2021 THIRD QUARTER REPORT

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

For the Nine Months Ended September 30, 2021
(UNAUDITED)

FILO MINING CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE AND NINE MONTHS ENDED SEPTEMBER 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 nine months ended September 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 November 12, 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 ("Filo del Sol" or the "Filo del Sol Project"), which is comprised of two adjacent land holdings: the Filo del Sol property located in San Juan Province, Argentina, and the Tamberias property, located in Region III, Chile. The Filo del Sol Project is located between the prolific Maricunga and El Indio gold belts, two major mineralized trends that contain such deposits as Caspiche, La Coipa, Veladero, and El Indio. The region is a stable mining jurisdiction and hosts a number of large-scale mining operations. The project area is covered under the Mining Integration and Complementation Treaty between Chile and Argentina, which provides the framework for the development of cross border mining projects.

The Company has completed a pre-feasibility study ("PFS") on the Filo del Sol Project, with an effective date of January 13, 2019, which demonstrated the project's robust economic potential. The PFS, which was based only on the oxide portion of the current Mineral Resource and used prices of US$3.00/lb copper, US$1,300/oz gold, and US$20/oz silver, yielded an after-tax net present value ("NPV") of US$1.28 billion at a discount rate of 8%, and generated an internal rate of return 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 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 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, including hole FSDH041 which returned 163m at 5.43% copper equivalent ("CuEq") (2.31% Cu; 2.07g/t Au; 183.0g/t Ag) from a depth of 780m within a broader interval of 858m at 1.80% CuEq (0.86% Cu; 0.70g/t Au; 48.1g/t Ag) from a depth of 188m. This mineralization holds the potential to be transformative for the Filo del Sol Project, and further exploration thereof will be a strategic focus for the Company moving forward.

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.

THIRD QUARTER 2021 OPERATING HIGHLIGHTS AND OUTLOOK

Strong Final Assays Cap Off Successful 2020/2021 Drill Program

From July through August 2021, the Company received and reported on its final assays related to the 2020/2021 drill campaign undertaken at the Filo del Sol project, which concluded in May. The final results were highlighted by:

- Hole FSDH046, which returned the longest mineralized intersection at the project to date, confirming strong mineralization to over 1,400m below surface. The hole 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;

- Hole 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

- Hole FSDH051, which is 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, extending the mineralized zone by 750m to the north, outlining a 4,500m north-south strike of continuous mineralization.

These final assay results capped off an already transformational program for the Company, which featured the discovery of a significant new zone of high-grade copper, gold and silver mineralization in hole FDSDH041, but also extended the known mineralization of the deposit over a distance of approximately 4,500m north-south, 1,000m east-west and almost 1,500m deep. Complete assay results for the 2020/2021 drill program 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
FSDH040	94.0	211.5	117.5	0.45	0.29	2.4	0.69
incl.	94.0	120.0	26.0	1.15	0.28	2.3	1.37
FSDH041	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
FSDH042	262.0	310.0	48.0	0.00	1.01	0.7	
FSDH043	300.0	1,068.0	768.0	0.29	0.10	2.0	0.39
incl.	774.3	1,068.0	293.7	0.47	0.16	2.6	0.61
incl.	980.0	1,068.0	88.0	0.61	0.19	3.3	0.78
FSDH044	58.0	1,000.0	942.0	0.42	0.32	2.2	0.67
incl.	350.0	1,000.0	650.0	0.51	0.37	2.5	0.80
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.	302.0	1,456.0	1,154.0	0.50	0.32	7.1	0.80
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	3.22
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
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	5.0	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 related to the 2020/2021 drill campaign have now been released. The final two holes, FSDH052 and FSDH053, were stopped at 152m and 150m respectively, well short of target depths, and full assays for these holes will be released once they have been resumed and drilling is completed during the next drill phase.

