



THIRD QUARTER REPORT
September 30, 2017

FILO MINING CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017
(Amounts in Canadian Dollars unless otherwise indicated)

The following management's discussion and analysis ("MD&A") of Filo Mining Corp. ("Filo Mining" or the "Company") should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2017 and the audited consolidated financial statements for the year ended December 31, 2016 and related notes therein. The financial information in this MD&A is reported in Canadian dollars unless otherwise indicated and is partly derived from the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The effective date of this MD&A is November 28, 2017. 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 the plan of arrangement to reorganize the business of NGEx Resources Inc. ("NGEx"), which was completed on August 16, 2016 (the "NGEx Arrangement"). Accordingly, certain comparative information as presented in this MD&A has been prepared on a continuity of interest basis of accounting, which requires that prior to August 16, 2016, the assets, liabilities and results of operations and cash flows of Filo Mining be on a 'carve-out' basis from the consolidated financial statements and accounting records of NGEx, in accordance with the financial reporting framework specified in subsection 3.11(6) of National Instrument 52-107, *Acceptable Accounting Principles and Auditing Standards*, for carve-out financial statements. As the carve-out entity did not operate as a separate legal entity, the financial position, results of operations and cash flows do not necessarily reflect the financial position, results of operations, and cash flows had the carve-out entity operated as an independent entity during the comparative periods presented (see Notes 2 and 3 of the Company's audited consolidated financial statements for the year ended December 31, 2016).

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

CORE BUSINESS

Filo Mining is a mineral exploration company, focused on its 100% controlled, flagship Filo del Sol Project, which is comprised of 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, El Indio, and Pascua Lama. The region is mining-friendly and hosts a number of large scale mining operations. The project area is covered under the Mining Integration and Complementation Treaty between Chile and Argentina which provides the framework for the development of cross border mining projects.

The Company recently completed an update to its Mineral Resource estimate for the Filo del Sol Project, effective July 1, 2017, which is comprised of 373 million tonnes at 0.34% copper, 0.33 g/t gold and 9.2 g/t silver containing 2.8 billion pounds of copper, 4.0 million ounces of gold and 109.9 million ounces of silver in the Indicated category, and an Inferred Mineral Resource estimate of 239 million tonnes at 0.27% copper, 0.33 g/t gold and 7.8 g/t silver for 1.4 billion pounds of copper, 2.5 million ounces of gold and 60.0 million ounces of silver. The Filo del Sol Project continues to hold significant exploration potential with less than 20% of the project area explored to date.

The Filo del Sol project and the Mineral Resource estimate is described in a Technical Report titled "Resource Update Report for the Filo del Sol Property, Region III, Chile and San Juan Province, Argentina" dated October 4, 2017, which was prepared for Filo Mining by Fionnuala Devine, M. Sc., P.Geol. of Merlin Geosciences Inc., Diego Charchaflié, M. Sc., P.Geol. of LPF Consulting SRL, Giovanni Di-Prisco, P. Geol. of Terra Mineralogical Services Inc., and James N. Gray, P.Geol. of Advantage Geoservices Ltd., all of whom are Qualified Persons as defined by NI-43-101 and are independent of Filo Mining. The Technical Report is available for review under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.filo-mining.com.

The Company's strategy is to create value for its shareholders by expanding and increasing the quality of the resources at the Filo del Sol Project and 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 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 2017 OPERATING HIGHLIGHTS

The Company completed two key programs during the third quarter of 2017: an update to the Mineral Resource estimate for the Filo del Sol Project and completion of the second phase of metallurgical testwork. Filo Mining incorporated the results of these two programs into an internal concept study of development options for the Project, which ultimately supported the undertaking of a formal preliminary economic assessment ("PEA") on the Project. Details on these various third quarter developments are provided below.

Update to Mineral Resource Estimate (see news release dated August 21, 2017)

Following the successful completion of an 8,616 metre drill program in March 2017, the Company reported a significant increase to the Filo del Sol Project's Mineral Resource estimate. With an effective date of July 1, 2017, the overall Mineral Resource was increased by 61% to 373 million tonnes Indicated, plus 239 million tonnes Inferred, containing 2.8 billion pounds of copper, 4.0 million ounces of gold and 109.9 million ounces of silver in the Indicated category, and 1.4 billion pounds of copper, 2.5 million ounces of gold and 60.0 million ounces of silver in the Inferred category.

