

Second Quarter Report June 30, 2018

FILO MINING CORP. MANAGEMENT'S DISCUSSION AND ANALYSIS THREE AND SIX MONTHS ENDED JUNE 30, 2018

(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 three and six months ended June 30, 2018 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. The effective date of this MD&A is August 9, 2018. 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.

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

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

CORE BUSINESS

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

As of the date of this MD&A, the Filo del Sol Project has a preliminary economic assessment ("PEA"), effective as of November 6, 2017, which shows a positive preliminary economic analysis, highlighted by an after-tax net present value ("NPV") of US\$ 705 million at a discount rate of 8%, and an internal rate of return ("IRR") of 23%, with positive valuation maintained across a wide range of sensitivities on key assumptions. The Company is currently undertaking a pre-feasibility study ("PFS") on the Filo del Sol Project for planned completion by the first quarter of 2019, which is expected to further confirm the economic potential of the project.

The technical information relating to the PEA is based on a technical report titled "Independent Technical Report for a Preliminary Economic Assessment on the Filo del Sol Project, Region III, Chile and San Juan Province, Argentina" dated December 18, 2017, with an effective date of November 6, 2017 (the "Technical Report"), which was prepared for Filo Mining by SRK Consulting (Canada) Inc ("SRK"). The Qualified Persons, as defined under NI 43-101, responsible for the Technical Report are Fionnuala Devine, P. Geo., Merlin Geosciences Inc., Carl E. Defilippi, RM SME, Kappes, Cassiday & Associates, Giovanni Di Prisco, PhD., P.Geo., Terra Mineralogical Services Inc., James N. Gray, P.

Geo., Advantage Geoservices Limited, Robert McCarthy, P. Eng., SRK, Cameron Scott, P. Eng., SRK, and Neil Winkelmann, FAusIMM, SRK, 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.sedar.com and <a href="https:

The Company's recently updated Mineral Resource estimate for the Filo del Sol Project, effective as of June 11, 2018, is comprised of 425.1 million tonnes at 0.33% copper, 0.32 g/t gold and 10.7 g/t silver, containing 3.1 billion pounds of copper, 4.4 million ounces of gold and 146.9 million ounces of silver in the Indicated category, and an Inferred Mineral Resource estimate of 175.1 million tonnes at 0.27% copper, 0.33 g/t gold and 6.2 g/t silver for 1.1 billion pounds of copper, 1.8 million ounces of gold and 34.8 million ounces of silver. The updated Mineral Resource estimate will form the basis of the PFS currently in progress. For further information concerning the updated Mineral Resource estimate for the Filo del Sol Project, please refer to the Company's news release dated August 8, 2018 available under the Company's profile on SEDAR at www.sedar.com.

The Company's strategy is to create value for its shareholders by expanding and increasing the quality of the resources at the Filo del Sol Project and by completing 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 Filo del Sol Project continues to hold significant exploration potential, with less than 20% of the project area explored to date.

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 2018 OPERATING HIGHLIGHTS

Following completion of an extensive field and drill program at the Filo del Sol Project at the end of March 2018, the Company focused on advancing samples collected through testing and analysis during the second quarter. The complete assay results of this program, which consisted of 9,411 metres in 31 reverse circulation ("RC") holes and 9 diamond drill holes, were received during the second quarter of 2018 and were highlighted by:

Hole ID	Drill Hole Intersection	Purpose
VRC135	20 metres @ 0.54% Cu, 0.96 g/t Au, 208.0 g/t Ag	Resource conversion
VRC152	38 metres @ 0.33% Cu, 0.28 g/t Au, 313.6 g/t Ag	Resource conversion
VRC155	50 metres @ 0.56% Cu, 0.50 g/t Au, 236.4 g/t Ag	Resource conversion
VRC163	180m @ 0.54% Cu, 0.40 g/t Au, 3.0 g/t Ag (including 64m @ 1.10% Cu, 0.69 g/t Au, 1.8 g/t Ag)	Resource conversion
VRC164	126m @ 0.65% Cu, 0.82 g/t Au, 54.6 g/t Ag (including 68m @ 0.74% Cu, 1.34 g/t Au, 100.1 g/t Ag)	Resource conversion
FSDH017A	88m @ 0.95% Cu, 0.19 g/t Au, 43.4 g/t Ag	Resource conversion and addition
FSDH021	141m @ 0.98% Cu, 0.30 g/t Au, 56.7 g/t Ag	Infill and metallurgy
FSDH022	130m @ 1.25% Cu, 0.28 g/t Au, 1.5 g/t Ag; (including 26m @ 4.98% Cu, 0.30 g/t Au, 0.7 g/t Ag)	Infill and geotechnical
FSDH023	72m @ 1.02% Cu, 0.26 g/t Au, 108.5 g/t Ag; (including 12m @ 1.24% Cu, 0.36 g/t Au, 628.8 g/t Ag)	Infill and metallurgy

Based on the complete assay results from the 2017/2018 field program, the Company successfully updated the Mineral Resource estimate for the Filo del Sol Project with an effective date of June 11, 2018. The Mineral Resource update is highlighted by a significant increase in the Indicated Resource tonnes and contained metals, which accomplishes a key objective of the Company's 2017/2018 drill program. These increases are summarized as follows:

- Total Indicated Resource tonnes increased by 14% to 425.1 million tonnes;
- Total Indicated contained gold in all zones increased by 12% to 4.4 million ounces;
- Total Indicated contained copper in all zones increased by 12% to 3.1 billion pounds; and
- Total Indicated contained silver in all zones increased by 34% to 147 million ounces.

