further details.

The maturities of the Company's financial liabilities as at March 31, 2020, are as follows:

	<b>Total</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
Accounts payable and accrued liabilities	7,244,664	7,244,664	-	-
Lease liabilities	47,825	40,953	6,872	-
<b>Total</b>	<b>7,292,489</b>	<b>7,285,617</b>	<b>6,872</b>	<b>-</b>

- (iii) Foreign currency risk can arise when the Company or its subsidiaries transact or have net financial assets or liabilities which are denominated in currencies other than their respective functional currencies.

At March 31, 2020, the Company's largest foreign currency risk exposure existed at the level of its Chilean operating subsidiary, Frontera Chile Limitada, where the Company held a net financial asset position denominated in US dollars having a Canadian dollar equivalent of approximately \$0.8 million. A 10% change in the foreign exchange rate between the US dollar and the Chilean peso, the functional currency of Frontera Chile Limitada, would give rise to increases/decreases of approximately \$81,000 in financial position/comprehensive loss.

## **OUTSTANDING SHARE DATA**

As at May 6, 2020, the Company had 88,218,451 common shares outstanding and 8,234,167 share options outstanding under its share-based incentive plan.

## **FINANCIAL INFORMATION**

The Company's next scheduled financial report will be for the three and six months ending June 30, 2020, which is expected to be published on or around August 13, 2020.

## **RISKS AND UNCERTAINTIES**

The operations of the Company are speculative due to the high-risk nature of its business, which includes the acquisition, financing, exploration, development and operation of mineral and mining properties. There are a number of factors that could negatively affect the Company's business and the value of its common shares, and these risk factors could materially affect the Company's future operations and financial position and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. There have been no material changes in the risks and uncertainties affecting the Company that were discussed in the Company's annual 2019 MD&A, as filed on SEDAR at [www.sedar.com](http://www.sedar.com) on March 19, 2020.

## **QUALIFIED PERSON**

The scientific and technical disclosure for the Filo del Sol Project included in this MD&A have been reviewed and approved by Bob Carmichael, P. Eng. (BC) and/or James Beck, B.A.Sc., P.Eng. Mr. Carmichael is Filo Mining's Vice-President of Exploration and a Qualified Person under National Instrument 43-101 Standards of Disclosure for Mineral Projects. ("NI 43-101"). Mr. Beck is Filo Mining's President and is also a Qualified Person under NI 43-101.

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements made and information contained herein in the MD&A constitutes "forward-looking information" and forward-looking statements" within the meaning of applicable securities legislation (collectively, "forward-looking information" or "forward-looking statements") concerning the business, operations, financial performance and condition of Filo Mining. The forward-looking information contained in this MD&A is based on information available to the Company as of the date of this MD&A. Except as required under applicable securities legislation, the Company does not intend, and does not assume any obligation, to update this forward-looking information. Generally, any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance, (often, but not always, identified by words or phrases such

as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "projects", "estimates", "budgets", "scheduled", "forecasts", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events, conditions or results "will", "may", "could", "would", "should", "might" or "will be taken", "will occur" or "will be achieved" or the negative connotations thereof and similar expressions) are not statements of historical fact and may be forward-looking statements.

All statements other than statements of historical fact may be forward-looking statements. Forward-looking information is necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks and uncertainties relating to, among other things, the inherent uncertainties regarding Mineral Resource estimates, cost estimates, changes in commodity prices, currency fluctuation, financings, unanticipated resource grades, infrastructure, results of exploration activities, cost overruns, availability of materials and equipment, timeliness of government approvals, taxation, political risk and related economic risk and unanticipated environmental impact on operations as well as other risks, and uncertainties and other factors, including, without limitation, those referred to in the "Risks and Uncertainties" section of the MD&A and in the Company's most recent Annual Information Form, under the heading "Risks Factors", and elsewhere, which may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information.