With respect to the conversion of Inferred material to the Indicated category, the Company achieved a conversion ratio of 98%, resulting in 61% of the updated Mineral Resource falling within the Indicated category, matching the overall increase to the Mineral Resource itself. Most of the increase in the Mineral Resource comes from the Tamberias zone, which is included in the Mineral Resource estimate for the first time. Tamberias is located 1 kilometer south and is contiguous with the main Filo deposit. In addition, drilling this past season has greatly expanded both the size and grade of the oxide gold mineralization in the Filo deposit to the point where it is now significant enough to report on its own.

More importantly, based on metallurgical testwork completed to date, the Mineral Resource has now been divided into four distinct zones based on metallurgical characteristics, around which process designs have taken place within the scope of the PEA. The uppermost strata is a gold oxide (AuOx) zone, followed by a copper-gold oxide (CuAuOx) zone, both of which may be amenable to heap leach processing. The third layer is a silver (Ag) zone, and lastly, there is an underlying copper-gold sulphide zone.

Details of the updated Mineral Resource estimate are summarized in the following table:

Zone	Cutoff	Category	Tonnes (millions)	Cu (%)	Au (g/t)	Ag (g/t)	lbs Cu (millions)	Ounces Au (thousands)	Ounces Ag (thousands)
AuOx	0.20 g/t Au	Indicated	52.5	0.05	0.42	3.0	59	710	5,060
		Inferred	31.7	0.08	0.36	2.4	57	368	2,470
CuAuOx	0.15 % CuEq	Indicated	175.3	0.42	0.29	2.8	1,636	1,630	15,530
		Inferred	94.7	0.30	0.30	2.3	624	924	6,970
Ag	20 g/t Ag	Indicated	36.5	0.52	0.41	69.5	421	485	81,600
		Inferred	17.0	0.40	0.43	78.9	149	235	43,130
Sulphide	0.30 % CuEq	Indicated	108.6	0.28	0.32	2.2	658	1,129	7,690
		Inferred	95.5	0.29	0.32	2.4	612	983	7,420
Total		Indicated	372.9	0.34	0.33	9.2	2,774	3,954	109,880
		Inferred	238.9	0.27	0.33	7.8	1,442	2,510	59,990

Completion of Second Phase of Metallurgical Testwork (see news release dated September 25, 2017)

Subsequent to positive bottle roll leach results from late 2016, a comprehensive second phase metallurgical testwork program was conducted throughout 2017 by SGS Canada Inc. in Lakefield, Ontario on behalf of the Company, which was completed during the third quarter of 2017.

The program focused on the testing of gold oxide and copper-gold oxide material collected from the main Filo deposit during the 2016/2017 exploration season under column leaching conditions, as well as material gathered from the silver zone. Testing was conducted separately for each of these three types of mineralization, and highlights are as follows:

Gold Oxide Zone:

Test Method	Two cyanide column leach tests on material crushed to 1.5" and ¾"
Average Recoveries	- Gold: 92.8% - Silver: 69.8%
Other Observations	- No significant impacts from varying crush size - Rapid leach kinetics, with over 90% gold recovery within first 15 days
Variability Testing Results	Seven coarse bottle roll tests (minus 10 mesh) averaged: - Gold: 92.8% - Silver: 39.0%

Copper-Gold Oxide Zone:

Test Method	Two sequential column leach tests on material crushed to 1.5" and ¾"
Average Recoveries	- Copper: 81.9% - Gold: 86.7% - Silver: 70.8%
Other Observations	- Copper leaching required minimal sulfuric acid; copper in test material often water soluble - Rapid leach kinetics, with over 80% copper recovery within first 15 days of acid leaching, and over 80% gold recovery within first 15 days of cyanide leaching
Variability Testing Results	Five sequential coarse bottle roll tests (minus 10 mesh) averaged: - Copper: 92.2% - Gold: 88.2% - Silver: 59.9%

Silver Zone:

Test Method	- Sequential bottle roll test ¹ (minus 10 mesh)
Recoveries	- Copper: 60.8% - Gold: 63.5% - Silver: 72.8%

¹ Silver zone material for metallurgical testing was collected from reverse circulation drill cuttings, which were not coarse enough for column testing, and for which only sequential bottle roll testing could be performed.

Undertaking of PEA (see news release dated September 19, 2017)

Supported by the positive milestones achieved during the quarter, as discussed in the preceding sections, the Company commissioned the undertaking of a formal, independent PEA of the Filo del Sol Project. The Company hired SRK Consulting (Canada) Inc. to lead the PEA, which is based on the updated Mineral Resource estimate and contemplates open-pit mining and heap leach processing of the oxide portions of the Resource. The PEA is now substantially completed, and the Company expects to release the results of this independent assessment shortly.

