



2021 SECOND QUARTER REPORT

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

**For the Six Months Ended June 30, 2021
(UNAUDITED)**

FILO MINING CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE AND SIX MONTHS ENDED JUNE 30, 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 and six months ended June 30, 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 August 13, 2021. Additional information about the Company and its business activities is available on SEDAR at www.sedar.com and the Company's website 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.

Category	Tonnes (millions)	Cu (%)	Au (g/t)	Ag (g/t)	Lbs Cu (billions)	Oz Au (millions)	Oz Ag (millions)
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 Company's Mineral Resource estimate is inclusive of the Mineral Reserve estimate as set forth above.

The Filo del Sol Project continues to hold significant exploration potential, and drilling completed subsequent to the PFS has intersected long intervals of copper, gold and silver mineralization well outside of the resource envelope, as indicated in the Second Quarter 2021 Operating Highlights section below.

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

SECOND QUARTER 2021 OPERATING HIGHLIGHTS

2020/2021 Drill Campaign Intersects High-Grade Feeder Zone and Extends Mineralization in Three Directions

The Company's 2020/2021 drill campaign at the Filo del Sol Project concluded in May 2021, with a total of 11,280m of drilling completed in 15 holes during the field season. The program successfully intersected high-grade mineralization currently believed to be a feeder zone to the sizeable Filo del Sol deposit, and extended the deposit 360m to the east and 250m at depth, as well as the north-south expanse of continuous, known mineralization to a total distance of 4,500m. In addition, critical infill data has been collected, which will facilitate the Company's undertaking of an update to Filo del Sol's Mineral Resource estimate.

Select drillhole highlights include:

- FSDH041 returned 163m at 5.43% copper equivalent ("CuEq") (2.31% Cu; 2.07g/t Au; 183.0g/t Ag) from 780m depth within a broader interval of 858m at 1.80% CuEq (0.86% Cu; 0.70g/t Au; 48.1g/t Ag) from 188m depth. The hole ended in mineralization at a depth of 1,046.0m, with the final 20m averaging 1.19% CuEq (0.65% Cu; 0.72g/t Au; 2.3g/t Ag). FSDH041 hosts the longest high-grade intersection to date in what is currently interpreted to be one of the feeder zones to the high-sulphidation epithermal mineralization;
- FSDH046, the deepest hole drilled at Filo del Sol to date, returned 676m at 0.92% CuEq (0.57% Cu; 0.34g/t Au; 11.3g/t Ag) from a depth of 380m within a broader interval of 1,378m at 0.71% CuEq (0.45% Cu; 0.29g/t Au; 6.1g/t Ag) from a depth of 77.7m. It is to be noted that FSDH046, which reached a total depth of 1,570.7m, is entirely outside of the currently defined Mineral Resource;
- FSDH048 returned 352m at 1.16% CuEq (0.63% Cu; 0.64g/t Au; 6.7g/t Ag) from 498m depth within a broader interval of 1,081m at 0.88% CuEq (0.52% Cu; 0.43g/t Au; 5.3g/t Ag) from 38m depth. The hole ended in mineralization at a depth of 1,118.5m, with the final 20m averaging 0.57% CuEq (0.35% Cu; 0.29g/t Au; 0.58g/t Ag);
- FSDH049 returned 425.3m at 1.55% CuEq (0.42% Cu; 0.44g/t Au; 91.5g/t Ag); included within the long intercept, was the highest-grade silver intersection on the project to date, with 4m at 5,045.0 g/t Ag from a depth of 236m contained within a broader silver interval of 56m at 629.1 g/t Ag from a depth of 228m; and

- FSDH051, the most northerly hole drilled into the deposit to date, returned 344.0m at 0.50% CuEq (0.26% Cu; 0.21g/t Au; 9.4g/t Ag) from 246m and extended the mineralized zone by 750m to the north, outlining a 4,500m north-south strike of continuous mineralization.

