



## **2021 FIRST QUARTER REPORT**

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

**For the Three Months Ended March 31, 2021  
(UNAUDITED)**

**FILO MINING CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**THREE MONTHS ENDED MARCH 31, 2021**  
(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, 2021 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, 2021. 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 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 ("Filo del Sol") 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 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 for the Filo del Sol Project 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, as the Mineral Resource remains completely open to expansion at depth and laterally to the north, east and south. The Company's Mineral Resource estimate is inclusive of the Mineral Reserve estimate 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 Kalanday, 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 through further exploration, 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.

## **Q1 2021 OPERATING HIGHLIGHTS**

### ***Positive Initial Assays Results in Extension to 2020/2021 Drill Program***

The Company's 2020/2021 drill campaign at Filo del Sol was the main operational focus during the first quarter of 2021. Encouraged by the efficacy of its internally developed COVID-19 operating protocol through the earlier phases of the program, the Company added an additional fifth rig and related support to the campaign in February 2021. As a result, the Company successfully completed 7,288 metres of drilling during the quarter, and reached this season's target of approximately 8,300 metres by March 31, 2021.

As of the date of this MD&A, complete assay results have been reported on four completed holes, and partial results on another two. The initial assay results are summarized in the following table:

Hole-ID	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)	Ag (g/t)	CuEq <sup>1</sup> (%)
FSDH037 <sup>2</sup>	380.0	484.0	104.0	0.19	0.07	119.9	---
incl.	396.0	404.0	8.0	0.21	0.09	473.0	---
FSDH040	94.0	211.5	117.5	0.45	0.29	2.4	0.69
incl.	94.0	120.0	26.0	1.15	0.28	2.3	1.37
FSDH041 <sup>2</sup>	376.0	496.0	120.0	0.21	0.35	54.3	0.92
incl.	426.0	472.0	46.0	0.34	0.35	74.9	1.22
FSDH042	262.0	310.0	48.0	0.00	1.01	0.7	---
FSDH043	300.0	1,068.0	768.0	0.29	0.10	2.0	0.39
incl.	774.3	1,068.0	293.7	0.47	0.16	2.6	0.61
incl.	980.0	1,068.0	88.0	0.61	0.19	3.3	0.78
FSDH044	58.0	1,000.0	942.0	0.42	0.32	2.2	0.67
incl.	350.0	1,000.0	650.0	0.51	0.37	2.5	0.80

<sup>1</sup> Copper Equivalent is calculated based on US\$ 3.00/lb Cu, US\$ 1,500/oz Au and US\$ 18/oz Ag, with 80% metallurgical recoveries assumed for all metals. The formula is: CuEq % = Cu % + (0.7292 \* Au g/t) + (0.0088 \* Ag g/t).

<sup>2</sup> Only partial assays results reported for the hole.

These initial assay results have been early indications of success for 2020/2021 drill program, and key achievements thus far include:

- Step-out holes FSDH043 and FSDH44 extending the known mineralization 1 kilometre to the north and 200 metres to the east, respectively. Both holes hosted grades which increased with depth and ended in mineralization;
- FSDH040 providing infill of the large gaps between the long, high-grade intersections from last season's program. Although FSDH040 was lost prior to reaching its target depth, it nonetheless returned 117.5 metres of 0.69% copper equivalent starting from 94.0 metres, including a high-grade, supergene enriched zone of 26.0 metres of 1.37% copper equivalent;
- Holes FSDH037 and FSDH041 intersecting the deposit's high-grade silver zone further north than the previous northernmost intersection, increasing the total length of the silver zone to over 2 kilometres. Full assay results for these holes are pending; and
- Hole FSDH042 discovering a new oxide gold zone 1.5 kilometres north of the main deposit, which confirms the vast exploration potential that still exists at Filo del Sol and that the larger system extends beyond the boundaries of the known deposit. This hole is highlighted by 48 metres at 1.01 g/t gold.

Building on these accomplishments, the Company has elected to extend its drill campaign to the end of May 2021, adding approximately two months of additional drilling. The extended program could result in approximately 12,000 metres of total drilling completed during the current program, and would make a marked, positive impact on the Company's primary operating objectives for the season, being expansion of the deposit to the north, and infilling the gaps between the high-grade intersections from the prior season.