This resource update replaces the resource estimate released on August 21, 2017 and is comprised of four distinct mineral zones: an uppermost gold oxide ("AuOx") zone, a copper-god oxide ("CuAuOx") zone, and a silver zone, all of which is underlain by a copper-gold sulphide ("Sulphide") zone. The updated Mineral Resource estimate, segregated by zone, is summarized in the following table.

Zone	Cutoff	Catagoni	Tonnes	Cu	Au	Ag	lbs Cu	Ounces Au	Ounces Ag
Zone	Cuton	Category	(millions)	(%)	(g/t)	(g/t)	(millions)	(thousands)	(thousands)
AuOx	0.20 g/t Au	Indicated	49.9	0.04	0.42	3.0	45	679	4,810
Auox	0.20 g/ t Au	Inferred	20.8	0.08	0.34	2.4	35	226	1,580
CuAuOx	0.15 % CuEq	Indicated	259.2	0.38	0.29	2.7	2,166	2,385	22,500
CUAUOX	0.15 % CuEq	Inferred	74.3	0.29	0.31	2.1	481	735	5,040
Ag	20 g/t Ag	Indicated	40.5	0.50	0.43	87.6	446	562	114,180
Ag	20 g/ t Ag	Inferred	8.8	0.36	0.43	79.3	70	121	22,400
Sulphide	0.30 % CuEq	Indicated	75.5	0.27	0.34	2.2	451	813	5,370
Sulplifide	0.50 % CuEq	Inferred	71.2	0.30	0.33	2.5	470	750	5,740
	Total	Indicated	425.1	0.33	0.32	10.7	3,108	4,439	146,860
	TOtal	Inferred	175.1	0.27	0.33	6.2	1,056	1,832	34,760

^{1 –} CuAuOx copper equivalent (CuEq) assumes metallurgical recoveries of 82% for copper, 55% for gold and 71% for silver based on preliminary metallurgical testwork, and metal prices of US\$3/lb copper, US\$1300/oz gold, US\$20/oz silver. The CuEq formula is: CuEq=Cu+Ag*0.0084+Au*0.4239; 2 – Sulphide copper equivalent (CuEq) assumes metallurgical recoveries of 84% for copper, 70% for gold and 77% for silver based on similar deposits, as no metallurgical testwork has been done the Sulphide mineralization, and metal prices of US\$3/lb copper, US\$1300/oz gold, US\$20/oz silver. The CuEq formula is: CuEq=Cu+Aq*0.0089+Au*0.5266;

The updated Mineral Resource estimate will form the basis of the PFS, which is currently underway. For further information concerning the updated Mineral Resource estimate for the Filo del Sol Project, please refer to the Company's news release dated August 8, 2018 available under the Company's profile on SEDAR at www.sedar.com.

Diamond drilling completed during the 2017/2018 field program, as well as surface trenching, also provided samples for geotechnical and metallurgical testwork, which will form an integral part of the PFS on the Filo del Sol Project. The PFS metallurgical testwork program is being carried out at SGS Minerals Services' lab in Lakefield, Ontario and commenced in early April, 2018.

OUTLOOK

The Company's main focus for the remainder of 2018 will be the completion of the PFS, which is being led by Ausenco Engineering Canada Inc. and is targeted for completion by the first quarter of 2019. The PFS will incorporate the updated Mineral Resource estimate and will explore several opportunities to enhance value at the Filo del Sol Project, as identified in the PEA, including:

³ – The Qualified Person for the resource estimate is James N. Gray, P.Geo. of Advantage Geoservices Ltd.;

⁴ – All figures are rounded to reflect the relative accuracy of the estimate;

⁵ – Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability;

⁶ – The resource was constrained by a Whittle* pit shell using the following parameters: Cu \$3/lb, Ag \$20/oz, Au \$1300/oz, slope of 45°, a mining cost of \$2.50/t and an average process cost of \$13.26/t.

- Evaluating processing methods to take advantage of the fast leach kinetics noted in the metallurgical testwork completed to date, which could increase metals recoveries throughout the zones. If successful, this could lead to a smaller operating footprint, could eliminate the permanent copper and on/off leach pads and their associated materials handling systems, and saving on operating costs associated with these installations;
- Evaluating opportunities to optimize the mine plan and production schedules by smoothing out the production profile and bringing forward copper revenues; and
- Increasing metallurgical recoveries with further test work and optimization.

The analysis of alternative processing options and refinement of metallurgical recoveries began in April 2018 and is ongoing, using material collected during the 2017/2018 field program from diamond drill holes and surface trenches. The results of this current phase of metallurgical testwork are expected to be available in the third quarter of 2018.

With the recently updated Mineral Resource estimate for the Filo del Sol Project, a PFS currently underway on the same, and a treasury of \$8.1 million at June 30, 2018, the Company is well positioned to continue advancing its work at, and understanding of, its flagship Filo del Sol Project. The results of the PFS will guide the direction taken by the Company with respect to the Filo del Sol Project and may lead to further advanced studies of the Project.