Assay results from the Company's 2020/2021 drill campaign that were received during the second quarter of 2021, and up to the date of this MD&A, are summarized in the table below:

Hole-ID	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)	Ag (g/t)	CuEq ¹ (%)
FSDH037	118.0	134.0	16.0	0.39	0.45	4.8	0.76
plus	208.0	240.0	32.0	0.25	0.21	0.6	0.40
plus	380.0	882.0	502.0	0.41	0.13	27.8	0.75
incl.	380.0	484.0	104.0	0.19	0.07	119.9	1.30
incl.	396.0	404.0	8.0	0.21	0.09	473.0	4.44
FSDH041	188.0	1,046.0	858.0	0.86	0.70	48.1	1.80
incl.	376.0	1,046.0	670.0	1.07	0.85	60.9	2.23
incl.	780.3	943.3	163.0	2.31	2.07	183.0	5.43
incl.	780.3	864.0	83.7	3.13	2.40	272.2	7.27
FSDH045	118.0	142.0	24.0	0.19	0.35	6.8	0.50
plus	268.0	286.0	18.0	0.22	0.93	5.3	0.94
FSDH046	77.7	1,456.0	1,378.3	0.45	0.29	6.1	0.71
incl.	380.0	1,056.0	676.0	0.57	0.34	11.3	0.92
FSDH047	86.0	493.5	407.5	0.29	0.16	2.1	0.43
incl.	324.0	493.5	169.5	0.39	0.20	2.9	0.57
FSDH048	38.0	1,118.5	1,080.5	0.52	0.43	5.3	0.88
incl.	498.0	850.0	352.0	0.63	0.64	6.7	1.16
FSDH049	0.0	30.0	30.0	0.01	1.38	1.9	
plus	90.0	515.3	425.3	0.42	0.44	91.5	1.55
incl.	220.0	364.6	144.6	0.58	0.61	249.9	
incl.	228.0	284.0	56.0	0.67	0.51	629.1	
incl.	236.0	240.0	4.0	0.57	0.36	5,045.0	
FSDH050	276.0	476.8	200.8	0.26	0.28	16.2	0.60
incl.	329.2	356.0	26.9	0.49	0.34	7.8	0.81
and incl.	424.0	476.8	52.8	0.36	0.40	48.8	1.08
incl.	424.0	450.0	26.0	0.34	0.54	97.7	1.59
FSDH051	246.0	590.0	344.0	0.26	0.21	9.4	0.50
incl.	280.0	316.0	36.0	0.16	0.91	50.5	1.26
and incl.	376.0	530.0	154.0	0.41	0.14	5.03	0.56

¹ CuEq for drill intersections 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).

Assay results for 13 of the 15 holes drilled this season have now been released. The final two holes, FSDH052 and FSDH053, were stopped well short of target depths at 152m and 150m respectively, within the leached cap, and full assays for these holes will be released once they have been resumed and drilling is completed during the next drill phase. Drilling has now stopped for a short break while the Company prepares, winterizes and maintains the drills and camp facilities for continuous, year-round field operations, which are expected to resume before the end of August 2021.

CORPORATE UPDATE

Appointment of VP Corporate Development and Investor Relations

Effective June 7, 2021, Filo Mining appointed Mr. Trevor D'Sa as the Company's Vice President, Corporate Development and Investor Relations.

Mr. D'Sa is a mining finance professional with over 11 years of experience in capital markets and a focus on mergers and acquisitions, corporate strategy, and project development. He joins Filo Mining from a corporate development role at GT Gold Corp. ("GT"), following the acquisition by Newmont Corporation. Prior to joining GT, he held investment banking roles of increasing seniority focused on the metals and mining sector, most recently with Canaccord Genuity Corp. Mr. D'Sa holds a Bachelor of Commerce degree from the University of British Columbia, Canada and an MBA degree from the University of Cambridge, United Kingdom.

OUTLOOK AND CONTINUED RESPONSE TO COVID-19

Following the completion of its 2020/2021 drill campaign in May 2021, the Company is preparing for the resumption of drilling before the end of August 2021, which will lead into year-round field operations moving forward. Concurrently, the Company is finalizing its plans for the 2021/2022 season to follow up on the success of its most recent program, and core objectives will include, but are not limited to:

- Infill drilling, with early targeting of the FSDH041 high-grade zone;
- Exploration step-out drilling as the deposit remains open to the east, north and south, as well as at depth;
- Preliminary metallurgical testwork on the sulphide mineralization; and
- Continued environmental and social baseline work in support of future project permitting.