CORPORATE UPDATE

Effective September 11, 2017, the Company appointed Mr. Adam Lundin as the Company's President and Chief Executive Officer, in replacement of Mr. Wojtek Wodzicki, who stepped down to focus on his activities as President and Chief Executive Officer of NGEx Resources Inc. Mr. Lundin was also appointed to the Company's Board of Directors, while Mr. Wodzicki will continue to serve as a Director of Filo Mining and a lead advisor to the Company's technical team.

Mr. Lundin's industry expertise and market understanding will build on the success that the Company has achieved and he will be focused on helping the Company achieve its long-term strategic goals. He brings a recognized legacy and years of international finance and capital markets experience to Filo Mining, complementing the Company's strong technical team. He is well placed to lead Filo Mining through the next phase of its growth into a significant copper, gold, and silver producer. Mr. Lundin started his career at a number of mining companies around the globe before moving into finance and ultimately becoming co-lead of Pareto Securities' highly-successful London office.

OUTLOOK

Guided by an experienced board of directors and management team, Filo Mining is focused on advancing the Filo del Sol Project. The Company has now substantially completed a PEA on this flagship asset, and the results of this independent assessment will be released shortly.

In addition, the Company has recently begun its next work program for the 2017/2018 field season at the Filo del Sol Project, which coincides with the South American summer. This program, as currently designed, will collect the data anticipated to be required to support the undertaking of a Pre-Feasibility Study ("PFS") for completion by as early as the end of 2018, should it be decided that such a study be undertaken. The current design of the field work program includes reverse circulation and diamond drilling for resource conversion, metallurgical sample collection and geotechnical information, as well as infrastructure site investigations and ongoing metallurgical and environmental studies. The actual undertaking of a PFS, and the nature and amount of data that would be collected during the 2017/2018 field season to support a PFS, if undertaken, is contingent upon the analysis of, and the recommendations arising from, the PEA.

RESULTS FROM OPERATIONS

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

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

Three Months Ended	Sep-17	Jun-17	Mar-17	Dec-16	Sep-16 ¹	Jun-16 ¹	Mar-16 ¹	Dec-15 ¹
Exploration costs (\$000's)	1,227	1,257	8,930	4,403	457	331	1,286	441
Operating loss (\$000's)	2,538	2,042	9,565	5,379	858	634	1,789	507
Net loss (\$000's)	2,549	2,053	9,513	5,297	860	646	1,862	1,197
Net loss per share, basic and diluted (\$)	0.04	0.03	0.15	0.09	0.02	0.01	0.05	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 of planned exploration/project work, could affect the level of exploration activities and net loss in a particular period.

Filo Mining incurred a net loss of \$2.5 million and \$14.1 million (2016: \$0.9 million and \$3.4 million), respectively, for the three and nine months ended September 30, 2017. Exploration and project investigation costs are the most significant expenditures of the Company and account for approximately 48% and 81% (2016: 53% and 62%) of the net loss, respectively, during the three and nine months ended September 30, 2017. This is reflective of the Company's accounting policy to expense its exploration costs through the consolidated statement of comprehensive loss, except for mineral property option payments and mineral property acquisition costs.

Exploration and project investigation costs for the three and nine months ended September 30, 2017, totalled \$1.2 million and \$11.4 million, respectively, which exceeded the respective comparative periods (2016: \$0.5 million and \$2.1 million). This increase is due to the execution of a larger exploration program during the 2016/2017 exploration season. Detailed breakdowns of exploration costs for the three and nine months ended September 30, 2017 and 2016, 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, 2017 were \$0.4 million and \$1.5 million (2016: \$0.3 million and \$0.9 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.

The higher compensation, travel, and promotion costs incurred during the three and nine months ended September 30, 2017, compared to the respective 2016 comparative periods, reflect the additional corporate costs associated with operating a stand-alone public entity following the completion of the NGEx Arrangement on August 16, 2016 (see Notes 2 and 3 of the Company's audited consolidated financial statements for the year ended December 31, 2016), including \$0.2 million in incentive bonuses granted by the Board of Directors to certain officers and employees of the Company during the second quarter of 2017.

No tax recovery is recognized as a result of the nature of the Company's activities and the lack of reasonably expected taxable profits in the near term.