Most Ambitious Drill Campaign in Project History Now Underway at Filo del Sol

Following camp winterization and maintenance efforts undertaken from June through to early August 2021, the Company commenced its 2021/2022 drill campaign at Filo del Sol in late August 2021 with three rigs, marking the earliest launch to a drill campaign in the project's history. The Company plans to add additional rigs and achieve continuous drilling with seven rigs active on the project throughout 2022. The Company's drilling plans are subject to equipment and staff availability, along with being able to operate safely and effectively in accordance with the Company's COVID-19 protocols. This will be the Company's most ambitious drill campaign ever, enabling it to rapidly define the deposit and advance key exploration efforts.

The initial holes will focus on the area around the high-grade zone intersected in hole FSDH041 and will seek to improve the Company's understanding of its geometry, extent and geological context. These initial holes will also serve as resource definition holes in the area between FSDH025 in the south and FSDH037 in the north.

In addition, the Company has also planned step-out holes the objective of which will be to find the edges of the deposit, which remains open to the north, south, east and at depth. The step-out drilling will be a combination of holes testing the sparsely drilled area north of FSDH037, the undrilled area north of FSDH051 and, eventually, the area south of the southern extent of the current Mineral Resource. Hole locations will be determined as the drill program progresses, guided by drill results, surface mapping, and geophysical interpretations. In particular, data collected from the drilling will be used to develop a comprehensive geological model which will guide further exploration and form the basis of eventual Mineral Resource estimates.

The Company also plans to undertake preliminary metallurgical testwork on the sulphide mineralization, as well as the continuation of environmental and social baseline data collection in support of future project permitting.

The Company's plans and timelines are subject to continued effective operation of its approved COVID-19 protocol. As a result of its current strategies, the Company is confident that it can safely and effectively carry out with its 2021/2022 field program, however, this expectation will be continuously evaluated as the situation with respect to the COVID-19 pandemic in Chile and Argentina develops.

CORPORATE UPDATE

Graduation to the Toronto Stock Exchange

The Company's common shares traded on the TSX Venture Exchange under the symbol "FIL" until September 30, 2021, at which point it was voluntarily delisted in order for the Company's common shares to trade on the Toronto Stock Exchange under the same symbol effective October 1, 2021.

Appointment to the Board of Directors

On October 19, 2021, the Company appointed Mr. Phil S. Brumit Sr. to its Board of Directors.

Mr. Brumit is a mining executive with over 40 years of experience in property evaluation, engineering, project management, construction, start-up and operations within the industry. His industry experience includes President of Freeport-McMoRan's African Division focused on the Tenke Fungurume Mine in the DRC, North American Manager of Operations for Newmont Corporation, and General Manager of Operations for PT Newmont Nusa Tenggara's Batu Hijau mine in Indonesia. Mr. Brumit currently serves as Executive VP Projects & Operations at Josemaria Resources Inc. ("Josemaria"). Prior to joining Josemaria, Mr. Brumit was President and Managing Director of Minera Candelaria, a subsidiary of Lundin Mining Corporation.

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	Sep-21	Jun-21	Mar-21	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19
Exploration costs ($000's)	8,696	9,358	12,519	4,214	969	1,932	11,940	5,759
Operating loss ($000’s)	11,798	9,996	13,214	4,879	2,665	2,776	12,794	7,844
Net loss ($000’s)	9,142	4,793	10,431	3,271	2,510	1,262	11,836	8,038
Net loss per share, basic and diluted ($)	0.08	0.04	0.09	0.03	0.02	0.01	0.13	0.09