With the data generated through infill drilling, the Company plans to complete an update to Filo del Sol's Mineral Resource estimate, which will incorporate data from the deep holes drilled since 2019, including any additional holes completed this upcoming season prior to the update.

The Company's plans and timelines are subject to the Company being able to continue 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 recommence field operations by the end of August 2021 and undertake a substantial 2021/2022 field program, however, this expectation will be continuously evaluated as the situation with respect to the COVID-19 pandemic in Argentina develops.

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.

Three Months Ended	Jun-21	Mar-21	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19
Exploration costs (\$000's)	9,358	12,519	4,214	969	1,932	11,940	5,759	1,895
Operating loss (\$000's)	9,996	13,214	4,879	2,665	2,776	12,794	7,844	2,575
Net loss (\$000's)	4,793	10,431	3,271	2,510	1,262	11,836	8,038	3,105
Net loss per share, basic and diluted (\$)	0.04	0.09	0.03	0.02	0.01	0.13	0.09	0.04

Due to the geographic location of the Filo del Sol Project, the Company's business activities have historically fluctuated with the seasons, through increased drilling and other exploration activities during the summer months in South America. However, commencing with the three months ended June 30, 2021, the Company has been undertaking winterization efforts which may allow for continuous, year-round field operations potentially reducing this seasonal fluctuation in exploration expenditures moving forward. 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 net losses of \$4.8 million and \$15.2 million (2020: \$1.3 million and \$13.1 million), respectively, for the three and six months ended June 30, 2021, including respective operating losses of \$10.0 million and \$23.2 million (2020: \$2.8 million and \$15.6 million). Exploration and project investigation costs are generally the most significant expenditures of the Company and for the three and six months ended June 31, 2021, they accounted for approximately 94% of the operating losses for the respective periods (2020: 70% and 89%). 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 and six months ended June 30, 2021 were \$9.4 million and \$21.9 million (2020: \$1.9 million and \$13.9 million), respectively which increased relative to the 2020 comparative quarter. The increase in the current period exploration costs is primarily the result of the 2020/2021 drill program having been extended through to May 2021, whereas in the prior year, the 2019/2020 field program was curtailed in March 2020 as a result of growing COVID-19 concerns in Chile and Argentina at the time. In addition, the current 2021 periods include additional costs related to the implementation of the Company's COVID-19 operating protocol, which were not yet required in the 2020 comparative periods.

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 and six months ended June 30, 2021 totalled \$0.4 million and \$0.9 million (2020: \$0.5 million and \$1.0 million), respectively. 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 three and six months ended June 30, 2021, excluding share-based compensation, were lower with those of the respective 2020 comparative periods. Management fees have decreased for the three and six months ended June 30, 2021 due to a reduced corporate headcount following management changes in 2020. In addition, corporate travel and promotional costs were significantly reduced for the three and six months ended June 30, 2021 due to the ongoing curtailment of non-essential travel as a result of the COVID-19 pandemic. These decreases were partially offset by higher compensation costs for the three and six months ended June 30, 2021, which is due to the 2020 comparative periods reflecting temporary salary reductions voluntarily enacted by members of the Company's senior management team in light of global economic uncertainties following the declaration of the COVID-19 pandemic in March 2020. The voluntary salary reductions were lifted in August 2020.