The Company believes that the expectations reflected in the forward-looking statements and information included in this MD&A are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements and information should not be unduly relied upon. This statement and information is as of the date of the MD&A. In particular, this MD&A contains forward-looking statements or information pertaining to the assumptions used in the PFS for the Filo del Sol Project, the assumptions used in the Mineral Reserves and Resources estimates for the Filo del Sol Project, including, but not limited to, geological interpretation, grades, metal price assumptions, metallurgical and mining recovery rates, geotechnical and hydrogeological conditions, as applicable; ability to develop infrastructure; assumptions made in the interpretation of drill results, geology, grade and continuity of mineral deposits; expectations regarding access and demand for equipment, skilled labour and services needed for exploration and development of mineral properties; and that activities will not be adversely disrupted or impeded by exploration, development, operating, regulatory, political, community, economic and/or environmental risks. In addition, this MD&A may contain forward-looking statements or information pertaining to: the Company's expected timing of results related to the 2019/2020 field program at its 100% owned Filo del Sol Project; potential upside at the Filo del Sol Project, including the extent and significance of the porphyry copper-gold system underlying the current Mineral Resource; assumptions and interpretations around prospectivity of the Tamberias West area; the Company's ability to define and understand the structural controls applicable to the high-grade gold zones within the Filo del Sol deposit; the ability of the Company to secure additional financing and/or the quantum and terms thereof; support of the Lundin Family Trusts; exploration and development plans and expenditures; the timing and nature of studies and any potential development scenarios; opportunities to improve project economics; the success of future exploration activities; potential for resource expansion; potential for the discovery of new mineral deposits; ability to build shareholder value; expectations with regard to adding to Mineral Reserves or Resources through exploration; expectations with respect to the conversion of inferred resources to an indicated resources classification; ability to execute the planned work programs; estimation of commodity prices, Mineral Reserves and Resources, estimations of costs, and permitting time lines; ability to obtain surface rights and property interests; currency exchange rate fluctuations; requirements for additional capital; government regulation of mining activities; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; and other risks and uncertainties.

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

material labour dispute, accident, or failure of plant or equipment. These factors are not, and should not be construed as being, exhaustive. Although the Company has attempted to identify important factors that would cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, or intended. There can be no assurance that such statements will prove to be accurate, as the Company's actual results and future events could differ materially from those anticipated in such statements, as a result of the factors discussed in the "Risk and Uncertainties" section of this MD&A, and elsewhere, and in the "Risk Factors" section of the Company's most recent Annual Information Form, which is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). All of the forward-looking information contained in this document is qualified by these cautionary statements. Readers are cautioned not to place undue reliance on forward-looking information due to the inherent uncertainty thereof.

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

**Filo Mining Corp.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	<i>Note</i>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
<b>ASSETS</b>			
Current assets:			
Cash		\$ 6,485,427	\$ 13,753,440
Receivables and other assets	4	2,243,376	2,595,966
		8,728,803	16,349,406
Non-current assets:			
Right-of-use asset		39,741	88,832
Mineral properties	5	7,109,789	7,312,220
		7,149,530	7,401,052
<b>TOTAL ASSETS</b>		<b>15,878,333</b>	<b>23,750,458</b>
<b>LIABILITIES</b>			
Current liabilities:			
Trade payables and accrued liabilities		7,244,665	3,553,545
Lease liabilities		40,953	60,658
		7,285,618	3,614,203
Non-current liabilities:			
Lease liabilities		6,872	12,145
		6,872	12,145
<b>TOTAL LIABILITIES</b>		<b>7,292,490</b>	<b>3,626,348</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	125,577,816	125,577,816
Contributed surplus		8,189,531	7,729,168
Deficit		(123,650,391)	(111,814,641)
Accumulated other comprehensive loss		(1,531,113)	(1,368,233)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>8,585,843</b>	<b>20,124,110</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 15,878,333</b>	<b>\$ 23,750,458</b>

Nature of Operations and Liquidity Risk (Note 1)  
Subsequent Event (Note 6)  
Commitments (Note 13)  
COVID-19 Impact and Response (Note 14)

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

On behalf of the Board:

/s/Alessandro Bitelli  
Director

/s/Adam I. Lundin  
Director

**Filo Mining Corp.**  
**Condensed Interim Consolidated Statements of Comprehensive Loss**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	<i>Note</i>	<b>Three months ended</b>	<b>March 31,</b>
		<b>2020</b>	<b>2019</b>
<b>Expenses</b>			
Exploration and project investigation	<i>9</i>	\$ 11,940,110	\$ 11,021,728
General and administration:			
Salaries and benefits		274,372	318,811
Share-based compensation	<i>8c</i>	343,531	344,122
Management fees		50,100	59,025
Professional fees		59,134	60,948
Travel		12,206	34,808
Promotion and public relations		77,335	80,029
Office and general		37,135	110,821
<b>Operating loss</b>		<b>12,793,923</b>	<b>12,030,292</b>
<b>Other expenses</b>			
Financing costs		1,960	201,350
Net monetary gain	<i>3</i>	(224,812)	(156,690)
Gain on use of marketable securities	<i>12</i>	(743,190)	-
Other foreign exchange loss		7,869	16,860
<b>Net loss</b>		<b>11,835,750</b>	<b>12,091,812</b>
<b>Other comprehensive loss (gain)</b>			
Items that may be reclassified subsequently to net loss:			
Foreign currency translation adjustment		145,527	(26,671)
Impact of hyperinflation	<i>3</i>	17,353	596,200
<b>Comprehensive loss</b>		<b>\$ 11,998,630</b>	<b>\$ 12,661,341</b>
<b>Basic and diluted loss per common share</b>		<b>\$ 0.13</b>	<b>\$ 0.17</b>
<b>Weighted average common shares outstanding</b>		<b>88,218,451</b>	<b>72,766,947</b>

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

**Filo Mining Corp.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	<i>Note</i>	<b>Three months ended</b>	
		<b>2020</b>	<b>March 31, 2019</b>
<b>Cash flows used in operating activities</b>			
Net loss for the period		\$ (11,835,750)	\$ (12,091,812)
Items not involving cash:			
Share-based compensation	<i>8c</i>	460,363	445,652
Financing costs		1,960	201,350
Net monetary loss (gain)		(5,672)	144,462
Unrealized foreign exchange gain		-	(460)
Net changes in working capital items:			
Receivables and other		408,121	(366,187)
Trade payables and accrued liabilities		3,713,662	3,032,193
		<b>(7,257,316)</b>	<b>(8,634,802)</b>
<b>Cash flows from (for) financing activities</b>			
Drawdown of credit facilities, net		-	7,887,051
Proceeds from exercise of share options		-	190,225
Repayment of lease liabilities		(25,857)	(25,965)
		<b>(25,857)</b>	<b>8,051,311</b>
<b>Effect of exchange rate change on cash</b>		15,160	(783,008)
<b>Increase (decrease) in cash during the period</b>		<b>(7,268,013)</b>	<b>(1,366,499)</b>
<b>Cash, beginning of period</b>		\$ 13,753,440	\$ 2,405,109
<b>Cash, end of period</b>		\$ 6,485,427	\$ 1,038,610

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

**Filo Mining Corp.**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	<i>Note</i>	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Total Shareholders' Equity</b>
<b>Balance, January 1, 2019</b>		72,575,195	\$ 84,350,227	\$ 5,554,793	\$ (83,244,040)	\$ (144,276)	\$ 6,516,704
Share-based compensation		-	-	445,652	-	-	445,652
Shares issued pursuant to credit facilities		55,235	126,286	-	-	-	126,286
Exercise of options		305,000	212,110	(21,885)	-	-	190,225
Net loss and other comprehensive loss		-	-	-	(12,091,812)	(569,529)	(12,661,341)
<b>Balance, March 31, 2019</b>		<b>72,935,430</b>	<b>\$ 84,688,623</b>	<b>\$ 5,978,560</b>	<b>\$ (95,335,852)</b>	<b>\$ (713,805)</b>	<b>\$ (5,382,474)</b>
<b>Balance, January 1, 2020</b>		88,218,451	\$ 125,577,816	\$ 7,729,168	\$ (111,814,641)	\$ (1,368,233)	\$ 20,124,110
Share-based compensation	<i>8c</i>	-	-	460,363	-	-	460,363
Net loss and other comprehensive gain		-	-	-	(11,835,750)	(162,880)	(11,998,630)
<b>Balance, March 31, 2020</b>		<b>88,218,451</b>	<b>\$ 125,577,816</b>	<b>\$ 8,189,531</b>	<b>\$ (123,650,391)</b>	<b>\$ (1,531,113)</b>	<b>\$ 8,585,843</b>