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, from June 2021 to early August 2021, the Company completed winterization preparations which have allowed it to commence its exploration program in August 2021, prior to the end of winter in South America. These winterization efforts may also enable the Company to undertake 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 $9.1 million and $24.4 million (2020: $2.5 million and $15.6 million), respectively, for the three and nine months ended September 30, 2021, including respective operating losses of $11.8 million and $35.0 million (2020: $2.7 million and $18.2 million). Exploration and project investigation costs are generally the most significant expenditures of the Company and for the three and nine months ended September 30, 2021, they accounted for approximately 74% and 87% of the operating losses for the respective periods (2020: 36% and 81%). 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 nine months ended September 30, 2021 were $8.7 million and $30.6 million (2020: $1.0 million and $14.8 million), respectively, which increased relative to the 2020 comparative periods. The increases in the current period exploration costs are primarily the result of the 2020/2021 drill program having been extended through to May 2021, the undertaking of winterization efforts from June through to early August 2021, and the 2021/2022 drill program commencing in late August 2021. By comparison, for the comparative 2020 periods, 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, and no field activity was undertaken from then until November 2020 with the commencement of the 2020/2021 drill campaign. 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 nine months ended September 30, 2021 totalled $1.6 million and $2.5 million (2020: $0.9 million and $1.9 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 nine months ended September 30, 2021, excluding share-based compensation, were higher with those of the respective 2020 comparative periods. Most notably, the increases are due to larger incentive bonuses awarded by the Company to management and other key personnel during the three and nine months ended September 30, 2021, compared to the 2020 comparative periods, which have resulted in higher compensation costs.

During the three and nine months ended September 30, 2021, the Company recognized net monetary gains of $111,751 and a $122,272 (2020: $6,870 and $150,863), respectively, in relation to the application of hyperinflationary accounting for the Company's Argentine subsidiary, which began in 2018. The monetary gains recognized are the results of changes in the Argentine price indices and changes to the Company's net monetary position during the respective periods. Further discussion regarding the application of hyperinflationary accounting has been provided in the notes to the consolidated financial statements.

From time to time, the Company acquires and transfers marketable securities as a mechanism to facilitate intragroup funding transfers between its Canadian parent and its Argentine operating subsidiary. Accordingly, for the three and nine months ended September 30, 2021, the Company recognized a gain of $2.5 million and $10.6 million (2020: $0.2 million and $2.7 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 increases in the gains are the result of more funding provided to its Argentine subsidiary during the three and nine months ended September 30, 2021, compared to the three and nine months ended September 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 $395,822 and $544,532 for the three and nine months ended September 30, 2021 (2020: gain of $101,183 and loss of $39,252), respectively on translation of subsidiary company accounts from their functional currency to the Canadian dollar presentation currency. For the three and nine months ended September 30, 2021, the foreign exchange translation losses are primarily the result of fluctuations of the Canadian dollar relative to the Chilean peso over the respective periods. For the three and nine months ended September 30, 2021, the impacts of hyperinflation amounted to gains of $38,283 and $174,997 (2020: losses of $164,707 and $118,423), respectively, and consist of adjustments recognized on the continuing inflation of opening non-monetary balances during the respective periods and the ongoing translation of the Company's Argentine subsidiary into the Canadian dollar presentation currency.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2021, the Company had cash of $22.9 million and net working capital of $18.7 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 $6.9 million in gross proceeds received by the Company in relation to the exercise of stock options during the nine months ended September 30, 2021. The Company will continue to deploy the majority of its treasury to fund ongoing advancement of the Filo del Sol Project.

In July 2020, the Company obtained an unsecured US$5.0 million credit facility from Zebra Holdings and Investments S.à.r.l. ("Zebra') (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 nine months ended September 30, 2021, the Company made no draws against the July 2020 Facility (2020: US$1,000,000), and it 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 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 September 30,		Nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Management Services to Josemaria	35,222	179,658	225,766	771,548
Management Services to NGEx Minerals	164,856	94,582	348,555	339,951
Management Services from Josemaria	(2,023)	(59,647)	(99,434)	(260,572)
Management Services from NGEx Minerals	(97,133)	(72,599)	(438,156)	(329,941)
Legal services from BMJAL	-	-	-	(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	September 30, 2021	December 31, 2020
Receivables and other assets	Josemaria	238	-
Receivables and other assets	NGEx Minerals	14,585	11,752
Accounts payable and accrued liabilities	Josemaria	(6,007)	-
Accounts payable and accrued liabilities	NGEx Minerals	(10,079)	(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 September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Salaries	260,833	196,292	697,833	550,167
Short-term employee benefits	7,515	6,695	20,709	20,084
Directors' fees	39,150	24,250	104,779	72,750
Stock-based compensation	1,210,940	613,085	1,609,625	1,244,944
Incentive bonuses	1,030,000	540,000	1,030,000	540,000
	2,548,438	**1,380,322**	**3,462,946**	**2,427,945**

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 nine months ended September 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 September 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 September 30, 2021, are as follows:

	Total	**Less than 1 year**	**1-5 years**	**More than 5 years**
Accounts payable and accrued liabilities	4,645,790	4,645,790	-	-
Total	**4,645,790**	**4,645,790**	**-**	**-**

(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 September 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 $1.6 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 $157,000 in financial position/comprehensive loss.