RESULTS FROM OPERATIONS

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

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

Three Months Ended	Jun-18	Mar-18	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16	Sep-16 ¹
Exploration costs (\$000's)	3,595	13,132	3,605	1,227	1,257	8,930	4,403	457
Operating loss (\$000's)	4,433	14,626	4,564	2,538	2,042	9,565	5,379	858
Net loss (\$000's)	4,446	14,389	4,580	2,549	2,053	9,513	5,297	860
Net loss per share, basic and diluted (\$)	0.06	0.22	0.07	0.04	0.03	0.15	0.09	0.02

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

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

Filo Mining incurred net losses of \$4.4 million and \$18.8 million (2017: \$2.1 million and \$11.6 million), respectively, for the three and six months ended June 30, 2018. Exploration and project investigation costs are the most significant expenditures of the Company and account for approximately 81% and 89% (2017: 61% and 88%) of the net loss, respectively, during the three and six months ended June 30, 2018. 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, 2018, were \$3.6 million and \$16.7 million, respectively, which exceeded the comparative periods (2017: \$1.3 million and \$10.2 million). This increase is due to the execution of a larger exploration program during the 2017/2018 exploration season to generate and collect data in support of the PFS currently underway on the Filo del Sol Project. Detailed breakdowns of exploration costs for the three and six months ended June 30, 2018 and 2017, 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, 2018 were \$0.5 million and \$1.7 million (2017: \$0.6 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.

Compensation costs were lower for the three months ended June 30, 2018 and higher for the six months ended June 30, 2018, against their respective 2017 comparative periods primarily due to the timing and relative size of management incentive bonuses. In 2017, relatively smaller incentive payments were made during the second quarter, whereas in 2018 relatively larger awards were made during March. The higher compensation costs for the six months ended June 30, 2018 also reflect the addition of Mr. Adam Lundin as the Company's full-time President and CEO in September 2017. In addition, travel and promotion costs incurred during the three and six months ended June 30, 2018 were higher than those incurred during the 2017 comparative periods as a result of additional promotional activities, particularly those undertaken the first quarter of 2018 in relation to the tandem equity offerings, which closed in February 28, 2018, and yielded aggregate gross proceeds of \$25.5 million (the "Financings").

During the six months ended June 30, 2018, the Company also reported a gain of \$0.4 million in connection with the disposal of mineral properties. On February 21, 2018, the Company transferred its 100% interest in certain non-core mining concessions located in San Juan Province, Argentina to NGEx, and also granted NGEx an option to acquire a 100% interest in additional non-core mining concessions, in exchange for total cash consideration of \$65,000 and non-cash consideration with an estimated fair value of \$358,000. Further details of the transaction can be found under the Related Party Transactions section below.

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 foreign exchange translation losses of \$532,000 and \$313,000 (2017: \$73,000 and \$228,000), respectively, for the three and six months ended June 30, 2018, on translation of subsidiary company accounts from their functional currency to the Canadian dollar presentation currency. This is principally the result of fluctuations of the Canadian dollar relative to the Chilean peso and Argentine peso during the respective periods. Of particular note, the Argentine peso devalued by approximately 29% and 33% for the three and six months ended June 30, 2018, respectively.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2018, the Company had cash of \$8.1 million and net working capital of \$7.5 million, compared to cash of \$2.4 million and net working capital of \$1.5 million, as at December 31, 2017. The increase in the Company's cash and net working capital is due primarily to aggregate net proceeds totaling \$24.4 million received from the Financings, which closed on February 28, 2018. This cash inflow has been partially offset by funds directed towards advancing the Filo del Sol Project, and to a lesser extent, \$0.5 million in relation to the annual option payment made for the Tamberias property in June 2018, funds spent for general corporate purposes and repayment of a short-term credit facility used by the Company prior to closing of the Financings.

Moving forward, the Company expects that the majority of its treasury will be used to complete the PFS, which is currently underway, and to fund ongoing work programs to advance the Filo del Sol Project.

RELATED PARTY TRANSACTIONS

Related party services

The Company has a cost sharing arrangement with NGEx, a related party by way of directors, officers and shareholders in common. Under the terms of this arrangement, the Company provides executive management, technical exploration and exploration support services to NGEx, and NGEx provides technical advisory and administrative services to the Company. In addition, the Company engages Bofill Mir & Alvarez Jana Abogados Ltda. ("BMJAL"), a Chilean legal firm, of which a director of the Company is a partner. These transactions were incurred in the normal course of operations, and are summarized as follows:

	Three mon	ths ended	Six mo	nths ended
		June 30,		June 30,
	2018	2017	2018	2017
Executive management, technical exploration and exploration support services to NGEx Technical advisory and administrative services	160,608	392,814	333,125	719,988
from NGEx	(177,513)	(10,306)	(359,261)	(20,613)
Legal services from BMJAL	15,780	3,441	32,020	31,696

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:

		June 30,	December 31,
	Related Party	2018	2017
Receivables and other assets	NGEx	179,312	366,435
Accounts payable and accrued liabilities	NGEx	(193,527)	(93,617)
Accounts payable and accrued liabilities	BMJAL	-	(23,135)

Disposal of mineral properties

On February 21, 2018, the Company, through its wholly-owned subsidiary, closed a transaction with two wholly-owned subsidiaries of NGEx, whereby the Company transferred its 100% interest in certain non-core mining concessions (the "Primary Properties") to NGEx and granted NGEx an option to acquire a 100% interest in additional non-core mining concessions (the "Additional Properties") located in San Juan Province, Argentina (the "Disposal Transaction") in exchange for the following consideration:

- the Company's right to use NGEx's Batidero camp facility in Argentina for a minimum period of two
 years, which shall be automatically renewed unless terminated by NGEx with one year's advance
 notice (the "Camp Use Agreement");
- a 3% net smelter return ("NSR") royalty payable on future production of certain mining concessions transferred to NGEx, 2% of which can be re-purchased by NGEx at any time for \$2,000,000; and
- cash consideration totalling approximately \$65,000, comprised of US\$ 20,000 and \$39,000.

