



**FIRST QUARTER REPORT**  
**March 31, 2017**

**FILO MINING CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**THREE MONTHS ENDED MARCH 31, 2017**  
**(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, 2017 and the audited consolidated financial statements for the year ended December 31, 2016 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 consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The effective date of this MD&A is May 10, 2017. 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).

Filo Mining was incorporated on May 12, 2016 under the Canada Business Corporations Act in connection the plan of arrangement to reorganize the business of NGEx Resources Inc. ("NGEx"), which was completed on August 16, 2016 (the "NGEx Arrangement"). Accordingly, certain comparative information as presented in this MD&A has been prepared on a continuity of interest basis of accounting, which requires that prior to August 16, 2016, the assets, liabilities and results of operations and cash flows of Filo Mining be on a 'carve-out' basis from the consolidated financial statements and accounting records of NGEx, in accordance with the financial reporting framework specified in subsection 3.11(6) of National Instrument 52-107, *Acceptable Accounting Principles and Auditing Standards*, for carve-out financial statements. As the carve-out entity did not operate as a separate legal entity, the financial position, results of operations and cash flows do not necessarily reflect the financial position, results of operations, and cash flows had the carve-out entity operated as an independent entity during the comparative periods presented (see Notes 2 and 3 of the Company's audited consolidated financial statements for the year ended December 31, 2016).

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 existing land position, including its 100% controlled flagship Filo del Sol Project, which is comprised of adjacent land holdings including 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, El Indio, and Pascua Lama. The region is mining-friendly 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 Filo del Sol Project has a current defined Inferred mineral resource estimate of 381 million tonnes at 0.39% copper, 0.33 g/t gold and 12.2 g/t silver containing 3.3 billion pounds of copper, 4 million ounces of gold and 150 million ounces of silver (effective date August 26, 2015), and significant exploration potential with less than 20% of the project area explored to date.

The Filo del Sol project and the resource estimate is described in a Technical Report titled "Geological Report for the Filo del Sol Property, Region III, Chile and San Juan Province, Argentina" dated June 10, 2016, which was prepared for Filo Mining by Fionnuala Devine, M. Sc., P.Geo., of Merlin Geosciences Inc., Diego Charchafliá, M. Sc., P.Ge. of LPF Consulting SRL, and James N. Gray, P.Ge. of Advantage Geoservices Ltd., all of whom are Qualified Persons as

defined by NI-43-101 and 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 at Filo del Sol Project and, if warranted, completing the 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 and 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 2017 OPERATING HIGHLIGHTS**

During the three months ended March 31, 2017, the Company focused on carrying out the 2016/2017 field program, which was aimed at furthering understanding of conceptual development options for the Filo del Sol deposit, while continuing to evaluate the compelling exploration potential of the property.

This program, which was successfully completed in March 2017, included the collection of representative sample material for ongoing metallurgical testing and 8,616 metres of reverse circulation drilling in 41 holes. The objectives of the drill program included conversion of Inferred resources to the Indicated classification, expansion of the current resource, and testing a number of high-quality exploration targets within 2 km of the Filo del Sol deposit, including:

- The Filo South target, which is located approximately 1 km south of the deposit. Surface mapping and sampling in this area has defined a northwesterly-trending gold +/- copper bearing zone of strong silicification, quartz vein stockwork and breccia with minimum dimensions of 1,000 metres along strike by 200 metres wide. Wide-spaced historical drilling did not test this zone, however, surface trenching across it in 2016 returned 114 metres of 0.85% copper and 0.35 g/t gold.
- The Cerro Vicuña target, a distinct conical hill located 1 km southeast of the deposit, and immediately to the east of the Filo South target. Surface mapping shows this hill to be underlain by a silicified and stockwork porphyry intrusive, the Vicuña Porphyry, with grab samples of up to 5 g/t gold collected from surface. The hill is covered by an extensive copper and gold surface geochemistry anomaly and is characterized by an alteration zonation and geophysical signature characteristic of porphyry deposits. This target had never been previously drilled.