During the three and six months ended June 30, 2021, the Company recognized a net monetary loss of \$232,699 and a net monetary gain of \$10,521 (2020: loss of \$80,819 and gain of \$143,993), respectively in relation to the application of hyperinflationary accounting for the Company's Argentine subsidiary, which began in 2018. The monetary gains and losses 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 and six months ended June 30, 2021, the Company recognized a gain of \$5.4 million and \$8.1 million (2020: \$1.8 million and \$2.5 million), respectively 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 and six months ended June 30, 2021, compared to the three and six months ended June 30, 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 \$36,761 and \$148,710 for the three and six months ended June 30, 2021 (2020: gain of \$5,092 and loss of \$140,435), respectively on translation of subsidiary company accounts from their functional currency to the Canadian dollar presentation currency. For the three and six months ended June 30, 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 and six months ended June 30, 2021, the impacts of hyperinflation amounted to a gain of \$376,425 and \$136,714 (2020: gains of \$63,637 and \$46,284), respectively, 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 June 30, 2021, the Company had cash of \$26.5 million and net working capital of \$24.3 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 offset primarily by \$5.5 million in gross proceeds received by the Company in relation to the exercise of stock options during the six months ended June 30, 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%.

During the six months ended June 30, 2021, the Company made no draws against this facility (2020: US\$800,000) and no amounts were outstanding as at June 30, 2021 (December 31 2020: \$nil). The July 2020 Facility matured on July 12, 2021, with no amounts drawn or owing. No interest was payable in cash during its term.

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, was 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:

	Three months ended		Six months ended	
	2021	June 30, 2020	2021	June 30, 2020
Management Services to Josemaria	90,152	271,442	190,544	591,890
Management Services to NGEx Minerals	94,230	112,978	183,699	245,369
Management Services from Josemaria	(55,346)	(71,740)	(97,411)	(200,925)
Management Services from NGEx Minerals	(206,720)	(101,950)	(341,023)	(257,342)
Legal services from BMJAL	-	(14,302)	-	(38,676)

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:

	Related Party	June 30, 2021	December 31, 2020
Receivables and other assets	Josemaria	26,705	-
Receivables and other assets	NGEx Minerals	7,590	11,752
Accounts payable and accrued liabilities	Josemaria	(17,081)	-
Accounts payable and accrued liabilities	NGEx Minerals	(5,806)	(5,850)

Camp usage agreement

On June 26, 2019, the Company, through its wholly-owned subsidiary, entered into a transaction with a wholly-owned subsidiary of Josemaria whereby the Company extended its right to use Josemaria's Batidero Camp in Argentina until at least April 1, 2021.

The agreement may be terminated with one year's prior notice by Josemaria, and the agreement may be renewed for another year at the Company's election. On April 27, 2021, Filo Mining provided formal notice of renewal to the Company for the period through April 1, 2022.

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:

	Three months ended		Six months ended	
	2021	June 30, 2020	2021	June 30, 2020
Salaries	224,500	167,625	437,000	353,875
Short-term employee benefits	6,443	6,694	13,194	13,389
Directors fees	33,879	24,250	65,629	48,500
Stock-based compensation	216,201	315,936	398,685	631,859
	481,023	514,505	914,508	1,047,623

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.

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 and six months ended June 30, 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 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 June 30, 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 June 30, 2021, are as follows:

	Total	Less than 1 year	1-5 years	More than 5 years
Accounts payable and accrued liabilities	2,744,070	2,744,070	-	-
Lease liabilities	2,511	2,511	-	-
Total	2,746,581	2,746,581	-	-

- (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 June 30, 2021, the Company's largest foreign currency risk exposures existed at the level of its Canadian headquarters, where the Company held a net financial asset position denominated in US dollars having a Canadian dollar equivalent of approximately \$0.5 million. A 10% change in the foreign exchange rate between the US dollar and the Canadian dollar, the functional currency of Filo Mining, would give rise to an increase/decrease of approximately \$51,000 in financial position/comprehensive loss.

OUTSTANDING SHARE DATA

As at August 13, 2021, the Company had 113,243,772 common shares outstanding and 6,997,832 share options outstanding under its share-based incentive plan.