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

The Company's 2020/2021 drill campaign is ongoing and currently scheduled to continue to the end of May 2021. The extended program is anticipated to complete approximately 12,000 metres of total diamond drilling, which exceeds the Company's initial goal of 8,000 metres for the 2020/2021 season. The program's operating objectives for the season include extending the known mineralization north towards a previously completed reverse circulation drill hole (VRC093, drilled in 2015), identifying and confirming the geological controls of high-grade copper, gold and silver zones within the overall mineralization envelope, and providing adequate infill drilling to potentially add portions of the sulphide mineralization to Filo del Sol's Mineral Resource estimate.

As of the date of this MD&A, the Company has completed a total of nine holes and continues to advance the program with five diamond rigs operating at Filo del Sol. Core sample assays are underway, and additional results are expected to be received, analyzed, and announced throughout the second quarter.

The Company's plans and timelines are subject to the Company being able to operate safely in accordance with its approved COVID-19 protocol. As a result of its current strategies, the Company is confident that it can safely and effectively complete the 2020/2021 field program as planned, however, this expectation will be continuously evaluated as the situation with respect to the COVID-19 pandemic in Argentina develops.

As the Company continues to monitor developments with respect to COVID-19, both globally and within its operating jurisdictions, it may implement changes to its COVID-19 protocol, or its business in general, as may be deemed appropriate to mitigate any potential impacts to its business and its Stakeholders. Such changes may include, but are not limited to, temporary closures of the Company's project site or offices, and deviations from the timing and nature of previous operating plans. Moreover, sustained COVID-19 outbreaks globally have resulted in operational and supply chain delays and disruption as a result of governmental regulation and preventative measures being implemented worldwide, including in Argentina. The Company could also be required to close, curtail or otherwise limit its operating activities as a result of the implementation of any such governmental regulation or preventative measures in the jurisdictions in which the Company operates, or as a result of sustained COVID-19 outbreaks at its project site or facilities. Any such closures or curtailments could have an adverse impact on the business of the Company. All non-critical business travel continues to be curtailed.

## **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 develops a commercially viable mineral deposit.

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

<b>Three Months Ended</b>	<b>Mar-21</b>	<b>Dec-20</b>	<b>Sep-20</b>	<b>Jun-20</b>	<b>Mar-20</b>	<b>Dec-19</b>	<b>Sep-19</b>	<b>Jun-19</b>
Exploration costs (\$000's)	12,519	4,214	969	1,932	11,940	5,759	1,895	4,332
Operating loss (\$000's)	13,214	4,879	2,665	2,776	12,794	7,844	2,575	5,243
Net loss (\$000's)	10,431	3,271	2,510	1,262	11,836	8,038	3,105	5,336
Net loss per share, basic and diluted (\$)	0.09	0.03	0.02	0.01	0.13	0.09	0.04	0.07

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 operating losses and 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, operating loss, and net loss in a particular period.

Filo Mining incurred a net loss of \$10.4 million (2020: \$11.8 million) for the three months ended March 31, 2021, comprised primarily of an operating loss of \$13.2 million (2020: \$12.8 million) and net of a \$2.6 million gain from the use of marketable securities (2020: \$0.7). Exploration and project investigation costs are generally the most significant expenditures of the Company and for the three months ended March 31, 2021, they accounted for approximately 95% (2020: 93%) of the operating loss. 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, 2021 were \$12.5 million (2020: \$11.9 million), which increased relative to the 2020 comparative quarter. This increase is primarily the result of the program being undertaken during the three months ended March 31, 2020 being curtailed early as a result of growing COVID-19 concerns in Chile and Argentina at the time, and the current 2021 period including additional costs related to the implementation of the Company's COVID-19 operating protocol.

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, 2021 totalled \$0.5 million (2020: \$0.5 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.