As a transaction with significant non-monetary components, for which fair values could not be derived from observable market transactions or information, the fair value of the Disposal Transaction was determined based upon the estimated fair value of the consideration received by the Company. The total fair value of the consideration received by the Company pursuant to the Disposal Transaction is estimated to be approximately \$423,000, of which \$358,000 is attributable to the Camp Use Agreement, and approximately \$65,000 is attributable to the total cash consideration received. Accordingly, as the Primary Properties and Additional Properties had no carrying value in the consolidated financial statements of the Company prior to the disposal, a gain of \$423,000 has been recognized for the six months ended June 30, 2018.

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 mor	nths ended	Six m	onths ended
		June 30,		June 30,
	2018	2017	2018	2017
Salaries	271,875	293,375	543,750	568,000
Short-term employee benefits	10,714	10,400	21,428	19,992
Directors fees	24,250	20,500	48,500	41,000
Stock-based compensation	280,096	175,087	560,209	350,171
Incentive bonuses	-	207,000	470,000	207,000
	586,935	706,362	1,643,887	1,186,163

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRS, such as the underlying condensed interim consolidated financial statements for three and six months ended June 30, 2018, 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 2017 MD&A filed on SEDAR at www.sedar.com on March 20, 2018.

SIGNIFICANT ACCOUNTING POLICIES

The Company continues to follow the accounting policies described in Note 3 of the Company's December 31, 2017 audited consolidated financial statements, as filed on SEDAR at www.sedar.com on March 20, 2018, except for the adoption of IFRS 9, *Financial Instruments*, as discussed below.

Adoption of new accounting policy

On January 1, 2018, the Company adopted IFRS 9, Financial Instruments, which sets out the accounting standards for the classification and measurement of financial instruments. IFRS 9 became effective for annual periods beginning on or after January 1, 2018, and replaces IAS 39, Financial Instruments: Recognition and Measurement. The new standard provides a model for the classification and measurement of financial instruments, a single forward-looking "expected loss" impairment model, and a reformed approach for hedge accounting. As most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward into IFRS 9, the Company's accounting policy with respect to financial liabilities is unchanged.

The Company has determined that the adoption of this standard has resulted in no material impact to its consolidated financial statements.

Classification and measurement

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Measurement basis	Classification under IAS 39	Classification under IFRS 9
Receivables and others	Note 1 Note 1	Amortized cost Amortized cost	Amortized cost Amortized cost
Trade payables and accrued liabilities	Note 1 Note 1	Amortized cost	Amortized cost

Note 1 – Financial assets and liabilities at amortized costs are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

De-recognition

The Company derecognizes financial assets when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risk and rewards of ownership to another entity. A financial liability is derecognized when the obligation under the liability is discharged, canceled or expired. Gains and losses on de-recognition of financial assets and liabilities are generally recognized in the consolidated statements of net losses.

Impairment

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized costs based on a probability-weighted estimate of credit losses over the expected life of the financial asset.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the expected credit losses are reversed after the impairment was recognized.

FINANCIAL INSTRUMENTS

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

As at June 30, 2018, the Company's financial instruments are exposed to the following financial risks, including credit, liquidity and currency risks:

- (i) Credit risks associated with cash is minimal as the Company deposits the majority of its cash with a large Canadian financial institution that has been accorded a strong investment grade rating by a primary rating agency.
- (ii) Liquidity risks associated with the inability to meet obligations as they become due is minimized through the management of its capital structure and by maintaining good relationships with bankers. The Company also closely monitors and reviews its costs to date and actual cash flows on a monthly basis.

The maturities of the Company's financial liabilities as at June 30, 2018 are as follows:

	Total	Less than 1 year	1-5 years	More than 5 years
Accounts payable and				
accrued liabilities	1,588,907	1,588,907	-	
	1,588,907	1,588,907	-	-

(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, 2018, the Company's largest foreign currency risk exposure existed at the level of its Canadian head office, which held a net financial asset position denominated in US dollars having a Canadian dollar equivalent of approximately \$0.3 million. A 10% change in the foreign exchange rate between the US dollar, and the Canadian dollar the Company's functional currency, would give rise to increases/decreases of approximately 32,000 Canadian dollars in financial position/comprehensive loss.

OUTSTANDING SHARE DATA

As at August 9, 2018, the Company had 72,533,529 common shares outstanding and 4,189,166 share options outstanding under its share-based incentive plan.

FINANCIAL INFORMATION

The Company's next scheduled interim report will be for the three and nine months ending September 30, 2018, which is expected to be published on or around November 9, 2018.

RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business which includes the acquisition, financing, exploration, development and operation of mining properties. These risk factors could materially affect the Company's future operations and financial position and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. There have been no material changes in the risks and uncertainties affecting the Company that were discussed in the Company's annual 2017 MD&A, as filed on SEDAR at www.sedar.com on March 20, 2018.