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

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2020 and 2019**  
**(Expressed in Canadian Dollars, unless otherwise stated)**  
**(Unaudited)**

**1. NATURE OF OPERATIONS AND LIQUIDITY RISK**

Filo Mining Corp. (the "Company" or "Filo Mining") was incorporated on May 12, 2016 under the Canada Business Corporations Act in connection with the plan of arrangement to reorganize Josemaria Resources Inc. ("Josemaria", formerly NGEx Resources Inc. ("NGEx")), which was completed on August 16, 2016.

The Company's principal business activities are the exploration and development of the Filo del Sol and Tamberias Properties, which are comprised of adjacent mineral titles in the San Juan Province in Argentina and in Chile. Its registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada. The Company's common shares trade on the TSX Venture Exchange (the "TSXV") and the NASDAQ First North Growth Market under the symbol "FIL".

While these condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that it will be able to meet its existing obligations and commitments and fund ongoing operations in the normal course of business for at least twelve months from March 31, 2020, the Company anticipates the need for further funding to support its planned South American operations, and for general corporate and working capital purposes. The Company is currently evaluating potential additional sources of financing. Historically, capital requirements have been primarily funded through equity financing, joint ventures, disposition of mineral properties and investments, and the use of short-term credit facilities extended by Zebra Holdings and Investments S.à.r.l ("Zebra"), such as those described in Note 6 below. Zebra is a related party by virtue of its shareholding in the Company in excess of 20%.

While management is confident that additional sources of funding will be secured to fund planned expenditures for at least twelve months from March 31, 2020, factors that could affect the availability of financing include the progress and results of ongoing exploration at the Company's mineral properties, the state of international debt and equity markets (see Note 14), and investor perceptions and expectations of the global copper, gold, and/or silver markets. There can be no assurance that such financing will be available in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. If necessary, the Company may explore opportunities to revise the due dates of its liabilities, and/or settle its liabilities through the issuance of the common shares and other equity instruments. Based on the amount of funding raised, the Company's planned initiatives and other work programs may be postponed, or otherwise revised, as necessary.

**2. BASIS OF PRESENTATION**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including IAS 34, *Interim Financing Reporting*. As such, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019. In preparation of these condensed interim consolidated financial statements, the Company has consistently applied the same accounting policies as disclosed in Note 3 to the audited consolidated financial statements for the year ended December 31, 2019.

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2020 and 2019**  
**(Expressed in Canadian Dollars, unless otherwise stated)**  
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These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 6, 2020.

**3. HYPERINFLATION**

Argentina was designated a hyper-inflationary economy as of July 1, 2018 for accounting purposes.

Accordingly, the application of hyperinflation accounting has been applied to the Company's Argentine subsidiary's non-monetary assets and liabilities, shareholders' equity and comprehensive loss items from the transaction date when they were first recognized into the current purchasing power, which reflects a price index current at the end of the reporting period before being included in the consolidated financial statements. To measure the impact of inflation on its financial position and results, the Company has elected to use the Wholesale Price Index (*Indice de Precios Mayoristas* or "*IPIM*") for periods up to December 31, 2016, and the Retail Price Index (*Indice de Precios al Consumidor* or "*IPC*") thereafter. These price indices have been recommended by the Government Board of the Argentine Federation of Professional Councils of Economic Sciences.

As the consolidated financial statements of the Company have been previously presented in Canadian dollars, a stable currency, the comparative period amounts do not require restatement.

For the three months ended March 31, 2020, the Company recognized a loss of \$17,353 (2019: \$596,200) in relation to the impact of hyperinflation within other comprehensive income, which is primarily the result of depreciation of the Argentine Peso relative to the Canadian dollar from the time that funding was provided to the Argentine operating subsidiary during the three months ended March 31, 2020 to the end of the period.