FINANCIAL INFORMATION

The Company's next scheduled financial report will be for the three and nine months ended September 30, 2021, which is expected to be published on or around November 12, 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 annual information form, as filed on SEDAR at www.sedar.com as of July 9, 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, including a transition to year-round operations and the timing thereof; 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; the timing, size and scope of its next field program and the Company's ability to achieve the objectives thereof; the impact of the Company's winterization efforts at Filo del Sol, and whether such efforts will enable year-round operations and have adequately anticipated the challenges of winter operation, including but not limited to weather and potential supply chain disruptions; the timing or results of an upgrade to the Mineral Resources estimate at Filo del Sol, including the inputs used therein; 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. 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>	June 30, 2021	December 31, 2020
ASSETS			
Current assets:			
Cash		\$ 26,490,198	\$ 36,326,118
Receivables and other assets	4	588,152	810,243
		27,078,350	37,136,361
Non-current assets:			
Right-of-use asset		2,340	12,275
Taxes receivable	4	1,412,305	1,656,495
Mineral properties	5	8,635,401	8,857,401
		10,050,046	10,526,171
TOTAL ASSETS		37,128,396	47,662,532
LIABILITIES			
Current liabilities:			
Trade payables and accrued liabilities		2,744,070	4,097,835
Lease liabilities		2,511	13,013
TOTAL LIABILITIES		2,746,581	4,110,848
SHAREHOLDERS' EQUITY			
Share capital	7	174,223,004	166,119,611
Contributed surplus		7,726,767	9,763,491
Deficit		(145,917,905)	(130,693,363)
Accumulated other comprehensive loss		(1,650,051)	(1,638,055)
TOTAL SHAREHOLDERS' EQUITY		34,381,815	43,551,684
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 37,128,396	\$ 47,662,532

Subsequent Event (Note 6)

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>	Three months ended June 30,		Six months ended June 30,	
		2021	2020	2021	2020
Expenses					
Exploration and project investigation	9	\$ 9,358,070	\$ 1,932,294	\$ 21,876,808	\$ 13,872,404
General and administration:					
Salaries and benefits		259,642	193,746	496,585	468,118
Share-based compensation	8c	257,181	339,955	480,647	683,486
Management fees		32,025	50,100	64,050	100,200
Professional fees		28,438	16,978	52,008	76,112
Travel		173	786	173	12,992
Promotion and public relations		37,989	184,566	128,391	261,901
Office and general		22,649	57,820	111,358	94,955
Operating loss		9,996,167	2,776,245	23,210,020	15,570,168
Other expenses					
Financing costs		113	6,428	306	8,388
Net monetary loss (gain)	3	232,699	80,819	(10,521)	(143,993)
Gain on use of marketable securities	12	(5,435,881)	(1,783,579)	(8,053,657)	(2,526,769)
Other foreign exchange loss (gain)		1,397	(71,440)	79,779	(63,571)
Other expenses (recoveries)		(1,385)	253,734	(1,385)	253,734
Net loss		4,793,110	1,262,207	15,224,542	13,097,957
Other comprehensive loss					
Items that may be reclassified subsequently to net loss:					
Foreign currency translation adjustment		36,761	(5,092)	148,710	140,435
Impact of hyperinflation	3	(376,425)	(63,637)	(136,714)	(46,284)
Comprehensive loss		\$ 4,453,446	\$ 1,193,478	\$ 15,236,538	\$ 13,192,108
Basic and diluted loss per common share					
		\$ 0.04	\$ 0.01	\$ 0.14	\$ 0.15
Weighted average common shares outstanding					
		112,231,866	88,218,451	111,520,703	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>	Six months ended June 30, 2021	2020
Cash flows used in operating activities			
Net loss for the period		\$ (15,224,542)	\$ (13,097,957)
Items not involving cash:			
Share-based compensation	<i>8c</i>	586,379	884,270
Financing costs		306	8,388
Net monetary loss		470,695	71,939
Unrealized foreign exchange loss (gain)		28,796	(81,375)
Net changes in working capital items:			
Receivables and other		156,190	611,648
Trade payables and accrued liabilities		(960,277)	(1,589,103)
		(14,942,453)	(13,192,190)
Cash flows from (for) financing activities			
Repayment of lease liabilities		(10,388)	(46,927)
Drawdown of credit facilities		-	1,079,240
Proceeds from exercise of share options		5,480,290	-
		5,469,902	1,032,313
Cash flows for investing activities			
Mineral properties and related expenditures	<i>5</i>	-	(207,501)
		-	(207,501)
Effect of exchange rate change on cash			
		(363,369)	120,155
Decrease in cash during the period			
		(9,835,920)	(12,247,223)
Cash, beginning of period			
		\$ 36,326,118	\$ 13,753,440
Cash, end of period			
		\$ 26,490,198	\$ 1,506,217