Assay results from 24 of the 41 total drill holes from the 2016/2017 drill program have been received to date, and include the following highlights:

- Confirmation of higher grade zones within the oxide gold zone that forms the upper part of the current resource (see News Release dated February 15, 2017). The assay results include intersects of 84 metres at 1.36 g/t gold in VRC097 and 78 metres at 1.02 g/t gold in VRC099, representing the best and third best gold intersections in the Filo del Sol deposit to date (gold grade times width);
- Expansion of the oxide gold zone of the current Filo del Sol resource, as a result of infill holes (see News Release dated April 10, 2017). Assay results to date have been highlighted by an intersection of 112 metres at 0.73 g/t gold in VRC101;
- Confirmation of the high-grade copper portion of the Filo del Sol resource, with intersections in infill holes of 20 metres at 1.13% copper in VRC097 and 20 metres at 1.91% copper in VRC099; and
- Identification of a potential new zone of shallow oxide copper and gold mineralization at the Filo South target (see News Release dated April 10, 2017). The assay results received to date include intersects of 102

metres at 0.77% copper and 0.35 g/t gold in VRC111, 50 metres at 0.81% copper and 0.41 g/t gold in VRC110, and 66 metres at 0.63% copper and 0.35 g/t gold in VRC119.

## **CORPORATE UPDATE**

The Company appointed Mr. James Beck as the Company's Vice President, Corporate Development and Projects effective February 1, 2017. Mr. Beck is a registered Professional Engineer in the province of Ontario, holds a Bachelor of Applied Science from Queen's University and an MBA from the University of British Columbia. Mr. Beck also serves as the Vice President, Corporate Development and Projects of NGEx, an exploration company listed on the TSX and Nasdaq Stockholm. Prior to his appointment, Mr. Beck was the Company's Director, Corporate Development.

## **OUTLOOK**

With an experienced board of directors and management team, and a treasury of approximately \$11.6 million as at March 31, 2017, Filo Mining is well positioned to advance the Filo del Sol Project while also remaining flexible and responsive to continuing volatility in the resource sector.

The 2016/2017 exploration program was successfully completed in March 2017 and included 8,616 metres of a mix of infill and exploration drilling in 41 holes. Assay results relating to the first 24 holes have been received (see First Quarter 2017 Operating Highlights section above), and the Company will receive the assay results of the remaining 17 holes in the coming weeks. These new drill results will:

- Allow the Company to update the resource estimate for the Filo del Sol Project;
- Provide better understanding of the geometry and extent of the oxide gold zone of the current resource, which currently measures approximately 700 metres by 250 metres, and remains open to the north; and
- Confirm the potential of the Filo South target, located approximately 1 km south of the Filo del Sol deposit, where the Company has discovered new shallow oxide copper and oxide gold mineralization.

In addition, Filo Mining is currently conducting a more extensive program of metallurgical testwork to follow up on the encouraging initial results received in October 2016. The Company plans to complete column leach tests which will provide information on the optimum fragment size for leaching and more information on how the mineralized material will behave on a leach pad. This information, together with an updated resource estimate, is expected to provide the information needed for a preliminary internal conceptual study of development options. This internal study is expected to be completed towards the end of the third quarter of 2017 and will allow the Company to decide whether to initiate a formal preliminary economic assessment ("PEA") of the Filo del Sol Project. If a PEA is initiated for the Filo del Sol Project, the related technical report would be targeted for completion by the end of 2017.

## **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 and there is no expectation of generating operating profits until it identifies and develops a commercially viable mineral deposit.

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

Three Months Ended	Mar-17	Dec-16	Sep-16 <sup>1</sup>	Jun-16 <sup>1</sup>	Mar-16 <sup>1</sup>	Dec-15 <sup>1</sup>	Sep-15 <sup>1</sup>	Jun-15 <sup>1</sup>
Exploration costs (\$000's)	8,930	4,403	457	331	1,286	441	510	896
Operating loss (\$000's)	9,565	5,379	858	634	1,789	507	822	1,159
Net loss (\$000's)	9,513	5,297	860	647	1,862	1,197	826	1,159
Net loss per share, basic and diluted (\$)	0.15	0.09	0.02	0.01	0.05	0.02	0.02	0.03

<sup>1</sup> Amounts presented in the table relating to periods prior to August 16, 2016, the completion date of the NGEx Arrangement, have been prepared and presented in accordance with the continuity of interest basis of accounting.