QUALIFIED PERSON

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

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 PEA for the Filo del Sol project, the assumptions used in the mineral 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 contains forward-looking statements or information pertaining to the undertaking of and timing for the completion of a Pre-Feasibility Study; expected timing for the filing of a technical report concerning the updated mineral resource estimate, expected timing for the results of metallurgical testwork, use of proceeds from the Financings; expected timing or ability to secure additional financing and/or the quantum and terms thereof; exploration and development plans and expenditures; the timing and nature of studies and any potential development scenarios; opportunities to improve project economics; the success of future exploration activities; potential for resource expansion; potential for the discovery of new mineral deposits; ability to build shareholder value; expectations with regard to adding to mineral 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 resources, 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)

	Note	June 30, 2018	December 31, 2017
ASSETS			
Current assets:			
Cash		\$ 8,121,131	\$ 2,417,407
Receivables and other assets		935,924	1,296,353
		9,057,055	3,713,760
Mineral properties	4	6,843,534	6,479,344
TOTAL ASSETS		15,900,589	10,193,104
LIABILITIES Current liabilities: Trade payables and accrued liabilities		1,588,907	2,252,172
SHAREHOLDERS' EQUITY			
Share capital	6	84,286,055	59,481,338
Contributed surplus		3,591,722	2,877,642
Deficit		(73,187,524)	(54,352,813)
Accumulated other comprehensive			
income (loss)		(378,571)	(65,235)
TOTAL SHAREHOLDERS' EQUITY		14,311,682	7,940,932
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 15,900,589	\$ 10,193,104

Commitments (Note 11)

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

On behalf of the Board:

/s/Alessandro Bitelli Director /s/Adam I. Lundin Director

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

	Three mo		Six mo	nths ended June 30,
Note	2018	2017	2018	2017
8	\$ 3,595,476	\$ 1,257,249	\$ 16,727,769	\$ 10,187,321
	276,062	411,905	1,090,665	612,741
7c	297,780	191,503	595,587	383,004
	55,075	•	•	76,800
				87,913
	40,090	14,157	119,433	47,903
	101,860	41,474	236,340	77,863
	43,705	58,738	110,729	133,817
	4,432,633	2,042,275	19,058,847	11,607,362
0-			(422 (25)	
	-	-	• •	-
5	-	-	•	-
				(41,324)
	4,445,856	2,053,099	18,834,711	11,566,038
	500.066	72.550	242 226	227.664
				227,661
	\$ 4,977,922	\$ 2,125,649	\$ 19,148,047	\$ 11,793,699
	+ 0.00	± 0.00	4 0.27	h 0.10
	\$ 0.06	\$ 0.03	\$ 0.27	\$ 0.19
	72,326,730	61,754,645	69,079,112	61,573,554
	8	Note 2018 8 \$ 3,595,476 7c 276,062 297,780 55,075 22,585 40,090 101,860 43,705 4,432,633 9c - 5 - 13,223 4,445,856 \$ 4,977,922 \$ 0.06	8 \$ 3,595,476 \$ 1,257,249 276,062 411,905 297,780 191,503 55,075 38,400 22,585 28,849 40,090 14,157 101,860 41,474 43,705 58,738 4,432,633 2,042,275 9c 5 13,223 10,824 4,445,856 2,053,099 \$ 32,066 72,550 \$ 4,977,922 \$ 2,125,649 \$ 0.06 \$ 0.03	Note 2018 2017 2018 8 \$ 3,595,476 \$ 1,257,249 \$ 16,727,769 7c 276,062 411,905 1,090,665 7c 297,780 191,503 595,587 55,075 38,400 108,175 22,585 28,849 70,149 40,090 14,157 119,433 101,860 41,474 236,340 4,3705 58,738 110,729 4,432,633 2,042,275 19,058,847 9c - - (422,635) 5 - - 31,980 13,223 10,824 166,519 4,445,856 2,053,099 18,834,711 \$ 4,977,922 \$ 2,125,649 \$ 19,148,047 \$ 0.06 \$ 0.03 \$ 0.27

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)

onaudited)		Six	m	onths ended June 30,
	Note	2018		2017
Cash flows used in operating activities				
Net loss for the period		\$ (18,834,711)	\$	(11,566,038)
Items not involving cash:				
Share-based compensation	<i>7c</i>	743,260		511,039
Gain on disposal of mineral properties	9с	(422,635)		-
Facility finance costs	5	31,980		-
Net changes in working capital items:				
Receivables and other		425,229		16,022
Trade payables and accrued liabilities		(300,273)		(1,418,981)
		(18,357,150)		(12,457,958)
Cash flows from financing activities				
Proceeds from the Financing, net	6	24,384,864		-
Proceeds from exercise of share options		358,693		807,075
·		24,743,557		807,075
Cash flows used in investing activities				
Proceeds from disposal of mineral properties	<i>9c</i>	64,919		_
Mineral properties and related expenditures	50	(528,895)		(398,012)
		(463,976)		(398,012)
Effect of exchange rate change on cash		(218,707)		(126,241)
Increase (decrease) in cash during the period		5,703,724		(12,175,136)
Cash, beginning of period		\$ 2,417,407	\$	19,464,829
Cash, end of period		\$ 8,121,131	\$	7,289,693

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)

(10,010,017)	(000,000)						ואכר וספי מיום סנווכו בסוווסוכיווכוופואכ וספי
(19 148 047)	(313 336)	(18 834 711)	1		•		Net loss and other comprehensive loss
358,693	1	1	(29,180)	387,873	429,584		Exercise of options
01,500	1	1		01,500	TC,300	,	טומובט וסטעבע לעויסעמוור נט נוזכ ו מכווונץ
31 080	ı	ı	Ì	31 080	12 300	ח	Charge issued pursuant to the Escility
(1,155,443)				(1,155,443)			Share issuance costs
25,540,307	•		•	25,540,307	9,823,195	6	Shares issued pursuant to the Financing
743,260	1	1	743,260			70	Share-based compensation
\$ 7,940,932	\$ (65,235)	\$ (54,352,813)	\$ 2,877,642	\$ 59,481,338	62,268,450	l	Balance, January 1, 2018
\$ 13,200,00 4	\$ (103,033)	\$(41,223,133)	+/C///2/1 ¢	02,010,430 \$ 39,310,330	02,010,430		balalice, Julie 30, 2017
¢ 12 260 60/	¢ (102 60E)	4/17 222 ZZZ	¢ 1 277 E74	# E0 210 E20	62 019 450		Palance Tune 20 2017
(11,793,699)	(227,661)	(11,566,038)	•	•	•		Net loss and other comprehensive loss
807,075	•	ı	i	807,075	630,000		Exercise of options
511,039	•		511,039	•			Share-based compensation
\$ 23,744,269	\$ 123,966	\$ (35,657,695)	\$ 766,535	\$ 58,511,463	61,388,450		Balance, January 1, 2017
Total Shareholders' Equity	Accumulated Other Comprehensive Income (Loss)	Deficit	Contributed Surplus	Share Capital	Number of Shares	Note	
	•						