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>	Number of Shares	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance, January 1, 2020		88,218,451	\$ 125,577,816	\$ 7,729,168	\$ (111,814,641)	\$ (1,368,233)	\$ 20,124,110
Share-based compensation		-	-	884,270	-	-	884,270
Net loss and other comprehensive loss		-	-	-	(13,097,957)	(94,151)	(13,192,108)
Balance, June 30, 2020		88,218,451	\$ 125,577,816	\$ 8,613,438	\$(124,912,598)	\$ (1,462,384)	\$ 7,816,272
Balance, January 1, 2021		110,770,770	\$ 166,119,611	\$ 9,763,491	\$(130,693,363)	\$ (1,638,055)	\$ 43,551,684
Share-based compensation	<i>8c</i>	-	-	586,379	-	-	586,379
Shares issued pursuant to stock option exercises	<i>8b</i>	2,406,336	8,103,393	(2,623,103)	-	-	5,480,290
Net loss and other comprehensive loss		-	-	-	(15,224,542)	(11,996)	(15,236,538)
Balance, June 30, 2021		113,177,106	\$ 174,223,004	\$ 7,726,767	\$(145,917,905)	\$ (1,650,051)	\$ 34,381,815

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 six months ended June 30, 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 NGEEx 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 San Juan Province, Argentina and Region III, 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 August 13, 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 six months ended June 30, 2021 and 2020
(Expressed in Canadian Dollars, unless otherwise stated)
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The Company recognized gains of \$376,425 and \$136,714, respectively, for the three and six months ended June 30, 2021 (2020: \$63,637 and \$46,284, respectively) 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 and six months ended June 30, 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 loss of \$232,699 during the three months ended June 30, 2021 (2020: \$80,819), and a net monetary gain of \$10,521 during the six months ended June 30, 2021 (2020: \$143,993), to adjust transactions recorded during the period into a measuring unit current as of June 30, 2021.

The level of the IPC at June 30, 2021 was 483.6 (December 31, 2020: 385.9), which represents an increase of approximately 25% over the IPC at December 31, 2020, and an approximate 15% increase over the average level of the IPC during the six months ended June 30, 2021.

4. RECEIVABLES AND OTHER ASSETS

	June 30, 2021	December 31, 2020
Current		
Taxes receivable	268,261	165,043
Other receivables	164,083	347,870
Prepaid expenses and deposits	155,808	297,330
	588,152	810,243
Non-current		
Taxes receivable	1,412,305	1,656,495
	1,412,305	1,656,495

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
For the six months ended June 30, 2021 and 2020
(Expressed in Canadian Dollars, unless otherwise stated)
(Unaudited)

5. MINERAL PROPERTIES

	Filo del Sol	Tamberias	Total
January 1, 2020	\$ 3,410,727	\$ 3,901,493	\$ 7,312,220
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
December 31, 2020	\$ 3,385,531	\$ 5,471,870	\$ 8,857,401
Adjustment for the impacts of hyperinflation	33,600	-	33,600
Effect of foreign currency translation	-	(255,600)	(255,600)
June 30, 2021	\$ 3,419,131	\$ 5,216,270	\$ 8,635,401

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 San Juan Province, Argentina and Region III, 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.

During the six months ended June 30, 2021, the Company made payments totaling US\$900,000 pursuant to the Option Amendments. As at June 30, 2021, the Company's total remaining payments were as follows:

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

Payment by:	Amount (US\$)
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
	15,250,000

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.

The July 2020 Facility matured on July 12, 2021, with no amounts drawn or owing. No interest was payable in cash during its term.

As consideration for the July 2020 Facility, Zebra received 480 common shares each month, for every US\$50,000 in principal outstanding, prorated accordingly for the number of days outstanding. All common shares issued in conjunction with the facilities are subject to a four-month hold period under applicable securities laws.