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 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 \$9.5 million (2016: \$1.9 million) for the three months ended March 31, 2017. Exploration and project investigation costs are the most significant expenditures of the Company and account for approximately 94% (2016: 69%) of the net loss during the three months ended March 31, 2017. 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.

Exploration and project investigation costs for the three months ended March 31, 2017 totaled \$8.9 million, which exceeded the comparative period (2016: \$1.3 million). This increase is due to the 2017 period reflecting the execution of a larger exploration program during the 2016/2017 exploration season. Detailed breakdowns of exploration costs for the three months ended March 31, 2017 and 2016, 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, 2017 were \$0.4 million (2016: \$0.4 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.

The higher compensation costs and travel expenses incurred during the three months ended March 31, 2017, compared to the 2016 comparative period, reflect the additional corporate costs associated with operating a stand-alone public entity following the completion of the NGEx Arrangement on August 16, 2016 (see Notes 2 and 3 of the Company's audited consolidated financial statements for the year ended December 31, 2016).

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 loss, the Company reported a foreign exchange translation loss of \$0.2 million (2016: \$0.5 million), for the three months ended March 31, 2017, on translation of subsidiary company accounts from their functional currency to the Canadian dollar presentation currency. This is principally the result of fluctuations of the Canadian dollar relative to the Chilean peso and Argentine peso during the respective periods.

## LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2017, the Company had cash of \$11.6 million and net working capital of \$8.3 million, compared to cash of \$19.5 million and net working capital of \$17.7 million as at December 31, 2016. The decrease in the Company's cash and net working capital is due primarily to funds directed towards advancing the Filo del Sol Project, and to a lesser extent, funds spent for general corporate purposes.

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

Based on Filo Mining's financial position at March 31, 2017, the Company has a strong treasury to support its ongoing exploration initiatives and general corporate activities, while being able to exercise a high degree of flexibility in adapting its work programs and expenditures to changes in market conditions, as necessary.

## RELATED PARTY TRANSACTIONS

### *Related party services*

The Company has a cost sharing arrangement with NGEx, a related party by way of directors, officers and shareholders in common. Under the terms of this arrangement, the Company provided executive management, technical exploration and exploration support services to NGEx, and NGEx provided financial management and administrative services to the Company. These transactions were incurred in the normal course of operations, and are summarized as follows:

	<b>Three months ended</b>	
	<b>2017</b>	<b>March 31, 2016</b>
Executive management, technical exploration and exploration support services provided to NGEx	327,174	-
Financial management and administrative services provided from NGEx	(10,307)	-

### *Related party balances*

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

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Receivables and other assets	343,099	222,556
Accounts payable and accrued liabilities	(55,351)	(56,025)

### **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>2017</b>	<b>March 31, 2016</b>
Salaries	274,625	-
Short-term employee benefits	9,592	-
Directors fees	20,500	-
Stock-based compensation	175,084	-
	<b>479,801</b>	<b>-</b>

### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of consolidated financial statements in accordance with IFRS, such as the underlying condensed interim consolidated financial statements for the three months ended March 31, 2017, 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 2016 MD&A filed on SEDAR at [www.sedar.com](http://www.sedar.com) on March 28, 2017.

### **SIGNIFICANT ACCOUNTING POLICIES**

The Company continues to follow the accounting policies described in Note 4 of the Company's December 31, 2016 audited consolidated financial statements that were filed on SEDAR at [www.sedar.com](http://www.sedar.com) on March 28, 2017.