On an overall basis, administration costs for the first quarter of 2021, excluding share-based compensation, were consistent with those of the 2020 comparative period. Compensation costs and management fees have decreased for the three months ended March 31, 2021 due to a reduced corporate headcount following management changes in 2020. In addition, no corporate travel costs were incurred during the first quarter of 2021 due to the ongoing curtailment of non-essential travel as a result of the COVID-19 pandemic. These decreases were largely offset by an increase in general office costs due to additional fees incurred in relation to the Company's recent listing on the OTCQX.

During the three months ended March 31, 2021, the Company recognized a net monetary gain of \$243,220 (2020: \$224,812) in relation to the application of hyperinflationary accounting for the Company's Argentine subsidiary, which began in 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 consolidated financial statements.

From time to time, the Company acquires and transfers marketable securities as a mechanism to facilitate intragroup funding transfers between its Canadian parent and its Argentine operating subsidiary. Accordingly, for the three months ended March 31, 2021, the Company recognized a gain of \$2.6 million (2020: \$0.7) 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. The increase in the gain is the result of more funding provided to its Argentine subsidiary during the three months ended March 31, 2021, compared to the first quarter of 2020, and an increase in the spread that the Company is able to achieve through this funding mechanism.

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 \$111,949 for the three months ended March 31, 2021 (2020: loss of \$145,527), on translation of subsidiary company accounts from their functional currency to the Canadian dollar presentation currency. For the three months ended March 31, 2021, the foreign exchange translation loss is primarily the result of fluctuations of the Canadian dollar relative to the Chilean peso over the year. For the three months ended March 31, 2021, the impacts of hyperinflation amounted to a loss of \$239,711 (2020: \$17,353) and consist of adjustments recognized on the continuing inflation of opening non-monetary balances during the year and the ongoing translation of the Company's Argentine subsidiary into the Canadian dollar presentation currency.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at March 31, 2021, the Company had cash of \$28.9 million and net working capital of \$23.1 million, compared to cash of \$36.3 million and net working capital of \$33.0 million as at December 31, 2020. The decrease in the Company's cash and net working capital is due primarily to funds used to advance exploration at the Filo del Sol Project, and to a lesser extent, funds spent for general corporate purposes. These decreases have been partially offset by \$0.3 million in gross proceeds received by the Company in relation to the exercise of stock options for the three months ended March 31, 2021.

Moving forward, the Company expects that the majority of its treasury will be used to fund ongoing work programs to advance the Filo del Sol Project.

In addition, in June 2020, the Company entered into an agreement with Zebra Holdings and Investments S.à.r.l. ("Zebra"), to obtain an unsecured US\$5.0 million credit facility, which became effective on July 12, 2020 (the "July 2020 Facility") and replaced an existing US\$5.0 million credit facility also extended by Zebra and maturing on the same date. The outstanding balance owed under the existing facility was transferred into the July 2020 Facility. Zebra and Lorito Holdings S.à.r.l. report their shareholding in the Company as joint actors, as the term is defined by Canadian securities regulations, and are related parties of the Company by virtue of their combined shareholding in the Company in excess of 20%.

As consideration for the July 2020 Facility, Zebra will receive 480 common shares each month, for every US\$50,000 in principal outstanding, prorated accordingly for the number of days outstanding. The July 2020 Facility matures on July 12, 2021, and no interest is payable in cash during its term. As at March 31, 2021, no amounts have been drawn and remained outstanding by the Company.

## **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. Bofill Mir & Alvarez Jana Abogados Ltda. ("BMJAL"), a Chilean legal firm, is also considered a related party of the Company until June 18, 2020, as a named partner of BMJAL was also concurrently a director of the Company until such date.

### ***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 March 31, 2021</b>		<b>2020</b>
Management Services to Josemaria	100,392		320,448
Management Services to NGEx Minerals	89,469		132,391
Management Services from Josemaria	(42,065)		(129,185)
Management Services from NGEx Minerals	(134,303)		(155,392)
Legal services from BMJAL	-		(24,374)

### ***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, 2021</b>	<b>December 31, 2020</b>
Receivables and other assets	Josemaria	33,390	-
Receivables and other assets	NGEx Minerals	27,556	11,752
Accounts payable and accrued liabilities	Josemaria	(12,903)	-
Accounts payable and accrued liabilities	NGEx Minerals	(44,241)	(5,850)

### ***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 March 31,</b>	
	<b>2021</b>	<b>2020</b>
Salaries	212,500	186,250
Short-term employee benefits	6,751	6,695
Directors fees	31,750	24,250
Stock-based compensation	182,484	315,923
	<b>433,485</b>	<b>533,118</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, 2020, as on SEDAR at [www.sedar.com](http://www.sedar.com).