During the six months ended June 30, 2021, the Company made no draws against this facility (2020: US\$800,000) and no amounts were outstanding as at June 30, 2021 (December 31 2020: \$nil).

7. SHARE CAPITAL

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

8. SHARE OPTIONS

a) Share option plan

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

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

b) Share options outstanding

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

	Number of shares issuable pursuant to share options	Weighted average exercise price per share
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
Options granted	15,000	11.00
Exercised	(2,406,336)	2.28
Balance at June 30, 2021	7,064,498	\$ 2.32

The weighted average share price on the exercise date for the share options exercised during the six months ended June 30, 2021 was \$7.69.

On June 7, 2021, the Company granted a total of 15,000 share options to the newly appointed Vice President, Corporate Development and Investor Relations.

The Company uses the Black-Scholes option pricing model to estimate the fair value for all options granted and the resulting stock-based compensation. The weighted average assumptions used in this pricing model, and the resulting fair values per option, for the 15,000 share options granted during the six months ended June 30, 2021, were as follows:

(i)	Risk-free interest rate:	0.71%
(ii)	Expected life:	5 years
(iii)	Expected volatility:	65.58%
(iv)	Expected dividends:	nil
(v)	Fair value per option:	\$5.99

The following table details the share options outstanding and exercisable as at June 30, 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	1,363,333	4.13	\$1.91	396,667	4.13	\$1.91
\$2.00	1,169,500	0.43	\$2.00	1,169,500	0.43	\$2.00
\$2.20	1,570,000	2.12	\$2.20	1,570,000	2.12	\$2.20
\$2.50	1,183,333	1.21	\$2.50	1,183,333	1.21	\$2.50
\$2.75	1,763,332	3.28	\$2.75	1,026,666	3.28	\$2.75
\$11.00	15,000	4.94	\$11.00	5,000	4.94	\$11.00
	<u>7,064,498</u>	2.37	\$2.32	<u>5,351,166</u>	1.93	\$2.31

Filo Mining Corp.
Notes to Condensed Interim Consolidated financial statements
For the six months ended June 30, 2021 and 2020
(Expressed in Canadian Dollars, unless otherwise stated)
(Unaudited)

c) Share-based compensation

	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Exploration and project investigation	52,868	83,952	105,732	200,784
General and administration	257,181	339,955	480,647	683,486
	310,049	423,907	586,379	884,270

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 have historically fluctuated with the seasons, through increased drilling and other exploration activities during the summer months in South America. However, commencing with the three months ended June 30, 2021, the Company has been undertaking winterization efforts which may allow for continuous, year-round field operations potentially reducing this seasonal fluctuation in exploration expenditures moving forward.

Filo Mining Corp.
Notes to Condensed Interim Consolidated financial statements
For the six months ended June 30, 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:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Land holding and access costs	15,404	7,088	23,660	18,092
Drilling, fuel, camp costs and field supplies	4,319,737	557,805	11,635,646	7,289,363
Roadwork, travel and transport	1,473,781	182,788	2,677,229	1,693,805
Consultants, geochemistry and geophysics	287,557	208,014	521,583	779,884
Environmental and community relations	218,684	124,668	476,836	361,562
VAT and other taxes	1,495,852	251,870	3,784,371	2,378,814
Office, field and administrative salaries, overhead and other administrative costs	952,774	516,109	1,520,869	1,150,100
COVID-19-related health and safety	541,413	-	1,130,882	-
Share-based compensation	52,868	83,952	105,732	200,784
	9,358,070	1,932,294	21,876,808	13,872,404

Filo Mining Corp.
Notes to Condensed Interim Consolidated financial statements
For the six months ended June 30, 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, was 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:

	Three months ended		Six months ended	
	2021	June 30, 2020	2021	June 30, 2020
Management Services to Josemaria	90,152	271,442	190,544	591,890
Management Services to NGEx Minerals	94,230	112,978	183,699	245,369
Management Services from Josemaria	(55,346)	(71,740)	(97,411)	(200,925)
Management Services from NGEx Minerals	(206,720)	(101,950)	(341,023)	(257,342)
Legal services from BMJAL	-	(14,302)	-	(38,676)