In other comprehensive loss, the Company reported a foreign exchange translation loss of \$76,000 and \$304,000 (2016: \$88,000 and \$625,000), respectively, for the three and nine months ended September 30, 2017, on translation of subsidiary company accounts from their functional currency to the Canadian dollar presentation currency. This is principally the result of fluctuations of the Canadian dollar relative to the Chilean peso and Argentine peso during the respective periods.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2017, the Company had cash of \$5.6 million and net working capital of \$5.5 million, compared to cash of \$19.5 million and net working capital of \$17.7 million as at December 31, 2016. The decrease in the Company's cash and net working capital is due primarily to funds directed towards advancing the Filo del Sol Project, and to a lesser extent, funds spent for general corporate purposes. This has been partially offset by the receipt of approximately \$0.9 million as proceeds from the exercise of share options during the nine months ended September 30, 2017.

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

Based on Filo Mining's financial position at September 30, 2017, the Company anticipates the need for further funding to support a planned exploration program at its South American operations. The Company is currently evaluating potential additional sources of financing for its exploration programs and operations. Historically, including the period prior to the NGEx Arrangement, capital requirements have been primarily funded through equity financing, joint ventures, and disposition of mineral properties and investments. Factors that could affect the availability of financing include the progress and results of ongoing exploration at the Company's mineral properties, the state of international debt and equity markets, and investor perceptions and expectations of the global gold, silver, and/or copper markets. There can be no assurance that such financing will be available in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. Based on the amount of funding raised, the Company's planned exploration or other work programs may be postponed, or otherwise revised, as necessary.

RELATED PARTY TRANSACTIONS

Related party services

The Company has a cost sharing arrangement with NGEx, a related party by way of directors, officers and shareholders in common. Under the terms of this arrangement, the Company provided executive management, technical exploration and exploration support services to NGEx, and NGEx provided financial management and administrative services to the Company. 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 months ended		Nine months ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Executive management, technical exploration and exploration support services to NGEx	354,843	98,512	1,074,831	98,512
Financial management and administrative services from NGEx	(19,648)	(122,930)	(40,261)	(122,930)
Legal services from BMJAL	25,442	-	57,138	-

Related party balances

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

	September 30,	December 31,
	2017	2016
Receivables and other assets	234,238	222,556
Accounts payable and accrued liabilities	(17,577)	(56,025)

Key management compensation

The Company's key management personnel have the authority and responsibility for overseeing, planning, directing and controlling its activities and consist of the Board of Directors and members of the executive management team. Total compensation expense for key management personnel, and the composition thereof, is as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Salaries	290,081	74,500	858,081	74,500
Short-term employee benefits	11,338	7,372	31,330	7,372
Directors fees	20,500	8,375	61,500	8,375
Stock-based compensation	840,304	-	1,190,475	-
Incentive bonuses	-	-	207,000	-
	1,162,223	90,247	2,348,386	90,247

Up until the completion of the NGEx Arrangement on August 16, 2016, no compensation was paid to the Company's officers or directors. The compensation costs reported for key management personnel therefore only reflect compensation costs incurred subsequent to August 16, 2016.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS, such as the underlying condensed interim consolidated financial statements for the three and nine months ended September 30, 2017, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenditures. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual results could differ from those estimates and such differences could be material. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. There have been no material changes to the critical accounting estimates discussed in the annual 2016 MD&A filed on SEDAR at www.sedar.com on March 28, 2017.

SIGNIFICANT ACCOUNTING POLICIES

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

FINANCIAL INSTRUMENTS

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

As at September 30, 2017, the Company's financial instruments are exposed to the following financial risks, including credit, liquidity and currency risks:

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

The maturities of the Company's financial liabilities as at September 30, 2017 are as follows:

	Total	Less than 1 year	1-5 years	More than 5 years
Accounts payable and accrued liabilities	647,929	647,929	-	-
	647,929	647,929	-	-

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

	Foreign currency cash held (in source currency)	Net financial asset position	Change in net financial position from a 10% variation in exchange rates
US dollar	216,717	233,310	23,331

OUTSTANDING SHARE DATA

As at November 28, 2017, the Company had 62,252,200 common shares outstanding and 4,635,000 share options outstanding under its share-based incentive plan and no share purchase warrants outstanding.

RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business which includes the acquisition, financing, exploration, development and operation of mining properties. These risk factors could materially affect the Company's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. There have been no material changes in the risks and uncertainties affecting the Company that were discussed in the Company's annual 2016 MD&A that was filed on SEDAR at www.sedar.com on March 28, 2017.