OUTSTANDING SHARE DATA

As at November 12, 2021, the Company had 114,652,939 common shares outstanding and 6,640,665 share options outstanding under its share-based incentive plan.

FINANCIAL INFORMATION

The Company's next scheduled financial report will be for the year ending December 31, 2021, which is expected to be published on or around March 22, 2022.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures ("DC&P")

DC&P are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. They include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

There have not been any material changes in the Company's DC&P during the nine months ended September 30, 2021.

Internal controls over financial reporting ("ICFR")

The Company's ICFR are designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with IFRS. The Company's ICFR include policies and procedures that: pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS; that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Any system, no matter how well conceived or operated, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable, not absolute, assurance with respect to financial statement preparation and presentation and will not prevent all, or detect all, misstatements and frauds. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Management uses the Internal Control – Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organizations for the Treadway Commission (COSO) in order to assess the effectiveness of the Company's ICFR.

There have not been any material changes in the Company's internal controls during the nine months ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

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. Other than the additional items noted below, 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.

Ability to Achieve Year-round Operations

Between June and August 2021, the Company undertook winterization efforts to prepare its camp and facilities for year-round operations at the Filo del Sol Project moving forward. The ability to conduct year-round operations will allow the Company to better achieve its strategic objectives at Filo del Sol and/or achieve these objectives on an expedited basis.

To date the Company has not yet attempted to conduct field or drill programs through the South American winter, and there can be no assurances that the Company's preparation and winterization efforts have adequately anticipated, and safeguarded against, all the challenges of conducting exploration programs through winter in the high Andes. Risks and uncertainties associated with the Company's ability to achieve year-round operations include, but are not limited to, the nature, duration or extent of weather and other natural events and the availability of personnel, logistical support and key contractors to provide services in challenging winter conditions.

OFF-BALANCE SHEET ARRANGEMENTS

During the nine months ended September 30, 2021, and the year ended December 31, 2020, there were no material off-balance sheet transactions which have not been recorded in the Company's consolidated financial statements. The Company has not entered into any specialized financial arrangement to minimize its currency risk.

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 Chief Executive Officer and is also a Qualified Person under NI 43-101.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements made and information contained herein in the MD&A constitutes "forward-looking information" and "forward-looking statements" within the meaning of applicable securities legislation (collectively, "forward-looking information" or "forward-looking statements") concerning the business, operations, financial performance and condition of Filo Mining. The forward-looking information contained in this MD&A is based on information available to the Company as of the date of this MD&A. Except as required under applicable securities legislation, the Company does not intend, and does not assume any obligation, to update this forward-looking information. Generally, any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance, (often, but not always, identified by words or phrases such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "projects" , "estimates", "budgets", "scheduled", "forecasts", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events, conditions or results "will", "may", "could", "would", "should", "might" or "will be taken", "will occur" or "will be achieved" or the negative connotations thereof and similar expressions) are not statements of historical fact and may be forward-looking statements.