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

1. NATURE OF OPERATIONS AND LIQUIDITY

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

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

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. As such, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017. 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, 2017, except for newly accounting policies as noted in Note 3 below.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on August 9, 2018.

3. ADOPTION OF NEW ACCOUNTING POLICIES

On January 1, 2018, the Company adopted IFRS 9, *Financial Instruments*, which sets out the accounting standards for the classification and measurement of financial instruments. IFRS 9 became effective for annual periods beginning on or after January 1, 2018, and replaces IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard provides a model for the classification and measurement of financial instruments, a single forward-looking "expected loss" impairment model, and a reformed approach for hedge accounting. As most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward into IFRS 9, the Company's accounting policy with respect to financial liabilities is unchanged.

The Company has determined that the adoption of this standard has resulted in no material impact to its consolidated financial statements.

a) Classification and measurement

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Measurement basis	Classification under IAS 39	Classification under IFRS 9
Cash	Note 1	Amortized cost	Amortized cost
Receivables and others	Note 1	Amortized cost	Amortized cost
Trade payables and accrued liabilities	Note 1	Amortized cost	Amortized cost

Note 1 – Financial assets and liabilities at amortized costs are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

b) De-recognition

The Company derecognizes financial assets when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risk and rewards of ownership to another entity. A financial liability is derecognized when the obligation under the liability is discharged, canceled or expired. Gains and losses on de-recognition of financial assets and liabilities are generally recognized in the consolidated statements of net losses.

c) Impairment

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized costs based on a probability-weighted estimate of credit losses over the expected life of the financial asset.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the expected credit losses are reversed after the impairment was recognized.

4. MINERAL PROPERTIES

	Filo del Sol	Tamberias	Total
January 1, 2017	\$ 3,246,560	\$ 2,844,751	\$ 6,091,311
Additions	-	398,012	398,012
Effect of foreign currency translation	(68,716)	58,737	(9,979)
December 31, 2017	\$ 3,177,844	\$ 3,301,500	\$ 6,479,344
Additions	-	528,895	528,895
Effect of foreign currency translation	(84,823)	(79,882)	(164,705)
June 30, 2018	\$ 3,093,021	\$ 3,750,513	\$ 6,843,534

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

Filo del Sol Property (San Juan Province, Argentina)

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

Tamberias Property (Region III, Chile)

Through its wholly owned subsidiary, Frontera Chile Limitada, the Company is party to an option agreement with Compania Minera Tamberias SCM ("Tamberias SCM") whereby the Company can earn a 100% interest in the Tamberias Property by making option payments totaling US\$20 million on or before June 30, 2023. In addition, Tamberias SCM will retain a 1.5% net smelter royalty, which will be paid only after the Company has recovered all of its exploration and development costs.

In June 2018, the Company made a US\$400,000 option payment to Tamberias SCM, which has been recorded as an addition to the Tamberias Property. The Company's total remaining option payments as at June 30, 2018 were US\$16.8 million, with the next option payment being US\$500,000, payable in June 2019.

5. CREDIT FACILITY

On January 12, 2018, the Company obtained an unsecured US\$ 2.0 million short-term credit facility (the "Facility") from Zebra Holdings and Investments S.à.r.I ("Zebra"), an insider of the Company, to provide additional financial flexibility to fund ongoing exploration at the Filo del Sol Project and general corporate purposes. Zebra reports its security holdings in the Company as a joint actor with Lorito Holdings S.à.r.l., and at the time of entering into the Facility they collectively held more than 20% of the Company's issued and outstanding common shares. As consideration for the Facility, Zebra received 6,000 common shares of the Company upon execution of the Facility, and may receive an additional 300 common shares each month, for every US\$ 50,000 in principal outstanding on the Facility, prorated accordingly for the number of days outstanding. The Company drew a total of US\$ 1.7 million against the Facility, which was fully repaid on February 28, 2018. There is no interest payable in cash during the term of the Facility, and all common shares issued in conjunction with the Facility are subject to a four-month hold period under applicable securities laws.

As of June 30, 2018, the Company had issued a total of 12,300 common shares to Zebra as consideration for providing the Facility. According to the terms of the Facility, the common shares issued pursuant thereto had a price of \$2.60 per share, being the closing price of the common shares on the TSX Venture exchange on January 12, 2018, which resulted in \$31,980 in financing costs recognized through the condensed interim consolidated statement of loss.

6. SHARE CAPITAL

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

On February 28, 2018, the Company closed a bought deal offering of common shares and a concurrent non-brokered private placement of common shares (the "Financings"). In aggregate, 9,823,195 common shares of the Company were sold at a price of \$2.60 per common share (the "Price"), generating aggregate gross proceeds of \$25.5 million. Approximately \$15.3 million of the gross proceeds relate to the bought deal, and were subject to a 5.0% commission, payable in cash.