QUALIFIED PERSON

The technical contents of this MD&A have been reviewed and approved by Bob Carmichael, P. Eng. (BC). Mr. Carmichael is Filo Mining's Vice-President of Exploration and a Qualified Person under National Instrument 43-101 Standards of Disclosure for Mineral Projects.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements made and information contained herein in the MD&A constitutes "forward-looking information" and forward-looking statements" within the meaning of applicable securities legislation (collectively, "forward-looking information"). The forward-looking information contained in this MD&A is based on information available to the Company as of the date of this MD&A. Except as required under applicable securities legislation, the Company does not intend, and does not assume any obligation, to update this forward-looking information. Generally, this forward-looking information can frequently, but not always, be identified by use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events, conditions or results "will", "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotations thereof.

All statements other than statements of historical fact may be forward-looking statements. Forward-looking information is necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks and uncertainties relating to, among other things, the inherent uncertainties regarding 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 Annual Information Form for the year ended December 31, 2016, 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 Company's assumptions used in the mineral resources estimates for the Filo del Sol project; expected timing for the release of the results of a PEA, anticipated undertaking of and timing for the completion of a Pre-Feasibility Study; expected timing or ability to secure additional financing and/or the quantum and terms thereof; exploration and development expenditures; the timing and nature of 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 actual results and future events could differ materially from those anticipated in such statements. All of the forward-looking information contained in this document is qualified by these cautionary statements. Readers are cautioned not to place undue reliance on forward-looking information due to the inherent uncertainty thereof.

Statements relating to "mineral resources" are deemed to be forward looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the mineral resources described can be profitably produced in the future.

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

	<i>Note</i>	September 30, 2017	December 31, 2016
ASSETS			
Current assets:			
Cash		\$ 5,639,066	\$ 19,464,829
Receivables and other assets		550,926	595,274
Mineral properties	<i>3</i>	6,189,992	20,060,103
		6,349,164	6,091,311
TOTAL ASSETS		12,539,156	26,151,414
LIABILITIES			
Current liabilities:			
Trade payables and accrued liabilities		647,929	2,407,145
SHAREHOLDERS' EQUITY			
Share capital	<i>4</i>	59,451,313	58,511,463
Contributed surplus		2,392,448	766,535
Deficit		(49,772,915)	(35,657,695)
Accumulated other comprehensive income (loss)		(179,619)	123,966
TOTAL SHAREHOLDERS' EQUITY		11,891,227	23,744,269
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 12,539,156	\$ 26,151,414

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

On behalf of the Board:

/s/Alessandro Bitelli
Director

/s/Wojtek A. Wodzicki
Director

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

	<i>Note</i>	Three months ended September 30,		Nine months ended September 30,	
		2017	2016	2017	2016
Expenses					
Exploration and project investigation	<i>6</i>	\$ 1,226,971	\$ 456,788	\$ 11,414,292	\$ 2,073,880
General and administration:					
Salaries and benefits		215,839	123,868	828,580	348,178
Share-based compensation	<i>5c</i>	893,375	112,448	1,276,379	297,996
Management fees		38,400	37,375	115,200	133,590
Professional fees		26,621	40,724	114,534	147,171
Travel		47,693	7,127	95,596	25,853
Promotion and public relations		41,400	19,582	119,263	72,041
Office and general		47,783	59,840	181,600	181,966
Operating loss		2,538,082	857,752	14,145,444	3,280,675
Other expenses					
Foreign exchange loss (gain)		11,100	1,901	(30,224)	2,983
Other expenses		-	866	-	84,895
Net loss		2,549,182	860,519	14,115,220	3,368,553
Other comprehensive loss					
Items that may be reclassified subsequently to net loss:					
Foreign currency translation adjustment		75,924	87,932	303,585	624,612
Comprehensive loss		\$ 2,625,106	\$ 948,451	\$ 14,418,805	\$ 3,993,165
Basic and diluted loss per common share					
		\$ 0.04	\$ 0.02	\$ 0.23	\$ 0.07
Weighted average common shares outstanding					
		62,154,564	51,278,934	61,769,352	51,273,660