## **CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

The preparation of the consolidated financial statements in accordance with IFRS, including the condensed interim consolidated financial statements for the three months ended March 31, 2021, 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 2020 MD&A filed on SEDAR at [www.sedar.com](http://www.sedar.com) on March 18, 2021.

## **FINANCIAL INSTRUMENTS**

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

As at March 31, 2021, 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 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.

The maturities of the Company's financial liabilities as at March 31, 2021, 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	6,500,526	6,500,526	-	-
Lease liabilities	7,649	7,649	-	-
<b>Total</b>	<b>6,508,175</b>	<b>6,508,175</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, 2021, the Company's largest foreign currency risk exposures existed at the level of its Canadian headquarters and at 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 \$1.6 million, and a net financial liability position denominated in US dollars having a Canadian dollar equivalent of approximately \$0.9 million, respectively. A 10% change in the foreign exchange rate between the US dollar and the Canadian dollar, the functional currency of Filo Mining, or between the US dollar and the Chilean peso, the functional currency of Frontera Chile Limitada, would give rise to increases/decreases of approximately \$165,000 and \$90,000, respectively, in financial position/comprehensive loss.

## **OUTSTANDING SHARE DATA**

As at May 6, 2021, the Company had 111,566,237 common shares outstanding and 8,660,367 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 ended June 30, 2021, which is expected to be published on or around August 13, 2021.

## **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 2020 MD&A, as filed on SEDAR at [www.sedar.com](http://www.sedar.com) on March 18, 2021.

## **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 Jamie 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 CEO 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: potential exploration upside at the Filo del Sol Project, including the extent and significance of the sulphide mineralization underlying the current Mineral Resource and the prospectivity of exploration targets; exploration and development plans and expenditures; the ability of the Company's COVID-19 operating protocol to continue to meet government mandated health and safety guidelines enabling it to conduct its field programs as planned; 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, 2021</b>	<b>December 31, 2020</b>
<b>ASSETS</b>			
Current assets:			
Cash		\$ 28,911,888	\$ 36,326,118
Receivables and other assets	4	740,825	810,243
		29,652,713	37,136,361
Non-current assets:			
Right-of-use asset		7,165	12,275
Taxes receivable	4	1,497,255	1,656,495
Mineral properties	5	8,718,631	8,857,401
		10,223,051	10,526,171
<b>TOTAL ASSETS</b>		<b>39,875,764</b>	<b>47,662,532</b>
<b>LIABILITIES</b>			
Current liabilities:			
Trade payables and accrued liabilities		6,500,526	4,097,835
Lease liabilities		7,649	13,013
<b>TOTAL LIABILITIES</b>		<b>6,508,175</b>	<b>4,110,848</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	166,606,628	166,119,611
Contributed surplus		9,875,471	9,763,491
Deficit		(141,124,795)	(130,693,363)
Accumulated other comprehensive loss		(1,989,715)	(1,638,055)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>33,367,589</b>	<b>43,551,684</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 39,875,764</b>	<b>\$ 47,662,532</b>

Commitments (Note 5)

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

On behalf of the Board:

/s/Alessandro Bitelli  
 Director

/s/James Beck  
 Director

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

	<i>Note</i>	<b>Three months ended March 31,</b>	
		<b>2021</b>	<b>2020</b>
<b>Expenses</b>			
Exploration and project investigation	9	\$ 12,518,738	\$ 11,940,110
General and administration:			
Salaries and benefits		236,943	274,372
Share-based compensation	8c	223,466	343,531
Management fees		32,025	50,100
Professional fees		23,570	59,134
Travel		-	12,206
Promotion and public relations		90,402	77,335
Office and general		88,709	37,135
<b>Operating loss</b>		<b>13,213,853</b>	<b>12,793,923</b>
<b>Other expenses</b>			
Financing costs		193	1,960
Net monetary gain	3	(243,220)	(224,812)
Gain on use of marketable securities	12	(2,617,776)	(743,190)
Foreign exchange loss		78,382	7,869
<b>Net loss</b>		<b>10,431,432</b>	<b>11,835,750</b>
<b>Other comprehensive loss</b>			
Items that may be reclassified subsequently to net loss:			
Foreign currency translation adjustment		111,949	145,527
Impact of hyperinflation	4	239,711	17,353
<b>Comprehensive loss</b>		<b>\$ 10,783,092</b>	<b>\$ 11,998,630</b>
<b>Basic and diluted loss per common share</b>		\$ 0.09	\$ 0.13
<b>Weighted average common shares outstanding</b>		110,776,530	88,218,451

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 March 31, 2021</b>	
		<b>2020</b>	
<b>Cash flows used in operating activities</b>			
Net loss for the year		\$ (10,431,432)	\$ (11,835,750)
Items not involving cash:			
Share-based compensation	8c	276,330	460,363
Financing costs		193	1,960
Net monetary loss (gain)		140,071	(5,672)
Unrealized foreign exchange loss		19,796	-
Net changes in working capital items:			
Receivables and other		20,342	408,121
Trade payables and accrued liabilities		2,663,397	3,713,662
		<u>(7,311,303)</u>	<u>(7,257,316)</u>
<b>Cash flows from (used in) financing activities</b>			
Proceeds from exercise of share options		322,667	-
Repayment of lease liabilities		(5,247)	(25,857)
		<u>317,420</u>	<u>(25,857)</u>
<b>Effect of exchange rate change on cash</b>		(420,347)	15,160
<b>Decrease in cash during the period</b>		(7,414,230)	(7,268,013)
<b>Cash, beginning of period</b>		\$ 36,326,118	\$ 13,753,440
<b>Cash, end of period</b>		\$ 28,911,888	\$ 6,485,427

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 Loss</b>	<b>Total Shareholders' Equity</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		-	-	460,363	-	-	460,363
Net loss and other comprehensive loss		-	-	-	(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>
 <b>Balance, January 1, 2021</b>		110,770,770	\$ 166,119,611	\$ 9,763,491	\$ (130,693,363)	\$ (1,638,055)	\$ 43,551,684
Share-based compensation	<i>8c</i>	-	-	276,330	-	-	276,330
Exercise of options	<i>8b</i>	146,667	487,017	(164,350)	-	-	322,667
Net loss and other comprehensive loss		-	-	-	(10,431,432)	(351,660)	(10,783,092)
<b>Balance, March 31, 2021</b>		<b>110,917,437</b>	<b>\$ 166,606,628</b>	<b>\$ 9,875,471</b>	<b>\$ (141,124,795)</b>	<b>\$ (1,989,715)</b>	<b>\$ 33,367,589</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, 2021 and 2020**  
**(Expressed in Canadian Dollars, unless otherwise stated)**  
**(Unaudited)**

**1. NATURE OF OPERATIONS**

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.), 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 2000, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada. The Company's common shares trade on the TSX Venture Exchange and the NASDAQ First North Growth Market under the symbol "FIL" and on the OTCQX under the symbol "FLMMF".

**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 condensed interim consolidated financial statements, including IAS 34, *Interim Financing Reporting*. Accordingly, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted, and 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, 2020. 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, 2020.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 6, 2021.

**3. HYPERINFLATION**

Argentina was designated a hyperinflationary 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.

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated financial statements**  
**For the three months ended March 31, 2021 and 2020**  
**(Expressed in Canadian Dollars, unless otherwise stated)**  
**(Unaudited)**

For the three months ended March 31, 2021, the Company recognized a loss of \$239,711 (2020: \$17,353) 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, 2021 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 \$243,220 during the three months ended March 31, 2021 (2020: \$224,812) to adjust transactions recorded during the period into a measuring unit current as of March 31, 2021.

The level of the IPC at March 31, 2021 was 435.9 (December 31, 2020: 385.9), which represents an increase of approximately 13% over the IPC at December 31, 2020, and an approximate 4% increase over the average level of the IPC during the three months ended March 31, 2021.