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

The Company believes that the expectations reflected in the forward-looking statements and information included in this MD&A are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements and information should not be unduly relied upon. This statement and information is as of the date of the MD&A. In particular, this MD&A contains forward-looking statements or information pertaining to the assumptions used in the PFS for the Filo del Sol Project, the assumptions used in the Mineral Reserves and Resources estimates for the Filo del Sol Project, including, but not limited to, geological interpretation, grades, metal price assumptions, metallurgical and mining recovery rates, geotechnical and hydrogeological conditions, as applicable; ability to develop infrastructure; assumptions made in the interpretation of drill results, geology, grade and continuity of mineral deposits; expectations regarding access and demand for equipment, skilled labour and services needed for exploration and development of mineral properties; and that activities will not be adversely disrupted or impeded by exploration, development, operating, regulatory, political, community, economic and/or environmental risks. In addition, this MD&A may contain forward-looking statements or information pertaining to: the Company's ability to resume FSDH052 and FSDH053, the timing of such resumption or the receipt and release of assay results related thereto; potential exploration results or anticipated outcomes of infill or step-out drilling planned at Filo del Sol; exploration and development plans and expenditures, including but not limited to its plans to add rigs to the 2021/2022 drill campaign, the sequencing or prioritization of drill targets, and a transition to year-round operations; 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 ultimate size and scope of its field programs 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 timelines; 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)

	Note	**September 30, 2021**	**December 31, 2020**
ASSETS			
Current assets:			
Cash		$ 22,936,096	$ 36,326,118
Receivables and other assets	*4*	410,666	810,243
		23,346,762	37,136,361
Non-current assets:			
Right-of-use asset		-	12,275
Taxes receivable	*4*	1,403,912	1,656,495
Mineral properties	*5*	8,284,862	8,857,401
		9,688,774	10,526,171
TOTAL ASSETS		33,035,536	47,662,532
LIABILITIES			
Current liabilities:			
Trade payables and accrued liabilities		4,645,790	4,097,835
Lease liabilities		-	13,013
TOTAL LIABILITIES		4,645,790	4,110,848
SHAREHOLDERS' EQUITY			
Share capital	*7*	176,384,694	166,119,611
Contributed surplus		9,072,305	9,763,491
Deficit		(155,059,663)	(130,693,363)
Accumulated other comprehensive loss		(2,007,590)	(1,638,055)
TOTAL SHAREHOLDERS' EQUITY		28,389,746	43,551,684
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 33,035,536	$ 47,662,532

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)

	Note	**Three months ended September 30, 2021**	**2020**	**Nine months ended September 30, 2021**	**2020**
Expenses					
Exploration and project investigation	*9*	$ 8,695,705	$ 969,051	$ 30,572,513	$ 14,841,455
General and administration:					
Salaries and benefits		1,372,642	830,383	1,869,227	1,298,501
Share-based compensation	*8c*	1,491,058	762,812	1,971,705	1,446,298
Management fees		32,025	39,880	96,075	140,080
Professional fees		52,223	12,774	104,231	88,886
Travel		4,520	-	4,693	12,992
Promotion and public relations		77,149	38,164	205,540	300,065
Office and general		72,787	11,842	184,145	106,797
Operating loss		11,798,109	2,664,906	35,008,129	18,235,074
Other expenses					
Financing costs		32	22,349	338	30,737
Net monetary gain	*3*	(111,751)	(6,870)	(122,272)	(150,863)
Gain on use of marketable securities	*12*	(2,536,856)	(168,638)	(10,590,513)	(2,695,407)
Other foreign exchange loss (gain)		(7,776)	(1,990)	72,003	(65,561)
Other expenses (recoveries)		-	-	(1,385)	253,734
Net loss		9,141,758	2,509,757	24,366,300	15,607,714
Other comprehensive loss					
Items that may be reclassified subsequently to net loss:					
Foreign currency translation adjustment		395,822	(101,183)	544,532	39,252
Impact of hyperinflation	*3*	(38,283)	164,707	(174,997)	118,423
Comprehensive loss		$ 9,499,297	$ 2,573,281	$ 24,735,835	$ 15,765,389
Basic and diluted loss per common share		$ 0.08	$ 0.02	$ 0.22	$ 0.17
Weighted average common shares outstanding		113,307,690	103,660,907	112,125,197	93,403,509

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)