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

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

	<i>Note</i>	Nine months ended September 30,	
		2017	2016
Cash flows used in operating activities			
Net loss for the period		\$ (14,115,220)	\$ (3,368,553)
Items not involving cash:			
Depreciation		-	7,432
Share-based compensation	<i>5c</i>	1,625,913	407,953
Unrealized foreign exchange loss		-	2,983
Net changes in working capital items:			
Receivables and other		(23,663)	(268,169)
Trade payables and accrued liabilities		(1,596,958)	332,642
		<u>(14,109,928)</u>	<u>(2,885,712)</u>
Cash flows from financing activities			
Proceeds from exercise of share options		939,850	48,450
Funding received from NGEx for operations		-	2,972,976
Cash received pursuant to the NGEx Arrangement		-	3,048,613
		<u>939,850</u>	<u>6,070,039</u>
Cash flows used in investing activities			
Mineral properties and related expenditures		(398,012)	(756,519)
		<u>(398,012)</u>	<u>(756,519)</u>
Effect of exchange rate change on cash		(257,673)	(56,933)
Decrease in cash during the period		(13,825,763)	2,370,875
Cash, beginning of period		\$ 19,464,829	\$ 271,228
Cash, end of period		<u>\$ 5,639,066</u>	<u>\$ 2,642,103</u>

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

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

	<i>Note</i>	Number of Shares	Share Capital	Contributed Surplus	Other Capital Reserves	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, January 1, 2016		-	\$ -	\$ -	\$ 34,972,757	\$ (28,973,059)	\$ 111,683	\$ 6,111,381
Funding and expenses paid by NGEx		-	-	-	2,972,976	-	-	2,972,976
Share-based compensation	5c	-	-	-	407,953	-	-	407,953
Cash contributed by NGEx pursuant to the NGEx Arrangement		-	-	-	3,000,000	-	-	3,000,000
Shares issued pursuant to the NGEx Arrangement		51,270,950	38,965,922	-	(38,965,922)	-	-	-
Adjustment for shares issued in connection with the NGEx Arrangement		-	-	-	(2,387,764)	2,387,764	-	-
Exercise of options		67,500	48,450	-	-	-	-	48,450
Net loss and other comprehensive loss		-	-	-	-	(3,368,553)	(624,612)	(3,993,165)
Balance, September 30, 2016		51,338,450	\$ 39,014,372	\$ -	\$ -	\$(29,953,848)	\$ (512,929)	\$ 8,547,595
Balance, January 1, 2017		61,388,450	\$ 58,511,463	\$ 766,535	\$ -	\$ (35,657,695)	\$ 123,966	\$ 23,744,269
Share-based compensation	5c	-	-	1,625,913	-	-	-	1,625,913
Exercise of options		833,750	939,850	-	-	-	-	939,850
Net loss and other comprehensive loss		-	-	-	-	(14,115,220)	(303,585)	(14,418,805)
Balance, September 30, 2017		62,222,200	\$ 59,451,313	\$ 2,392,448	\$ -	\$(49,772,915)	\$ (179,619)	\$ 11,891,227

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

Filo Mining Corp.
Notes to Condensed Interim Consolidated Financial Statements
For the nine months ended September 30, 2017 and 2016
(Expressed in Canadian Dollars, unless otherwise stated)
(Unaudited)

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 "NGEx Arrangement"). Detailed disclosure pertaining to the NGEx Arrangement is available in the Company's audited consolidated financial statements for the year ended December 31, 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 Chile and the San Juan Province in Argentina. 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".

While the condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that it will be able to meet its existing obligations and commitments and fund ongoing operations in the normal course of business for at least twelve months from September 30, 2017, the Company anticipates the need for further funding to support a planned exploration program at its South American operations. The Company is currently evaluating potential additional sources of financing for its exploration program and operations. Historically, including the period prior to the NGEx Arrangement, capital requirements have been primarily funded through equity financing, joint ventures, and disposition of mineral properties and investments. Factors that could affect the availability of financing include the progress and results of ongoing exploration at the Company's mineral properties, the state of international debt and equity markets, and investor perceptions and expectations of the global gold, silver, and/or copper markets. There can be no assurance that such financing will be available in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. Based on the amount of funding raised, the Company's planned exploration or other work programs may be postponed, or otherwise revised, as necessary.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial* Reporting. As such, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2016. In preparation of these condensed interim consolidated financial statements, the Company has consistently applied the same accounting policies as disclosed in Note 4 to the audited consolidated financial statements for the year ended December 31, 2016.

Filo Mining Corp.
Notes to Condensed Interim Consolidated Financial Statements
For the nine months ended September 30, 2017 and 2016
(Expressed in Canadian Dollars, unless otherwise stated)
(Unaudited)

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

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 28, 2017.