As a result of changes in the IPC and changes to the Company's net monetary position, the Company recognized a net monetary gain \$224,812 during the three months ended March 31, 2020 (2019: \$156,690) to adjust transactions recorded during the period into a measuring unit current as of March 31, 2020.

The level of the IPC at March 31, 2020 was 305.6 (December 31, 2019: 283.4), which represents an increase of approximately 8% over the IPC at December 31, 2019, and an approximate 2.9% increase over the average level of the IPC during the three months ended March 31, 2020.

**4. RECEIVABLES AND OTHER ASSETS**

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Taxes receivable	1,113,079	1,060,702
Other receivables	842,039	968,536
Prepaid expenses and deposits	288,258	566,728
	<b>2,243,376</b>	<b>2,595,966</b>

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2020 and 2019**  
**(Expressed in Canadian Dollars, unless otherwise stated)**  
**(Unaudited)**

**5. MINERAL PROPERTIES**

	<b>Filo del Sol</b>	<b>Tamberias</b>	<b>Total</b>
<b>January 1, 2019</b>	<b>\$ 3,450,982</b>	<b>\$ 3,667,251</b>	<b>\$ 7,118,233</b>
Additions	-	654,579	654,579
Adjustment for the impacts of hyperinflation	(40,255)	-	(40,255)
Effect of foreign currency translation	-	(420,337)	(420,337)
<b>December 31, 2019</b>	<b>\$ 3,410,727</b>	<b>\$ 3,901,493</b>	<b>\$ 7,312,220</b>
Adjustment for the impacts of hyperinflation	45,085	-	45,085
Effect of foreign currency translation	-	(247,516)	(247,516)
<b>March 31, 2020</b>	<b>\$ 3,455,812</b>	<b>\$ 3,653,977</b>	<b>\$ 7,109,789</b>

The Company's primary mineral property assets are the Filo del Sol and Tamberias Properties (together, the "Filo del Sol Project"), which are comprised of adjacent mineral titles in the San Juan Province in Argentina and in Chile, and are 100% controlled by Filo Mining either through direct ownership or option agreements.

**Filo del Sol Property (San Juan Province, Argentina)**

Sole ownership of the Filo del Sol Property was acquired by Filo del Sol Exploracion S.A., a wholly owned subsidiary of the Company, in October 2014, through the acquisition of its then joint exploration partner's 40% interest in the property.

**Tamberias Property (Region III, Chile)**

Through its wholly owned subsidiary, Frontera Chile Limitada, the Company is party to an option agreement with Compania Minera Tamberias SCM ("Tamberias SCM") whereby the Company can earn a 100% interest in the Tamberias Property by making certain scheduled option payments. In addition, Tamberias SCM will retain a 1.5% net smelter royalty, which will be paid only after the Company has recovered all its exploration and development costs.

Effective January 3, 2020, the Company amended the terms of the remaining option payments payable pursuant to option agreement with Tamberias SCM, so that the remaining option payments, which total US\$16.3 million, have been deferred and rescheduled from June 30, 2020 to June 30, 2026. Pursuant to these amendments, the next option payment, which is due June 30, 2020, will be US\$550,000.

As at March 31, 2020, the Company's total remaining option payments totalled US\$16.3 million

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**6. CREDIT FACILITIES**

On January 12, 2019, the Company obtained an unsecured US\$5.0 million credit facility (the "January 2019 Facility") from Zebra, a related party of the Company by virtue of its shareholding in the Company in excess of 20%, to provide additional financial flexibility to fund ongoing exploration at the Filo del Sol Project and for general corporate purposes. Zebra reports its security holdings in the Company as a joint actor with Lorito Holdings S.à.r.l. ("Lorito"), and at the time of entering into the January 2019 Facility they collectively held more than 20% of the Company's issued and outstanding common shares. As consideration for the January 2019 Facility, Zebra will receive 300 common shares each month, for every US\$50,000 in principal outstanding, prorated accordingly for the number of days outstanding. The January 2019 Facility matures on July 12, 2020, and no interest is payable in cash during its term. As at March 31, 2020, no amounts were drawn or outstanding against the January 2019 Facility.