	Note	**Nine months ended September 30, 2021**	**2020**
Cash flows used in operating activities			
Net loss for the period		$ (24,366,300)	$ (15,607,714)
Items not involving cash:			
Share-based compensation	*8c*	2,626,088	1,822,235
Financing costs		338	30,737
Net monetary loss		503,437	71,939
Unrealized foreign exchange loss (gain)		28,249	(52,914)
Net changes in working capital items:			
Receivables and other		338,867	705,932
Trade payables and accrued liabilities		1,014,301	(2,486,648)
		(19,855,020)	(15,516,433)
Cash flows from (for) financing activities			
Proceeds from equity financings, net		-	40,507,116
Drawdown of credit facilities		-	1,350,960
Repayment of credit facilities		-	(1,349,900)
Share issuance from option exercise		6,947,809	-
Repayment of lease liabilities		(12,738)	(55,428)
		6,935,071	40,452,748
Cash flows for investing activities			
Mineral properties and related expenditures	*5*	-	(207,501)
		-	(207,501)
Effect of exchange rate change on cash		(470,073)	90,628
Increase (decrease) in cash during the period		(13,390,022)	24,819,442
Cash, beginning of period		$ 36,326,118	$ 13,753,440
Cash, end of period		$ 22,936,096	$ 38,572,882

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)

	Note	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		-	-	1,822,235	-	-	1,822,235
Shares issued pursuant to the equity financings		22,538,235	41,695,735	-	-	-	41,695,735
Share issuance costs		-	(1,188,619)	-	-	-	(1,188,619)
Shares issued pursuant to credit facilities		14,084	27,379	-	-	-	27,379
Net loss and other comprehensive loss		-	-	-	(15,607,714)	(157,675)	(15,765,389)
Balance, September 30, 2020		**110,770,770**	**$ 166,112,311**	**$ 9,551,403**	**$(127,422,355)**	**$ (1,525,908)**	**$ 46,715,451**
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	*8c*	-	-	2,626,088	-	-	2,626,088
Shares issued pursuant to stock option exercises	*8b*	3,030,537	10,265,083	(3,317,274)	-	-	6,947,809
Net loss and other comprehensive loss		-	-	-	(24,366,300)	(369,535)	(24,735,835)
Balance, September 30, 2021		**113,801,307**	**$ 176,384,694**	**$ 9,072,305**	**$(155,059,663)**	**$ (2,007,590)**	**$ 28,389,746**

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

1. NATURE OF OPERATIONS

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

The Company's principal business activities are the exploration and development of the Filo del Sol and Tamberias properties, which are comprised of adjacent mineral titles in 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 traded on the TSX Venture Exchange under the symbol "FIL" until September 30, 2021, at which point it was voluntarily delisted in order for the Company's common shares to trade on the Toronto Stock Exchange under the same symbol effective October 1, 2021. In addition, the Company's common shares trade on 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 November 12, 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 hyperinflation 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.

(Expressed in Canadian Dollars, unless otherwise stated)

The Company recognized gains of $38,283 and $174,997, respectively, for the three and nine months ended September 30, 2021 (2020: losses of $164,707 and $118,423, respectively) in relation to the impact of hyperinflation within other comprehensive income, which is primarily the result of continued inflation, and 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 nine months ended September 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 net monetary gains of $111,751 and $122,272, respectively, for the three and nine months ended September 30, 2021 (2020: gains of $6,870 and $150,863, respectively), to adjust transactions recorded during the period into a measuring unit current as of September 30, 2021.

The level of the IPC at September 30, 2021 was 528.5 (December 31, 2020: 385.9), which represents an increase of approximately 37% over the IPC at December 31, 2020, and an approximate 13% increase over the average level of the IPC during the nine months ended September 30, 2021.

4. RECEIVABLES AND OTHER ASSETS

	September 30, 2021	**December 31, 2020**
Current		
Taxes receivable	26,443	165,043
Other receivables	79,688	347,870
Prepaid expenses and deposits	304,535	297,330
	410,666	**810,243**
Non-current		
Taxes receivable	1,403,912	1,656,495
	1,403,912	**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.