7. 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 (the "Plan"), which reserves an aggregate of 10% of the issued and outstanding shares of the Company for issuance upon the exercise of options granted. The granting, vesting and terms of the share options are at the discretion of the Board of Directors.

b) Share options outstanding

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

	Number of share issuable pursuant to share options	av exercise	ghted erage price share
Balance at January 1, 2017	3,916,250	\$	1.55
Options granted	1,582,500		2.50
Exercised	(880,000)		1.10
Balance at December 31, 2017	4,618,750	\$	1.96
Exercised	(429,584)		0.83
Balance at June 30, 2018	4,189,166	\$	2.08

The weighted average share price on the exercise date for the share options exercised during the six months ended June 30, 2018 was \$2.28.

The following table details the share options outstanding and exercisable as at June 30, 2018:

	Out	tstanding optic	ons	Ex	Exercisable options				
		Weighted			Weighted				
		average			average				
		remaining	Weighted		remaining	Weighted			
		contractual	average		contractual	average			
Exercise	Options	life	exercise	Options	life	exercise			
prices	outstanding	(Years)	price	exercisable	(Years)	price			
\$0.50-0.65	305,000	0.64	\$0.51	305,000	0.64	\$0.51			
\$2.00	2,301,666	3.44	\$2.00	1,523,333	3.44	\$2.00			
\$2.50	1,582,500	4.21	\$2.50	527,500	4.21	\$2.50			
	4,189,166	3.52	\$2.08	2,355,833	3.25	\$1.92			

c) Share-based compensation

	Three mor	nths ended	Six months ended		
		June 30,	June 30		
	2018	2017	2018	2017	
Exploration and project investigation	73,827	64,020	147,673	128,035	
General and administration	297,780	191,503	595,587	383,004	
	371,607	255,523	743,260	511,039	

8. EXPLORATION AND PROJECT INVESTIGATION

The Company expensed the following exploration and project investigation costs, all incurred in South America, for the three and six months ended June 30, 2018 and 2017:

									2017										2018	Three months ended June 30,
Total	Share-based compensation	overhead and other administrative salaries,	VAT and other taxes	Environmental and community relations	Consultants, geochemistry and geophysics	Engineering and conceptual studies	Roadwork, travel and transport	Drilling, fuel, camp costs and field supplies	Land holding and access costs	Total	Share-based compensation	overhead and other administrative costs	VAT and other taxes	Environmental and community relations	Consultants, geochemistry and geophysics	Engineering and conceptual studies	Roadwork, travel and transport	Drilling, fuel, camp costs and field supplies	Land holding and access costs	
1,077,168	60,433	407,098	39,694	163,442	113,739	70,599	102,845	67,651	51,667	3,545,556	73,356	397,353	259,971	670,285	539,041	454,093	589,747	406,526	155,184	Filo del Sol Project
180,081	3,587	120,383	15,754	27	6,337		15,357	11,734	6,902	49,920	471	1,125	34,042				89		14,193	Other
1,257,249	64,020	527,481	55,448	163,469	120,076	70,599	118,202	79,385	58,569	3,595,476	73,827	398,478	294,013	670,285	539,041	454,093	589,836	406,526	169,377	Total

Filo Mining Corp.

Notes to Condensed Interim Consolidated Financial Statements
For the six months ended June 30, 2018 and 2017
(Expressed in Canadian Dollars, unless otherwise stated)
(Unaudited)

									2017										2018	Six months ended June 30,
Total	Share-based compensation	overhead and other administrative salaries,	VAT and other taxes	Environmental and community relations	Consultants, geochemistry and geophysics	Engineering and conceptual studies	Roadwork, travel and transport	Drilling, fuel, camp costs and field supplies	Land holding and access costs	Total	Share-based compensation	overhead and other administrative costs	VAT and other taxes	Environmental and community relations	Consultants, geochemistry and geophysics	Engineering and conceptual studies	Roadwork, travel and transport	Drilling, fuel, camp costs and field supplies	Land holding and access costs	
9,762,108	122,691	1,201,543	1,497,247	274,883	486,353	105,615	1,538,812	4,129,076	405,888	16,668,138	147,147	1,947,828	2,154,573	970,654	935,925	718,034	2,211,267	7,175,841	406,869	Filo del Sol Project
425,213	5,344	264,005	36,307	3,828	17,906	ı	52,069	22,531	23,223	59,631	526	1,310	39,796	,		1	97	1	17,902	Other
10,187,321	128,035	1,465,548	1,533,554	278,711	504,259	105,615	1,590,881	4,151,607	429,111	16,727,769	147,673	1,949,138	2,194,369	970,654	935,925	718,034	2,211,364	7,175,841	424,771	Total

9. RELATED PARTY TRANSACTIONS

a) Related party services

The Company has a cost sharing arrangement with NGEx, a related party by way of directors, officers and shareholders in common. Under the terms of this arrangement, the Company provides executive management, technical exploration and exploration support services to NGEx, and NGEx provides technical advisory and administrative services to the Company. In addition, the Company engages Bofill Mir & Alvarez Jana Abogados Ltda. ("BMJAL"), a Chilean legal firm, of which a director of the Company is a partner. These transactions were incurred in the normal course of operations, and are summarized as follows:

	Three mon	ths ended	Six months ended		
		June 30,		June 30,	
	2018	2017	2018	2017	
Executive management, technical exploration and exploration support					
services to NGEx Technical advisory and	160,608	392,814	333,125	719,988	
administrative services from NGEx	(177,513)	(10,306)	(359,261)	(20,613)	
Legal services from BMJAL	15,780	3,441	34,020	31,696	

b) Related party balances

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

	Related Party	June 30, 2018	December 31, 2017
Receivables and other assets	NGEx	179,312	366,435
Accounts payable and accrued liabilities	NGEx	(193,527)	(93,617)
Accounts payable and accrued liabilities	BMJAL	-	(23,135)

c) Disposal of mineral properties

On February 21, 2018, the Company, through its wholly-owned subsidiary, closed a transaction with two wholly-owned subsidiaries of NGEx whereby the Company transferred its 100% interest in certain non-core mining concessions (the "Primary Properties") to NGEx and granted NGEx an option to acquire a 100% interest in additional non-core mining concessions (the "Additional Properties") located in San Juan Province, Argentina (the "Disposal Transaction") in exchange for the following consideration:

- the Company's right to use NGEx's Batidero camp facility in Argentina for a minimum period of two years, which shall be automatically renewed unless terminated by NGEx with one year's advance notice (the "Camp Use Agreement");
- a 3% net smelter return ("NSR") royalty payable on future production of certain mining concessions transferred to NGEx, 2% of which can be re-purchased by NGEx at any time for \$2,000,000; and

• cash consideration totalling approximately \$65,000, comprised of US\$ 20,000 and \$39,000.

As a transaction with significant non-monetary components, for which fair values could not be derived from observable market transactions or information, the fair value of the Disposal Transaction was determined based upon the estimated fair value of the consideration received by the Company. The total fair value of the consideration received by the Company pursuant to the Disposal Transaction is estimated to be approximately \$423,000, of which \$358,000 is attributable to the Camp Use Agreement, and approximately \$65,000 is attributable to the total cash consideration received. Accordingly, as the Primary Properties and Additional Properties had no carrying value in the consolidated financial statements of the Company prior to the disposal, a gain of \$423,000 has been recognized for the six months ended June 30, 2018.

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 mo	nths ended June 30,			
	2018	2017	2018	2017	
Salaries	271,875	293,375	543,750	568,000	
Short-term employee benefits	10,714	10,400	21,428	19,992	
Directors fees	24,250	20,500	48,500	41,000	
Stock-based compensation	280,096	175,087	560,209	350,171	
Incentive bonuses	-	207,000	470,000	207,000	
	586,935	706,362	1,643,887	1,186,163	

10. 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 4 and 8, respectively, represent the manner in which management reviews its business performance. Materially all of the Company's mineral properties and exploration and project investigation costs relate to the Filo del Sol Project, which straddles the border between the San Juan Province, Argentina and Region III, Chile and is comprised of the Filo del Sol Property and the Tamberias Property. Materially all of the Company's administrative costs are incurred by the Canadian parent, where materially all of the Company's cash is held in the normal course of business until it is required to be deployed to the Company's South American subsidiaries in support of ongoing and planned work programs.

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

Filo Mining Corp.
Notes to Condensed Interim Consolidated Financial Statements
For the six months ended June 30, 2018 and 2017
(Expressed in Canadian Dollars, unless otherwise stated)
(Unaudited)

		Filo del Sol	2.1		
-		Project	Other	Corporate	Total
June 30,	Current assets	1,107,821	-	7,949,234	9,057,055
2018	Mineral properties	6,843,534	-	-	6,843,534
	Total Assets	7,951,355	-	7,949,234	15,900,589
	Current liabilities	933,959	-	654,948	1,588,907
December 31,	Current assets	2,651,268	-	1,062,492	3,713,760
2017	Mineral properties	6,479,344	-	-	6,479,344
	Total Assets	9,130,612	-	1,062,492	10,193,104
	Current liabilities	1,722,233	-	529,939	2,252,172

Three months ended June 30,		Filo del Sol Project	Other	Corporate	Total
2018	Exploration and project investigation General and administration and other items	3,545,556	49,920 -	- 850,380	3,595,476 850,380
	Net loss	3,545,556	49,920	850,380	4,445,856
2017	Exploration and project investigation General and administration and other items	1,213,548	43,701	- 795,850	1,257,249 795,850
	Net loss	1,213,548	43,701	795,850	2,053,099

Six months ended June 30,		Filo del Sol Project	Other	Corporate	Total
2018	Exploration and project investigation General and administration and other items	16,668,138	59,631	- 2,106,942	16,727,769 2,106,942
	Net loss	16,668,138	59,631	2,106,942	18,834,711
2017	Exploration and project investigation General and administration and other items	9,762,108	425,213	1,378,717	10,187,321 1,378,717
	Net loss	9,762,108	425,213	1,378,717	11,566,038

11. COMMITMENTS

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

As of June 30, 2018, the Company has three remaining payments of US\$ 315,875 each, which are payable in November 2018, 2019, and 2020.



CORPORATE DIRECTORY

OFFICERS

Adam I. Lundin President & Chief Executive Officer **Robert Carmichael VP** Exploration James Beck VP Corporate Development & Projects Chief Financial Officer Julie Kemp Corporate Secretary

DIRECTORS

Lukas H. Lundin, Chairman (non-executive) Alessandro Bitelli C. Ashley Heppenstall Adam I. Lundin Paul McRae Pablo Mir Wojtek Wodzicki

AUDITORS

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REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada Vancouver, British Columbia Canada

SHARE LISTINGS

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

ISIN: CA31730E1016