On April 26, 2019, the Company obtained an additional unsecured US\$4.0 million short-term credit facility (the "April 2019 Facility") from Zebra. As consideration for the April 2019 Facility, Zebra received 6,000 common shares of the Company upon execution thereof, and shall receive an additional 300 common shares each month, for every US\$50,000 in principal outstanding on the facility, prorated accordingly for the number of days outstanding. The April 2019 Facility matured on April 26, 2020, with no amounts drawn or owing. No interest was payable in cash during its term.

All common shares issued in conjunction with the facilities are subject to a four-month hold period under applicable securities laws.

**7. SHARE CAPITAL**

The Company has authorized an unlimited number of voting common shares without par value.

**8. SHARE OPTIONS**

**a) Share option plan**

The Company has a share option plan adopted by the Board of Directors on July 8, 2016 and amended May 12, 2017, which reserves an aggregate of 10% of the issued and outstanding shares of the Company for issuance upon the exercise of options granted. The granting, vesting and terms of the share options are at the discretion of the Board of Directors.

**b) Share option outstanding**

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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	<b>Number of shares issuable pursuant to share options</b>	<b>Weighted average exercise price per share</b>
Balance at January 1, 2019	6,647,500	\$ 2.13
Options granted	2,395,000	2.75
Exercised	(598,333)	1.32
Expired or forfeited	(176,666)	2.19
Balance at December 31, 2019	8,267,501	\$ 2.37
Expired	(33,334)	2.20
Balance at March 31, 2020	8,234,167	\$ 2.37

The following table details the share options outstanding and exercisable as at March 31, 2020:

	<u>Outstanding options</u>			<u>Exercisable options</u>		
	Options outstanding	Weighted average remaining contractual life (Years)	Weighted average exercise price	Options exercisable	Weighted average remaining contractual life (Years)	Weighted average exercise price
Exercise prices						
\$2.00	1,985,000	1.68	\$2.00	1,985,000	1.68	\$2.00
\$2.20	2,296,667	3.37	\$2.20	1,508,333	3.37	\$2.20
\$2.50	1,557,500	2.45	\$2.50	1,557,500	2.45	\$2.50
\$2.75	2,395,000	4.53	\$2.75	798,334	4.53	\$2.75
	<u>8,234,167</u>	3.13	\$2.37	<u>5,849,167</u>	2.71	\$2.29

**c) Share-based compensation**

	<b>Three months ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Exploration and project investigation	116,832	101,530
General and administration	343,531	344,122
	<b>460,363</b>	<b>445,652</b>

**9. EXPLORATION AND PROJECT INVESTIGATION**

Due to the geographic location of the Filo del Sol Project, the Company's business activities fluctuate with the seasons, through increased drilling and other exploration activities during the summer months in South America. As a result, a general recurring trend is the increase in exploration expenditures, and therefore net losses, for the fourth quarter and first quarter of a fiscal year, relative to the second and third quarters.

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2020 and 2019**  
**(Expressed in Canadian Dollars, unless otherwise stated)**  
**(Unaudited)**

The Company expensed the following exploration and project investigation costs, all incurred in South America, for the three months ended March 31, 2020 and 2019:

<b>Three months ended March 31,</b>	<b>Filo del Sol Project</b>	<b>Other</b>	<b>Total</b>
<b>2020</b>	Land holding and access costs	-	11,004
	Drilling, fuel, camp costs and field supplies	-	6,731,558
	Roadwork, travel and transport	-	1,511,017
	Consultants, geochemistry and geophysics	-	571,870
	Environmental and community relations	-	236,894
	VAT and other taxes	-	2,126,944
	Office, field and administrative salaries, overhead and other administrative costs	-	633,991
	Share-based compensation	-	116,832
	<b>Total</b>	<b>-</b>	<b>11,940,110</b>
<b>2019</b>	Land holding and access costs	53,193	125,974
	Drilling, fuel, camp costs and field supplies	-	5,593,508
	Roadwork, travel and transport	55	1,408,354
	Engineering and conceptual studies	-	111,000
	Consultants, geochemistry and geophysics	-	172,614
	Environmental and community relations	-	887,473
	VAT and other taxes	66,126	1,887,014
	Office, field and administrative salaries, overhead and other administrative costs	1,444	734,261
	Share-based compensation	1,123	101,530
	<b>Total</b>	<b>121,941</b>	<b>11,021,728</b>