### **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-term nature of these instruments.

As at March 31, 2017, 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

bankers. 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, 2017 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	4,119,227	4,119,227	-	-
	<b>4,119,227</b>	<b>4,119,227</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, 2017, the Company's largest foreign currency risk exposure existed at the Canadian head office level, which holds a net financial asset position denominated in US dollars. The estimated impact of relative currency rate fluctuations between US dollar and the Canadian dollar, the functional currency, based on this foreign currency exposure is as follows:

	<b>Foreign currency cash held (in source currency)</b>	<b>Net financial asset position</b>	<b>Change in net financial position from a 10% variation in exchange rates</b>
US dollar	820,369	1,092,895	109,290

## **OUTSTANDING SHARE DATA**

As at May 10, 2017, the Company had 61,731,575 common shares outstanding and 3,573,125 share options outstanding under its share-based incentive plan and no share purchase warrants outstanding.

## **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 mining properties. These risk factors could materially affect the Company's future operations 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 2016 MD&A that was filed on SEDAR at [www.sedar.com](http://www.sedar.com) on March 28, 2017.

## **QUALIFIED PERSON**

The technical contents of this MD&A have been reviewed and approved by Bob Carmichael, P. Eng. (BC). 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.

## **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"). 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, this forward-looking information can frequently, but not always, be identified by use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events, conditions or results "will", "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotations thereof.

All 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 cost estimates, changes in commodity prices, currency fluctuation, financing, 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. uncertainties and other factors, including, without limitation, those referred to in the "Risks and Uncertainties" section of the MD&A, 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 speaks as of the date of the MD&A. In particular, this MD&A contains forward-looking statements or information pertaining to the Company's assumptions used in the updated mineral resources estimates for the Filo del Sol project; exploration and development expenditures; the timing and nature of any potential development scenarios; opportunities to improve project economics; estimation of commodity prices, mineral resources, costs and the success of exploration activities; expectations with regard to adding to mineral resources through exploration; 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 actual results and future events could differ materially from those anticipated in such statements. 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, 2017</b>	<b>December 31, 2016</b>
<b>ASSETS</b>			
Current assets:			
Cash		\$ 11,616,238	\$ 19,464,829
Receivables and other assets		753,195	595,274
Mineral properties	<i>3</i>	12,369,433 6,098,292	20,060,103 6,091,311
<b>TOTAL ASSETS</b>		<b>18,467,725</b>	<b>26,151,414</b>
<b>LIABILITIES</b>			
Current liabilities:			
Trade payables and accrued liabilities		4,119,227	2,407,145
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	<i>4</i>	58,528,226	58,511,463
Contributed surplus		1,022,051	766,535
Deficit		(45,170,634)	(35,657,695)
Accumulated other comprehensive income (loss)		(31,145)	123,966
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>14,348,498</b>	<b>23,744,269</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 18,467,725</b>	<b>\$ 26,151,414</b>

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

On behalf of the Board:

/s/Alessandro Bitelli  
Director

/s/Wojtek A. Wodzicki  
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>2017</b>	<b>2016</b>
<b>Expenses</b>			
Exploration and project investigation	<i>6</i>	\$ 8,930,072	\$ 1,286,328
General and administration:			
Salaries and benefits		200,836	125,434
Share-based compensation	<i>5c</i>	191,501	127,121
Management fees		38,400	47,312
Professional fees		59,064	68,650
Travel		33,746	11,329
Promotion and public relations		36,389	41,808
Office and general		75,079	81,061
<b>Operating loss</b>		<b>9,565,087</b>	<b>1,789,043</b>
<b>Other expenses</b>			
Foreign exchange loss (gain)		(52,148)	73,169
<b>Net loss</b>		<b>9,512,939</b>	<b>1,862,212</b>
<b>Other comprehensive loss</b>			
Items that may be reclassified subsequently to net loss:			
Foreign currency translation adjustment		155,111	528,739
<b>Comprehensive loss</b>		<b>\$ 9,668,050</b>	<b>\$ 2,390,951</b>
<b>Basic and diluted loss per common share</b>		<b>\$ 0.15</b>	<b>\$ 0.04</b>
<b>Weighted average common shares outstanding</b>		<b>61,390,450</b>	<b>51,270,950</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>March 31,</b>
		<b>2017</b>	<b>2016</b>
<b>Cash flows used in operating activities</b>			
Net loss for the period		\$ (9,512,939)	\$ (1,862,212)
Items not involving cash:			
Depreciation		-	4,155
Share-based compensation	<i>5c</i>	255,516	180,232
Unrealized foreign exchange loss		-	72,323
Net changes in working capital items:			
Receivables and other		(146,246)	137,595
Trade payables and accrued liabilities		1,660,438	222,127
		<u>(7,743,231)</u>	<u>(1,245,780)</u>
<b>Cash flows from financing activities</b>			
Proceeds from exercise of share options		16,763	-
Funding received from NGEx Resources Inc. ("NGEx") for operations		-	2,350,747
		<u>16,763</u>	<u>2,350,747</u>
<b>Cash flows used in investing activities</b>			
Mineral properties and related expenditures		-	(572,468)
		<u>-</u>	<u>(572,468)</u>
<b>Effect of exchange rate change on cash</b>		(122,123)	(62,870)
<b>Increase (decrease) in cash during the period</b>		(7,848,591)	469,629
<b>Cash, beginning of period</b>		\$ 19,464,829	\$ 271,228
<b>Cash, end of period</b>		\$ 11,616,238	\$ 740,857

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>Other Capital Reserves</b>	<b>Deficit</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Total Shareholders' Equity</b>
<b>Balance, January 1, 2016</b>		-	\$ -	\$ -	\$ 39,752,747	\$ (33,753,049)	\$ 111,683	\$ 6,111,381
Funding and expenses paid by NGEEx		-	-	-	2,350,746	-	-	2,350,746
Share-based compensation	5c	-	-	-	180,232	-	-	180,232
Net loss and other comprehensive loss		-	-	-	-	(1,862,212)	(528,739)	(2,390,951)
<b>Balance, March 31, 2016</b>		-	\$ -	\$ -	\$ 42,283,725	\$ (35,615,261)	\$ (417,056)	\$ 6,251,408
<b>Balance, January 1, 2017</b>		61,388,450	\$ 58,511,463	\$ 766,535	\$ -	\$ (35,657,695)	\$ 123,966	\$ 23,744,269
Share-based compensation	5c	-	-	255,516	-	-	-	255,516
Exercise of options		11,250	16,763	-	-	-	-	16,763
Net loss and other comprehensive loss		-	-	-	-	(9,512,939)	(155,111)	(9,668,050)
<b>Balance, March 31, 2017</b>		<b>61,399,700</b>	<b>\$ 58,528,226</b>	<b>\$ 1,022,051</b>	<b>\$ -</b>	<b>\$ (45,170,634)</b>	<b>\$ (31,145)</b>	<b>\$ 14,348,498</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, 2017 and 2016**  
**(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 the plan of arrangement to reorganize NGEx Resources Inc. ("NGEx"), which was completed on August 16, 2016 (the "NGEx Arrangement"). Detailed disclosure pertaining to the NGEx Arrangement are available in the Company's audited consolidated financial statements for the year ended December 31, 2016.

The Company's principal business activities are the acquisition, exploration and development of mineral properties located in South America, and 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 Exchange under the symbol "FIL".

**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 Financial 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, 2016. In preparation of these condensed interim consolidated financial statements, the Company has consistently applied the same accounting policies as disclosed in Note 4 to the audited consolidated financial statements for the year ended December 31, 2016.

In addition, certain comparative information as presented in these condensed interim consolidated financial statements have been prepared on a continuity of interest basis of accounting, which requires that prior to August 16, 2016, the assets, liabilities and results of operations and cash flows of Filo Mining be on a 'carve-out' basis from the consolidated financial statements and accounting records of NGEx, in accordance with the financial reporting framework specified in subsection 3.11(6) of National Instrument 52-107, *Acceptable Accounting Principles and Auditing Standards*, for carve-out financial statements. As the carve-out entity did not operate as a separate legal entity, the financial position, results of operations and cash flows do not necessarily reflect the financial position, results of operations, and cash flows had the carve-out entity operated as an independent entity during the comparative period presented.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 10, 2017.