3. MINERAL PROPERTIES

	Filo del Sol	Tamberias	Total
January 1, 2016	\$ 3,951,919	\$ 1,998,910	\$ 5,950,829
Additions	-	756,519	756,519
Effect of foreign currency translation	(705,359)	89,322	(616,037)
December 31, 2016	\$ 3,246,560	\$ 2,844,751	\$ 6,091,311
Additions	-	398,012	398,012
Effect of foreign currency translation	(51,231)	(88,928)	(140,159)
September 30, 2017	\$ 3,195,329	\$ 3,153,835	\$ 6,349,164

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

Filo del Sol Property (San Juan Province, Argentina)

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

Tamberias Property (Region III, Chile)

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

Filo Mining Corp.
Notes to Condensed Interim Consolidated Financial Statements
For the nine months ended September 30, 2017 and 2016
(Expressed in Canadian Dollars, unless otherwise stated)
(Unaudited)

In June 2017, the Company made a US\$300,000 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 September 30, 2017 were US\$17.2 million, with the next option payment being US\$400,000, payable in June 2018.

4. SHARE CAPITAL

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

5. SHARE OPTIONS

a) Share option plan

The Company has a share option plan approved on July 8, 2016 (the "Plan"), reserving an aggregate of 10% of the issued and outstanding shares of the Company for issuance upon the exercise of options granted. The granting, vesting and terms of the share options are at the discretion of the Board of Directors.

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	Weighted average exercise price per share
Balance at January 1, 2016	-	\$ -
Options pursuant to NGEx Arrangement	1,746,875	0.89
Options granted	2,335,000	2.00
Exercised	(117,500)	0.65
Expired	(48,125)	1.41
Balance at December 31, 2016	3,916,250	\$ 1.55
Options granted	1,582,500	2.50
Exercised	(833,750)	1.13
Balance at September 30, 2017	4,665,000	\$ 1.95

On September 13, 2017, the Company granted a total of 1,582,500 share options to officers, employees, directors and other eligible persons at an exercise price of \$2.50 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 1,582,500 share options granted during the nine months ended September 30, 2017, were as follows:

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

(i)	Risk-free interest rate:	1.39%
(ii)	Expected life:	5 years
(iii)	Expected volatility:	62.55%
(iv)	Expected dividends:	nil
(v)	Fair value per option:	\$1.45

The weighted average share price on the exercise date for the share options exercised during the nine months ended September 30, 2017 was \$2.07.

The following table details the share options outstanding and exercisable as at September 30, 2017:

Exercise prices	Outstanding options			Exercisable options		
	Options outstanding	Weighted average remaining contractual life (Years)	Weighted average exercise price	Options exercisable	Weighted average remaining contractual life (Years)	Weighted average exercise price
\$0.50-0.65	327,500	1.38	\$0.51	327,500	1.38	\$0.51
\$0.74	420,000	0.61	\$0.74	420,000	0.61	\$0.74
\$2.00	2,335,000	4.18	\$2.00	778,333	4.18	\$2.00
\$2.50	1,582,500	4.96	\$2.50	527,500	4.96	\$2.50
	<u>4,665,000</u>	3.93	\$1.95	<u>2,053,333</u>	3.20	\$1.63

c) Share-based compensation

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Exploration and project investigation	221,499	37,498	349,534	109,957
General and administration	893,375	112,448	1,276,379	297,996
	1,114,874	149,946	1,625,913	407,953

Filo Mining Corp.
Notes to Condensed Interim Consolidated Financial Statements
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(Unaudited)

6. EXPLORATION AND PROJECT INVESTIGATION

The Company expensed the following exploration and project investigation costs, all incurred in South America, for the three and nine months ended September 30, 2017 and 2016:

Three months ended September 30,		Filo del Sol Property	Tamberias Property	Other	Total
2017	Land holding and access costs	-	5,716	3,423	9,139
	Drilling, fuel, camp costs and field supplies	40,937	-	1,148	42,085
	Roadwork, travel and transport	12,664	-	282	12,946
	Conceptual studies	270,474	-	-	270,474
	Consultants, geochemistry and geophysics	155,164	-	1,419	156,583
	Environmental and community relations	39,957	-	-	39,957
	VAT and other taxes	49,023	-	23,891	72,914
	Office, field and administrative salaries, overhead and other administrative costs	299,115	56,580	45,679	401,374
	Share-based compensation	183,856	27,327	10,316	221,499
	Total	1,051,190	89,623	86,158	1,226,971
2016	Land holding and access costs	17,966	36,267	8,439	62,672
	Drilling, fuel, camp costs and field supplies	25,039	13,770	13,642	52,451
	Roadwork, travel and transport	-	-	8,541	8,541
	Conceptual studies	17,982	-	-	17,982
	Consultants, geochemistry and geophysics	14,761	-	10,953	25,714
	VAT and other taxes	-	2,412	-	2,412
	Office, field and administrative salaries, overhead and other administrative costs	169,542	5,023	74,953	249,518
	Share-based compensation	22,124	4,953	10,421	37,498
	Total	267,414	62,425	126,949	456,788