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2020 and 2019**  
**(Expressed in Canadian Dollars, unless otherwise stated)**  
**(Unaudited)**

**10. RELATED PARTY TRANSACTIONS**

Under the normal course of operations, the Company may undertake transactions or hold balances with related parties. Other than those related party transactions identified elsewhere in these condensed interim consolidated financial statements, the Company also engages with Josemaria and NGEx Minerals Ltd. ("NGEx Minerals"), related parties by way of directors, officers and shareholders in common, and Bofill Mir & Alvarez Jana Abogados Ltda. ("BMJAL"), a Chilean legal firm, of which a director of the Company is a partner.

**a) Related party services**

The Company has a cost sharing arrangement with Josemaria and NGEx Minerals. Under the terms of this arrangement, the Company provides management, technical, administrative and/or financial services (collectively, "Management Services") to Josemaria and NGEx Minerals, and vice versa. In addition, the Company engages BMJAL, as its legal counsel in Chile. These transactions were incurred in the normal course of operations, and are summarized as follows:

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
Management Services to Josemaria	320,448	295,019
Management Services to NGEx Minerals	132,391	-
Management Services from Josemaria	(129,185)	(101,007)
Management Services from NGEx Minerals	(155,392)	-
Legal services from BMJAL	(24,374)	(35,135)

**b) Related party balances**

The amounts due from (to) related parties, and the components of the condensed interim consolidated statements of financial position in which they are included, are as follows:

	<b>Related Party</b>	<b>December 31,</b>	<b>December 31,</b>
		<b>2019</b>	<b>2019</b>
Receivables and other assets	Josemaria	139,672	196,489
Receivables and other assets	NGEx Minerals	39,161	64,222
Accounts payable and accrued liabilities	Josemaria	(152,492)	(220,366)
Accounts payable and accrued liabilities	NGEx Minerals	(69,710)	(57,490)
Accounts payable and accrued liabilities	BMJAL	-	(22,617)

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**c) Key management compensation**

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

	<b>Three months ended</b>	
	<b>2020</b>	<b>March 31, 2019</b>
Salaries	186,250	271,875
Short-term employee benefits	6,695	13,096
Directors fees	24,250	24,250
Stock-based compensation	315,923	322,540
	<b>533,118</b>	<b>631,761</b>

**11. SEGMENTED INFORMATION**

The Company is principally engaged in the acquisition, exploration and development of mineral properties in South America. The information regarding mineral properties and exploration and project investigation costs presented in Notes 5 and 9, respectively, represent the manner in which management reviews its business performance. Materially all of the Company's mineral properties and exploration and project investigation costs relate to the Filo del Sol Project, which straddles the border between the San Juan Province, Argentina and Region III, Chile and is comprised of the Filo del Sol Property and the Tamberias Property. Materially all of the Company's administrative costs are incurred by the Canadian parent, where materially all of the Company's cash is held in the normal course of business until it is required to be deployed to the Company's South American subsidiaries in support of ongoing and planned work programs.

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The following are summaries of the Company's current and non-current assets, current liabilities, and net losses by segment:

<b>As at</b>		<b>Filo del Sol Project</b>	<b>Other</b>	<b>Corporate</b>	<b>Total</b>
<b>March 31, 2020</b>	Current assets	4,258,911	-	4,469,892	8,728,803
	Right-of-use asset	39,741	-	-	39,741
	Mineral properties	7,109,789	-	-	7,109,789
	Total assets	11,408,441	-	4,469,892	15,878,333
	Current liabilities	6,979,244	-	306,374	7,285,618
	Lease liabilities	6,872	-	-	6,872
	Total liabilities	6,986,116	-	306,374	7,292,490
<b>December 31, 2019</b>	Current assets	6,509,343	-	9,840,063	16,349,406
	Right-of-use asset	88,832	-	-	88,832
	Mineral properties	7,312,220	-	-	7,312,220
	Total assets	13,910,395	-	9,840,063	23,750,458
	Current liabilities	3,233,542	-	380,661	3,614,203
	Lease liabilities	12,145	-	-	12,145
	Total liabilities	3,245,687	-	380,661	3,626,348
<hr/>					
<b>Three months ended March 31,</b>		<b>Filo del Sol Project</b>	<b>Other</b>	<b>Corporate</b>	<b>Total</b>
<b>2020</b>	Exploration and project investigation	11,940,110	-	-	11,940,110
	General and administration and other items	(966,043)	-	861,683	(104,360)
	Net loss	10,974,067	-	861,683	11,835,750
<b>2019</b>	Exploration and project investigation	10,899,787	121,941	-	11,021,728
	General and administration and other items	(151,222)	-	1,221,306	1,070,084
	Net loss	10,748,565	121,941	1,221,306	12,091,812

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**12. USE OF MARKETABLE SECURITIES**

From time to time, the Company may acquire and transfer marketable securities to facilitate intragroup funding transfers between its Canadian parent and its Argentine operating subsidiary. Through the transfer of marketable securities, the Company is able to achieve a more favorable foreign currency impact than would be generally available through financial institutions with the transfer of cash.

The Company does not acquire marketable securities or engage in these transactions for speculative purposes. In this regard, under this strategy, the Company generally uses marketable securities of large and well established companies, with high trading volumes and low volatility. Nonetheless, as the process to acquire, transfer and ultimately sell the marketable securities occurs over approximately three to five business days, some fluctuations are unavoidable.

The purchase of marketable securities, particularly equity instruments, are required to be measured at fair value through profit or loss, unless the Company makes an irrevocable election to present subsequent changes in the fair value of these instruments in other comprehensive income ("OCI"). The Company has not elected to measure any of its equity instruments through OCI. Accordingly, in accordance with IFRS 9, *Financial Instruments*, the difference between the carrying amount and the consideration received upon disposition are recognized in profit or loss.

As a result of having utilized this mechanism for intragroup funding for the three months ended March 31, 2020, the Company realized a net gain of \$743,190 (2019: \$nil), which was comprised of a favorable foreign currency impact of \$830,584 (2019: \$nil) and an incidental trading loss of \$87,394 (2019: \$nil).

**13. COMMITMENTS**

In November 2017, the Company entered into agreements with the owners of certain lands, accesses and surface rights related to the Tamberias Property (the "Access Agreements"). Under the terms of the Access Agreements, in exchange for total payments of US\$1.26 million, the Company secured its right to use and maintain roads and accesses, which allow entry to the Filo del Sol Project from Chile, and also perform any surface disturbances as necessary to undertake its exploration work programs, such as establishing drill platforms, for a period of four years.

As of March 31, 2020, the Company has one remaining payment of US\$315,875, which is payable in November 2020.

**14. COVID-19 IMPACT AND RESPONSE**

On March 11, 2020, the World Health Organization officially declared the global outbreak of the novel coronavirus, COVID-19, a pandemic. The impacts of COVID-19 on global commerce and financial markets to date have been broad and significant.

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In response to COVID-19, many governments of varying levels around the world have issued certain public health orders and travel restrictions, including the respective jurisdictions in which Company's headquarters and operating subsidiaries operate. Among other effects, such restrictions impact the Company's movement of people, its access to properties and facilities, and its general ability to conduct business in the normal course. The impacts to the Company to date have not been material, however going forward, they may result in changes to the timing and nature of the Company's operating plans.

The Company cannot yet determine the impact of the COVID-19 pandemic on its financial position, results of operations and cash flows for the year ending December 31, 2020 and beyond. The foregoing notwithstanding, as the Company's business plan is impacted by its ability to obtain financing through global financial markets, it is anticipated that should the COVID-19 pandemic and/or the general depression of financial markets persist, the Company's ability to access financing on favourable terms may be negatively impacted.

As part of its response to the COVID-19 crisis and the resulting global economic instability, the Company has implemented immediate cost saving measures, including reductions to discretionary expenditures.