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**3. MINERAL PROPERTIES**

	<b>Filo del Sol</b>	<b>Tamberias</b>	<b>Total</b>
<b>January 1, 2016</b>	<b>\$ 3,951,919</b>	<b>\$ 1,998,910</b>	<b>\$ 5,950,829</b>
Additions	-	756,519	756,519
Effect of foreign currency translation	(705,359)	89,322	(616,037)
<b>December 31, 2016</b>	<b>\$ 3,246,560</b>	<b>\$ 2,844,751</b>	<b>\$ 6,091,311</b>
Effect of foreign currency translation	4,717	2,264	6,981
<b>March 31, 2017</b>	<b>\$ 3,251,277</b>	<b>\$ 2,847,015</b>	<b>\$ 6,098,292</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 Chile and the San Juan Province in Argentina, and are 100% controlled by Filo Mining either through direct ownership or option agreements, which were previously owned by NGEx and acquired by the Company pursuant to the NGEx Arrangement.

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

Sole ownership of the Filo del Sol Property was acquired by NGEx in October 2014, through the acquisition of its then joint exploration partner's 40% interest in the property.

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

On March 25, 2011 NGEx entered into an option agreement with Compania Minera Tamberias SCM ("Tamberias SCM") whereby it can earn a 100% interest in the Tamberias Property by making option payments totaling US\$20 million on or before June 30, 2023. In addition, Tamberias SCM will retain a 1.5% net smelter royalty, which will be paid only after the Company has recovered all of its exploration and development costs. The Company's total remaining option payments as at March 31, 2017 were US\$17.5 million, with the next option payment being US\$300,000, payable in June 2017.

**4. SHARE CAPITAL**

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

**5. SHARE OPTIONS**

**a) Share option plan**

The Company has a share option plan approved on July 8, 2016 (the "Plan"), reserving 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.

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**b) Share option outstanding**

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

	<b>Number of share issuable pursuant to share options</b>	<b>Weighted average exercise price per share</b>
Balance at January 1, 2016	-	\$ -
Options pursuant to NGEEx Arrangement	1,746,875	0.89
Options granted	2,335,000	2.00
Exercised	(117,500)	0.65
Expired	(48,125)	1.41
Balance at December 31, 2016	3,916,250	\$ 1.55
Exercised	(11,250)	\$ 1.49
Balance at March 31, 2017	3,905,000	\$ 1.55

The weighted average share price on the exercise date for the share options exercised during the three months ended March 31, 2017 was \$1.82.

The following table details the share options outstanding and exercisable as at March 31, 2017:

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
\$0.50-0.65	490,000	1.54	\$0.51	490,000	1.54	\$0.51
\$0.74	608,750	0.93	\$0.74	608,750	0.93	\$0.74
\$1.49	471,250	0.10	\$1.49	471,250	0.10	\$1.49
\$2.00	2,335,000	4.68	\$2.00	778,333	4.68	\$2.00
	<u>3,905,000</u>	3.15	\$1.55	<u>2,348,333</u>	2.14	\$1.26

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**c) Share-based compensation**

	<b>Three months ended</b>	
	<b>2017</b>	<b>March 31,</b>
		<b>2016</b>
Exploration and project investigation	64,015	53,111
General and administration	191,501	127,121
	<b>255,516</b>	<b>180,232</b>

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**6. EXPLORATION AND PROJECT INVESTIGATION**

The Company expensed the following exploration and project investigation costs, all incurred in South America, for the three months ended March 31, 2017 and 2016:

<b>Three months ended March 31,</b>		<b>Filo del Sol Property</b>	<b>Tamberias Property</b>	<b>Other</b>	<b>Total</b>
<b>2017</b>	Land holding and access costs	25,997	328,224	16,321	370,542
	Drilling, fuel, camp costs and field supplies	3,492,277	569,148	10,797	4,072,222
	Roadwork, travel and transport	1,201,445	234,158	37,077	1,472,680
	Conceptual studies	35,016	-	-	35,016
	Consultants, geochemistry and geophysics	372,614	-	11,569	384,183
	Environmental and community relations	105,129	6,312	3,801	115,242
	VAT and other taxes	1,350,206	67,933	59,968	1,478,107
	Office, field and administrative salaries, overhead and other administrative costs	646,551	52,270	239,244	938,065
	Share-based compensation	52,197	9,083	2,735	64,015
	<b>Total</b>	<b>7,281,432</b>	<b>1,267,128</b>	<b>381,512</b>	<b>8,930,072</b>
<b>2016</b>	Land holding and access costs	18,673	7,434	24,627	50,734
	Drilling, fuel, camp costs and field supplies	191,577	1,666	1,802	195,045
	Roadwork, travel and transport	317,286	-	194	317,480
	Consultants, geochemistry and geophysics	217,793	-	-	217,793
	Environmental and community relations	16,502	-	-	16,502
	VAT and other taxes	187,254	286	6,322	193,862
	Office, field and administrative salaries, overhead and other administrative costs	220,686	-	21,115	241,801
	Share-based compensation	50,379	404	2,328	53,111
	<b>Total</b>	<b>1,220,150</b>	<b>9,790</b>	<b>56,388</b>	<b>1,286,328</b>

**Filo Mining Corp.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**7. RELATED PARTY TRANSACTIONS**

**Related party services**

The Company has a cost sharing arrangement with NGEx, a related party by way of directors, officers and shareholders in common. Under the terms of this arrangement, the Company provided executive management, technical exploration and exploration support services to NGEx, and NGEx provided financial management and administrative services to the Company. These transactions were incurred in the normal course of operations, and are summarized as follows:

	<b>Three months ended</b>	
	<b>2017</b>	<b>March 31, 2016</b>
Executive management, technical exploration and exploration support services to NGEx	327,174	-
Financial management and administrative services from NGEx	(10,307)	-

**Related party balances**

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

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Receivables and other assets	343,099	222,556
Accounts payable and accrued liabilities	(55,351)	(56,025)

**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:

**Filo Mining Corp.**  
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	<b>Three months ended</b>	
	<b>2017</b>	<b>March 31, 2016</b>
Salaries	274,625	-
Short-term employee benefits	9,592	-
Directors fees	20,500	-
Stock-based compensation	175,084	-
	<b>479,801</b>	<b>-</b>

**8. 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 3 and 6, 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, whereas materially all of the Company's cash and general and administrative costs are held and incurred by the Canadian parent.



## CORPORATE DIRECTORY

### OFFICERS

Wojtek Wodzicki  
President & Chief Executive Officer  
Robert Carmichael  
VP Exploration  
James Beck  
VP Corporate Development & Projects  
Jeffrey Yip  
Chief Financial Officer  
Julie Kemp  
Corporate Secretary

### DIRECTORS

Lukas H. Lundin, Chairman  
Wojtek Wodzicki  
Ashley Heppenstall  
Alessandro Bitelli  
Paul McRae  
Pablo Mir

### AUDITORS

PricewaterhouseCoopers LLP  
Vancouver, British Columbia, Canada

### LEGAL COUNSEL

Cassels Brock & Blackwell LLP  
Vancouver, British Columbia, Canada

### CORPORATE OFFICE

Suite 2000 - 885 West Georgia Street  
Vancouver, British Columbia  
Canada V6C 3E8  
Telephone: (604) 689-7842  
Fax: (604) 689-4250

### REGISTERED & RECORDS OFFICE

Suite 2200 - 885 West Georgia Street  
Vancouver, British Columbia  
Canada V6C 3E8

### REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada  
Vancouver, British Columbia  
Canada

### SHARE LISTINGS

TSX Venture Exchange &  
Nasdaq First North Exchange  
Symbol: FIL  
CUSIP No.: 31730E101  
ISIN: CA31730E1016