(Expressed in Canadian Dollars, unless otherwise stated)

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	76,770	-	76,770
Effect of foreign currency translation	-	(649,309)	(649,309)
September 30, 2021	**$ 3,462,301**	**$ 4,822,561**	**$ 8,284,862**

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

(Expressed in Canadian Dollars, unless otherwise stated)

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 July 2020, the Company obtained an unsecured US$5.0 million credit facility (the "July 2020 Facility") from Zebra Holdings and Investments S.à.r.l ("Zebra"), a related party of the Company by virtue of its shareholding in the Company in excess of 20%. In addition, Zebra reports its security holdings in the Company as a joint actor, as the term is defined by Canadian securities regulations, with Lorito Holdings S.à.r.l. ("Lorito"), and at the time of entering into the July 2020 Facility they collectively held more than 20% of the Company's issued and outstanding common shares.

As consideration for the July 2020 Facility, Zebra received 480 common shares each month, for every US$50,000 in principal outstanding, prorated accordingly for the number of days outstanding.

During the nine months ended September 30, 2021, the Company made no draws against this facility (2020: US$1,000,000) and it matured on July 12, 2021 with no amounts drawn or owing. No interest was payable in cash during its term.

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.

(Expressed in Canadian Dollars, unless otherwise stated)

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	1,067,000	8.98
Exercised	(3,030,537)	2.29
Balance at September 30, 2021	7,492,297	$ 3.25

The weighted average share price on the exercise date for the share options exercised during the nine months ended September 30, 2021 was $7.79.

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 at an exercise price of $11.00 per share. In addition, on August 18, 2021, the Company granted a total of 1,052,000 share options to the officers, employees, directors and other eligible persons at an exercise price of $8.95 per share.

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 1,067,000 share options granted during the nine months ended September 30, 2021, were as follows:

(i)	Risk-free interest rate:	0.71%
(ii)	Expected life:	4.0 years
(iii)	Expected volatility:	61.03%
(iv)	Expected dividends:	nil
(v)	Fair value per option:	$4.19

(Expressed in Canadian Dollars, unless otherwise stated)

The following table details the share options outstanding and exercisable as at September 30, 2021:

	Outstanding options			Exercisable options		
Exercise prices	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	1,258,333	3.88	$1.91	775,001	3.88	$1.91
$2.00	1,030,200	0.18	$2.00	1,030,200	0.18	$2.00
$2.20	1,406,100	1.87	$2.20	1,406,100	1.87	$2.20
$2.50	1,128,333	0.95	$2.50	1,128,333	0.95	$2.50
$2.75	1,609,998	3.03	$2.75	873,332	3.03	$2.75
$8.95	1,044,333	4.88	$8.95	343,001	4.88	$8.95
$11.00	15,000	4.69	$11.00	5,000	4.69	$11.00
	7,492,297	2.51	$3.25	5,560,967	2.02	$2.69

c) Share-based compensation

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Exploration and project investigation	548,651	175,153	654,383	375,937
General and administration	1,491,058	762,812	1,971,705	1,446,298
	2,039,709	**937,965**	**2,626,088**	**1,822,235**

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 in June 2021, the Company has undertaken winterization efforts which may allow for continuous, year-round field operations potentially reducing this seasonal fluctuation in exploration expenditures moving forward.

(Expressed in Canadian Dollars, unless otherwise stated)

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

	Three months ended September 30,		**Nine months ended September 30,**	
	2021	**2020**	**2021**	**2020**
Land holding and access costs	91,392	8,675	115,052	26,767
Drilling, fuel, camp costs and field supplies	3,077,011	113,582	14,712,657	7,402,945
Roadwork, travel and transport	1,437,100	14,539	4,114,329	1,708,344
Consultants, geochemistry and geophysics	259,937	42,474	781,520	822,358
Environmental and community relations	133,770	29,197	610,606	390,759
VAT and other taxes	1,448,134	68,851	5,232,505	2,447,665
Office, field and administrative salaries, overhead and other administrative costs	1,190,001	516,580	2,710,870	1,666,680
COVID-19-related health and safety	509,709	-	1,640,591	-
Share-based compensation	548,651	175,153	654,383	375,937
	8,695,705	**969,051**	**30,572,513**	**14,841,455**