#### **4. RECEIVABLES AND OTHER ASSETS**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>Current</b>		
Taxes receivable	198,360	165,043
Other receivables	373,397	347,870
Prepaid expenses and deposits	169,068	297,330
	<b>740,825</b>	<b>810,243</b>
<b>Non-current</b>		
Taxes receivable	1,497,255	1,656,495
	<b>1,497,255</b>	<b>1,656,495</b>

Pursuant to regulations, the Company is entitled to a refund of certain value added taxes ("VAT") paid in Argentina. While the Company continues to expect full payment of the amounts claimed, the timing of receipt of the refunds has become increasingly uncertain. Accordingly, the corresponding taxes receivable balance has been classified as non-current.

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated financial statements**  
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**5. MINERAL PROPERTIES**

	<b>Filo del Sol</b>	<b>Tamberias</b>	<b>Total</b>
<b>January 1, 2020</b>	<b>\$ 3,410,727</b>	<b>\$ 3,901,493</b>	<b>\$ 7,312,220</b>
Additions	-	1,465,136	1,465,136
Adjustment for the impacts of hyperinflation	(25,196)	-	(25,196)
Effect of foreign currency translation	-	105,241	105,241
<b>December 31, 2020</b>	<b>\$ 3,385,531</b>	<b>\$ 5,471,870</b>	<b>\$ 8,857,401</b>
Adjustment for the impacts of hyperinflation	9,770	-	9,770
Effect of foreign currency translation	-	(148,540)	(148,540)
<b>March 31, 2021</b>	<b>\$ 3,395,301</b>	<b>\$ 5,323,330</b>	<b>\$ 8,718,631</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.

Pursuant to a series of amendments to the terms of the remaining option payments payable under the option agreement with Tamberias SCM, the last of which was executed on May 13, 2020 (the "Option Amendments"), the remaining option payments were rescheduled and extended through to June 30, 2026.

As at March 31, 2021, following a payment of US\$150,000 in January 2021 pursuant to the Option Amendments, the Company's total remaining payments were as follows:

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated financial statements**  
**For the three months ended March 31, 2021 and 2020**  
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**(Unaudited)**

<b>Payment by:</b>	<b>Amount (US\$)</b>
June 30, 2021 <sup>1</sup>	750,000
June 30, 2022	500,000
June 30, 2023	750,000
June 30, 2024	950,000
June 30, 2025	1,050,000
June 30, 2026	12,000,000
	<b>16,000,000</b>

<sup>1</sup> Pursuant to the Option Amendments, the Company has irrevocably committed to make the payment referenced above. Accordingly, as at March 31, 2021, a corresponding amount has been recorded within trade payables and accrued liabilities until settlement. Payment of all subsequent amounts remain at the Company's sole option and discretion.

## **6. CREDIT FACILITIES**

In June 2020, the Company entered into an agreement with Zebra Holdings and Investments S.à.r.l ("Zebra"), to obtain an unsecured US\$5.0 million credit facility, which became accessible by the Company on July 12, 2020 (the "July 2020 Facility"), to provide additional financial flexibility to fund ongoing exploration at the Filo del Sol Project and for general corporate purposes. Zebra is a related party of the Company by virtue of its shareholding in the Company in excess of 20%. In addition, Zebra reports its security holdings in the Company as a joint actor, as the term is defined by Canadian securities regulations, with Lorito Holdings S.à.r.l. ("Lorito"), and at the time of entering into the July 2020 Facility they collectively held more than 20% of the Company's issued and outstanding common shares.

As consideration for the July 2020 Facility, Zebra will receive 480 common shares each month, for every US\$50,000 in principal outstanding, prorated accordingly for the number of days outstanding. The July 2020 Facility matures on July 12, 2021, and no interest is payable in cash during its term.

During the three months ended March 31, 2021, the Company made no draws against this facility (2020: \$nil) and no amounts were outstanding as at March 31, 2021 (December 31 2020: \$nil).

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.