Filo Mining Corp.
Notes to Condensed Interim Consolidated Financial Statements
For the nine months ended September 30, 2017 and 2016
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(Unaudited)

Nine months ended September 30,		Filo del Sol Property	Tamberias Property	Other	Total
2017	Land holding and access costs	74,484	337,120	26,646	438,250
	Drilling, fuel, camp costs and field supplies	3,593,068	576,945	23,679	4,193,692
	Roadwork, travel and transport	1,317,264	234,212	52,351	1,603,827
	Conceptual studies	376,089	-	-	376,089
	Consultants, geochemistry and geophysics	641,517	-	19,325	660,842
	Environmental and community relations	306,411	8,429	3,828	318,668
	VAT and other taxes	1,472,495	73,775	60,198	1,606,468
	Office, field and administrative salaries, overhead and other administrative costs	1,385,308	171,930	309,684	1,866,922
	Share-based compensation	289,572	44,302	15,660	349,534
	Total	9,456,208	1,446,713	511,371	11,414,292
2016	Land holding and access costs	51,220	59,062	47,743	158,025
	Drilling, fuel, camp costs and field supplies	218,162	20,764	15,840	254,766
	Roadwork, travel and transport	295,788	-	9,882	305,670
	Conceptual studies	31,535	-	-	31,535
	Consultants, geochemistry and geophysics	248,138	-	10,953	259,091
	Environmental and community relations	16,088	-	-	16,088
	VAT and other taxes	-	3,624	-	3,624
	Office, field and administrative salaries, overhead and other administrative costs	826,950	5,023	103,151	935,124
	Share-based compensation	94,502	4,953	10,502	109,957
	Total	1,782,383	93,426	198,071	2,073,880

Filo Mining Corp.
Notes to Condensed Interim Consolidated Financial Statements
For the nine months ended September 30, 2017 and 2016
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(Unaudited)

7. RELATED PARTY TRANSACTIONS

Related party services

The Company has a cost sharing arrangement with NGEx, a related party by way of directors, officers and shareholders in common. Under the terms of this arrangement, the Company provided executive management, technical exploration and exploration support services to NGEx, and NGEx provided financial management and administrative services to the Company. 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 months ended		Nine months ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Executive management, technical exploration and exploration support services to NGEx	354,843	98,512	1,074,831	98,512
Financial management and administrative services from NGEx	(19,648)	(122,930)	(40,261)	(122,930)
Legal services from BMJAL	25,442	-	57,138	-

Related party balances

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

	September 30,	December 31,
	2017	2016
Receivables and other assets	234,238	222,556
Accounts payable and accrued liabilities	(17,577)	(56,025)

Key management compensation

The Company's key management personnel have the authority and responsibility for overseeing, planning, directing and controlling its activities and consist of the Board of Directors and members of the executive management team. Total compensation expense for key management personnel, and the composition thereof, is as follows:

Filo Mining Corp.
Notes to Condensed Interim Consolidated Financial Statements
For the nine months ended September 30, 2017 and 2016
(Expressed in Canadian Dollars, unless otherwise stated)
(Unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Salaries	290,081	74,500	858,081	74,500
Short-term employee benefits	11,338	7,372	31,330	7,372
Directors fees	20,500	8,375	61,500	8,375
Stock-based compensation	840,304	-	1,190,475	-
Incentive bonuses	-	-	207,000	-
	1,162,223	90,247	2,348,386	90,247

Up until the completion of the NGEEx Arrangement on August 16, 2016, no compensation was paid to the Company's officers or directors. The compensation costs reported for key management personnel therefore only reflect compensation costs incurred subsequent to August 16, 2016.

8. SEGMENTED INFORMATION

The Company is principally engaged in the acquisition, exploration and development of mineral properties in South America. The information regarding mineral properties and exploration and project investigation costs presented in Notes 3 and 6, respectively, represent the manner in which management reviews its business performance. Materially all of the Company's mineral properties and exploration and project investigation costs relate to the Filo del Sol Project, which straddles the border between the San Juan Province, Argentina and Region III, Chile, whereas materially all of the Company's cash and general and administrative costs are held and incurred by the Canadian parent.



CORPORATE DIRECTORY

OFFICERS

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

DIRECTORS

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

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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