(Expressed in Canadian Dollars, unless otherwise stated)

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 September 30,		Nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Management Services to Josemaria	35,222	179,658	225,766	771,548
Management Services to NGEx Minerals	164,856	94,582	348,555	339,951
Management Services from Josemaria	(2,023)	(59,647)	(99,434)	(260,572)
Management Services from NGEx Minerals	(97,133)	(72,599)	(438,156)	(329,941)
Legal services from BMJAL	-	-	-	(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	September 30, 2021	December 31, 2020
Receivables and other assets	Josemaria	238	-
Receivables and other assets	NGEx Minerals	14,585	11,752
Accounts payable and accrued liabilities	Josemaria	(6,007)	-
Accounts payable and accrued liabilities	NGEx Minerals	(10,079)	(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.

(Expressed in Canadian Dollars, unless otherwise stated)

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 September 30,		Nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Salaries	260,833	196,292	697,833	550,167
Short-term employee benefits	7,515	6,695	20,709	20,084
Directors' fees	39,150	24,250	104,779	72,750
Stock-based compensation	1,210,940	613,085	1,609,625	1,244,944
Incentive bonuses	1,030,000	540,000	1,030,000	540,000
	2,548,438	**1,380,322**	**3,462,946**	**2,427,945**

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. All 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.

(Expressed in Canadian Dollars, unless otherwise stated)

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
September 30, 2021	Current assets	5,048,987	18,297,775	23,346,762
	Tax receivable	1,403,912	-	1,403,912
	Mineral properties	8,284,862	-	8,284,862
	Total assets	14,737,761	18,297,775	33,035,536
	Current liabilities	3,532,877	1,112,913	4,645,790
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

(Expressed in Canadian Dollars, unless otherwise stated)

Three months ended September 30,		**Filo del Sol Project**	**Corporate**	**Total**
2021	Exploration and project investigation	8,695,705	-	8,695,705
	Gain on use of marketable securities	(2,536,856)	-	(2,536,856)
	General and administration and other items	(111,751)	3,094,660	2,982,909
	Net loss	6,047,098	3,094,660	9,141,758
2020	Exploration and project investigation	969,051	-	969,051
	Gain on use of marketable securities	(168,638)	-	(168,638)
	General and administration and other items	33,012	1,676,332	1,709,344
	Net loss	833,425	1,676,332	2,509,757

Nine months ended September 30,		**Filo del Sol Project**	**Corporate**	**Total**
2021	Exploration and project investigation	30,572,513	-	30,572,513
	Gain on use of marketable securities	(10,590,513)	-	(10,590,513)
	General and administration and other items	(122,272)	4,506,572	4,384,300
	Net loss	19,859,728	4,506,572	24,366,300
2020	Exploration and project investigation	14,841,455	-	14,841,455
	Gain on use of marketable securities	(2,695,407)	-	(2,695,407)
	General and administration and other items	(200,418)	3,662,084	3,461,666
	Net loss	11,945,630	3,662,084	15,607,714

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, 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. Accordingly, 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 nine months ended September 30, 2021, the Company realized net gains of $2,536,856 and $10,590,513, respectively (2020: $168,638 and $2,695,407, respectively). For the three months ended September 30, 2021, the net gain was comprised of a favorable foreign currency impact of $3,025,773 (2020: $174,209) and an incidental trading loss of $488,917 (2020: $5,571), including the impact of fees and commissions. For the nine months ended September 30, 2021, the net gain was comprised of a favorable foreign currency impact of $13,042,733 (2020: $3,037,554) and an incidental trading loss of $2,452,220 (2020: $342,147), including the impact of fees and commissions.

CORPORATE DIRECTORY

OFFICERS
Jamie Beck
President & CEO
Robert Carmichael
VP Exploration
Trevor D'Sa
VP Corporate Development & IR
Jeffrey Yip
Chief Financial Officer

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

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: +1 604 689-7842
Fax: +1 604 689-4250

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 & Nasdaq First North
Growth Market: FIL
OTCQX: FLMMF
CUSIP No.: 31730E101
ISIN: CA31730E1016