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated financial statements**  
**For the three months ended March 31, 2021 and 2020**  
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**(Unaudited)**

**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 options outstanding**

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

	<b>Number of shares issuable pursuant to share options</b>	<b>Weighted average exercise price per share</b>
Balance at January 1, 2020	8,267,501	\$ 2.37
Options granted	1,450,000	1.91
Expired or forfeited	(261,667)	2.53
Balance at December 31, 2020	9,455,834	\$ 2.29
Exercised	(146,667)	2.20
Balance at March 31, 2021	9,309,167	\$ 2.29

The weighted average share price on the exercise date for the share options exercised during the three months ended March 31, 2021 was \$2.96.

The following table details the share options outstanding and exercisable as at March 31, 2021:

Exercise prices	Outstanding options			Exercisable options		
	Options outstanding	Weighted average remaining contractual life (Years)	Weighted average exercise price	Options exercisable	Weighted average remaining contractual life (Years)	Weighted average exercise price
\$1.91	1,450,000	4.38	\$1.91	483,334	4.38	\$1.91
\$2.00	1,950,000	0.68	\$2.00	1,950,000	0.68	\$2.00
\$2.20	2,140,000	2.37	\$2.20	2,140,000	2.37	\$2.20
\$2.50	1,522,500	1.45	\$2.50	1,522,500	1.45	\$2.50
\$2.75	2,246,667	3.53	\$2.75	1,510,001	3.53	\$2.75
	<u>9,309,167</u>	<u>2.46</u>	<u>\$2.29</u>	<u>7,605,835</u>	<u>2.11</u>	<u>\$2.30</u>

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated financial statements**  
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**(Expressed in Canadian Dollars, unless otherwise stated)**  
**(Unaudited)**

**c) Share-based compensation**

	<b>Three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Exploration and project investigation	52,864	116,832
General and administration	223,466	343,531
	<b>276,330</b>	<b>460,363</b>

**9. EXPLORATION AND PROJECT INVESTIGATION**

All exploration and project investigation costs are related to the Filo del Sol Project. 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, 2021 and 2020**  
**(Expressed in Canadian Dollars, unless otherwise stated)**  
**(Unaudited)**

The Company expensed the following exploration and project investigation costs, all incurred in relation to the Filo del Sol Project:

	<b>Three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Land holding and access costs	8,256	11,004
Drilling, fuel, camp costs and field supplies	7,315,909	6,731,558
Roadwork, travel and transport	1,203,448	1,511,017
Consultants, geochemistry and geophysics	234,026	571,870
Environmental and community relations	258,152	236,894
VAT and other taxes	2,288,519	2,126,944
Office, field and administrative salaries, overhead and other administrative costs	568,095	633,991
COVID-19-related health and safety	589,469	-
Share-based compensation	52,864	116,832
	<b>12,518,738</b>	<b>11,940,110</b>

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated financial statements**  
**For the three months ended March 31, 2021 and 2020**  
**(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. Bofill Mir & Alvarez Jana Abogados Ltda. ("BMJAL"), a Chilean legal firm, is also considered a related party of the Company until June 18, 2020, as a named partner of BMJAL was also concurrently a director of the Company until such date.

**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. These transactions were incurred in the normal course of operations, and are summarized as follows:

	<b>Three months ended March 31, 2021</b>		<b>2020</b>
Management Services to Josemaria	100,392	320,448	
Management Services to NGEx Minerals	89,469	132,391	
Management Services from Josemaria	(42,065)	(129,185)	
Management Services from NGEx Minerals	(134,303)	(155,392)	
Legal services from BMJAL	-	(24,374)	

**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>March 31, 2021</b>	<b>December 31, 2020</b>
Receivables and other assets	Josemaria	33,390	-
Receivables and other assets	NGEx Minerals	27,556	11,752
Accounts payable and accrued liabilities	Josemaria	(12,903)	-
Accounts payable and accrued liabilities	NGEx Minerals	(44,241)	(5,850)

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated financial statements**  
**For the three months ended March 31, 2021 and 2020**  
**(Expressed in Canadian Dollars, unless otherwise stated)**  
**(Unaudited)**

**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 March 31,</b>	
	<b>2021</b>	<b>2020</b>
Salaries	212,500	186,250
Short-term employee benefits	6,751	6,695
Directors fees	31,750	24,250
Stock-based compensation	182,484	315,923
	<b>433,485</b>	<b>533,118</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. The net gains on the use of marketable securities are allocated to the Filo del Sol Project, as they are the result of funding provided to the Company's Argentine subsidiary in support of the project. Materially all 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.