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:

	Related Party	June 30, 2021	December 31, 2020
Receivables and other assets	Josemaria	26,705	-
Receivables and other assets	NGEx Minerals	7,590	11,752
Accounts payable and accrued liabilities	Josemaria	(17,081)	-
Accounts payable and accrued liabilities	NGEx Minerals	(5,806)	(5,850)

c) Camp usage agreement

On June 26, 2019, the Company, through its wholly-owned subsidiary, entered into a transaction with a wholly-owned subsidiary of Josemaria whereby the Company extended its right to use Josemaria's Batidero Camp in Argentina until at least April 1, 2021.

The agreement may be terminated with one year's prior notice by Josemaria, and the agreement may be renewed for another year at the Company's election. On April 27, 2021, Filo Mining provided formal notice of renewal to the Company for the period through April 1, 2022.

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(Unaudited)

d) 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:

	Three months ended		Six months ended	
	2021	June 30, 2020	2021	June 30, 2020
Salaries	224,500	167,625	437,000	353,875
Short-term employee benefits	6,443	6,694	13,194	13,389
Directors fees	33,879	24,250	65,629	48,500
Stock-based compensation	216,201	315,936	398,685	631,859
	481,023	514,505	914,508	1,047,623

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.

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(Unaudited)

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

As at		Filo del Sol Project	Corporate	Total
June 30, 2021	Current assets	5,111,689	21,966,661	27,078,350
	Right-of-use asset	2,340	-	2,340
	Tax receivable	1,412,305	-	1,412,305
	Mineral properties	8,635,401	-	8,635,401
	Total assets	15,161,735	21,966,661	37,128,396
	Current liabilities	2,582,458	164,123	2,746,581
December 31, 2020	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
	Total assets	13,923,913	33,738,619	47,662,532
	Current liabilities	3,854,243	256,605	4,110,848

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(Unaudited)

Three months ended June 30,		Filo del Sol Project	Corporate	Total
2021	Exploration and project investigation	9,358,070	-	9,358,070
	Gain on use of marketable securities	(5,435,881)	-	(5,435,881)
	General and administration and other items	232,699	638,222	870,921
	Net loss	4,154,888	638,222	4,793,110
	2020	Exploration and project investigation	1,932,294	-
	Gain on use of marketable securities	(1,783,579)	-	(1,783,579)
	General and administration and other items	(10,577)	1,124,069	1,113,492
	Net loss	138,138	1,124,069	1,262,207
Six months ended June 30,		Filo del Sol Project	Corporate	Total
2021	Exploration and project investigation	21,876,808	-	21,876,808
	Gain on use of marketable securities	(8,053,657)	-	(8,053,657)
	General and administration and other items	(10,521)	1,411,912	1,401,391
	Net loss	13,812,630	1,411,912	15,224,542
2020	Exploration and project investigation	13,872,404	-	13,872,404
	Gain on use of marketable securities	(2,526,769)	-	(2,526,769)
	General and administration and other items	(233,430)	1,985,752	1,752,322
	Net loss	11,112,205	1,985,752	13,097,957

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(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 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 and six months ended June 30, 2021, the Company realized net gains of \$5,435,881 and \$8,053,657, respectively (2020: \$1,783,579 and \$2,526,769, respectively). For the three months ended June 30, 2021, the net gain was comprised of a favorable foreign currency impact of \$6,591,080 (2020: \$2,032,760) and an incidental trading loss of \$1,155,199 (2020: \$249,182), including the impact of fees and commissions. For the six months ended June 30, 2021, the net gain was comprised of a favorable foreign currency impact of \$10,016,960 (2020: \$2,863,345) and an incidental trading loss of \$1,963,303 (2020: \$336,576), including the impact of fees and commissions.



CORPORATE DIRECTORY

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VP Exploration
Trevor D'Sa
VP Corporate Development & IR
Jeffrey Yip
Chief Financial Officer
Brenda Nowak
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