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

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated financial statements**  
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**(Expressed in Canadian Dollars, unless otherwise stated)**  
**(Unaudited)**

<b>As at</b>		<b>Filo del Sol Project</b>	<b>Corporate</b>	<b>Total</b>
<b>March 31, 2021</b>	Current assets	1,551,394	28,101,319	29,652,713
	Right-of-use asset	7,165	-	7,165
	Tax receivable	1,497,255	-	1,497,255
	Mineral properties	8,718,631	-	8,718,631
	Total assets	11,774,445	28,101,319	39,875,764
<b>December 31, 2020</b>	Current liabilities	6,270,521	237,654	6,508,175
	Current assets	3,397,742	33,738,619	37,136,361
	Right-of-use asset	12,275	-	12,275
	Tax receivable	1,656,495	-	1,656,495
	Mineral properties	8,857,401	-	8,857,401
<b>Three months ended March 31,</b>	Total assets	13,923,913	33,738,619	47,662,532
	Current liabilities	3,854,243	256,605	4,110,848
<b>2021</b>	Exploration and project investigation	12,518,738	-	12,518,738
	Gain on use of marketable securities	(2,617,776)	-	(2,617,776)
	General and administration and other items	(243,220)	773,690	530,470
	<b>Net loss</b>	<b>9,657,742</b>	<b>773,690</b>	<b>10,431,432</b>
<b>2020</b>	Exploration and project investigation	11,940,110	-	11,940,110
	Gain on use of marketable securities	(743,190)	-	(743,190)
	General and administration and other items	(222,853)	861,683	638,830
	<b>Net loss</b>	<b>10,974,067</b>	<b>861,683</b>	<b>11,835,750</b>

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated financial statements**  
**For the three months ended March 31, 2021 and 2020**  
**(Expressed in Canadian Dollars, unless otherwise stated)**  
**(Unaudited)**

**12. USE OF MARKETABLE SECURITIES**

From time to time, the Company may acquire and transfer marketable securities to facilitate intragroup funding transfers between the Canadian parent and its Argentine operating subsidiary.

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 several days, some fluctuations are unavoidable.

As the marketable securities are acquired with the intention of a near term sale, they are considered financial instruments that are held for trading, all changes in the fair value of the instruments, between acquisition and disposition, are recognized through profit or loss.

As a result of having utilized this mechanism for intragroup funding for the three months ended March 31, 2021, the Company realized a net gain of \$2,617,776 (2020: \$743,190), comprised of a favorable foreign currency impact of \$3,425,880 (2020: \$830,584) and a trading loss of \$808,104 including the impact of fees and commissions (2020: \$87,394).

**13. 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.

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. Since March 2020, the Company has 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.

The Company's current COVID-19 operating protocol has enabled it to undertake a substantial 2020/2021 field program, which it currently plans to extend through May 2021. However, any tightening/retightening of COVID-19-related travel restrictions or new developments in local or national health protocols, particularly in Chile and Argentina, could impact future activities and result in a reduction to the Company's cash expenditures and exploration costs. As of the date of these condensed interim consolidated financial statements, the Company cannot be certain of the impact of the COVID-19 pandemic on its future financial position, results of operations and cash flows.



## CORPORATE DIRECTORY

### OFFICERS

Jamie Beck  
President & CEO  
Robert Carmichael  
VP Exploration  
Jeffrey Yip  
Chief Financial Officer  
Brenda Nowak  
Corporate Secretary

### DIRECTORS

Adam Lundin, Chairman  
Jamie Beck  
Lukas Lundin  
Wojtek Wodzicki  
Erin Johnston  
Alessandro Bitelli  
Carmel Daniele

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Vancouver, British Columbia  
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OTCQX: FLMMF  
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