



**ANNUAL INFORMATION FORM**

**For the Year Ended December 31, 2017**

**April 20, 2018**

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## Definitions

In this Annual Information Form, all units are SI metric unless otherwise noted. Abbreviations are as defined below unless the context otherwise indicates:

**Ag** means silver.

**AIF** means this Annual Information Form.

**Au** means gold.

**CIM** means the Canadian Institute of Mining, Metallurgy and Petroleum.

**Cu** means copper.

**Filo del Sol Project** means the Filo del Sol copper-gold-silver project located in San Juan Province, Argentina.

**Filo del Sol Report** means the the NI 43-101 technical report dated October 4, 2017, prepared by Fionnuala Devine, P. Geo., Diego Charchaflié, P. Geo., Giovanni Di-Prisco, P. Geo., and James N. Gray, P. Geo., titled “Resource Update Report for the Filo del Sol Property, Region III, Chile and San Juan Province, Argentina” with an effective date of September 27, 2017.

**Filo Mining** or the **Corporation** means Filo Mining Corp., including its subsidiaries.

**g/t** means grams per tonne.

**ha** means hectare.

**LOM** means life of mine.

**m** means metre.

**MD&A** means Management’s Discussion and Analysis of results of operations and financial condition of the Corporation for the fiscal year ended December 31, 2017, dated March 19, 2018.

**Mineral Resource** has the meaning set out in the CIM definition standards.

**Mineral Reserve** has the meaning set out in the CIM definition standards.

**National Instrument 43-101** or **NI 43-101** means National Instrument 43-101 “*Standards of Disclosure for Mineral Projects*” adopted by the Canadian Securities Administrators.

**NGEx** means NGEx Resources Inc., a company incorporated pursuant to the laws of Canada.

**Oz** means ounces.

**PEA** means a Preliminary Economic Assessment as defined under NI 43-101.

**QA/QC** means quality assurance / quality control.

**Qualified Person** means a qualified person within the meaning of National Instrument 43-101.

**SEDAR** means the System for Electronic Document Analysis and Retrieval.

**SI** means International System of Units.

**Technical Report** means the 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, prepared by Fionnuala Devine, P. Geo., of Merlin Geosciences Inc.; Carl E. Defilippi, RM SME, of Kappes, Cassiday & Associates; Giovanni Di Prisco, Ph.D., P. Geo., of Terra Mineralogical Services Inc.; James N. Gray, P. Geo., of Advantage Geoservices; Robert McCarthy, P. Eng., of SRK Consulting (Canada) Inc.; Cameron Scott, P. Eng., of SRK Consulting (Canada) Inc.; and Neil Winkelmann, FAusIMM, of SRK Consulting (Canada) Inc.

**TSXV** means the TSX Venture Exchange.

**US\$** means United States dollars.

## Introduction

This annual information form (“AIF”) provides information about Filo Mining Corp. and its subsidiaries (“Filo Mining” or the “Corporation”).

This AIF has been prepared in accordance with Canadian securities laws and describes the Corporation’s business, including the Corporation’s mineral exploration projects, the risks the Corporation faces, and other matters concerning the Corporation’s business.

This AIF is dated as of April 20, 2018. Unless otherwise indicated, all information in this AIF is as of December 31, 2017.

## Financial information

The financial information in this AIF is taken from the Corporation’s audited consolidated financial statements for the year ended December 31, 2017. Readers are cautioned to refer to such financial statements for complete information, as the information in this AIF has been selectively drawn from the financial statements may not be complete.

All currency amounts in this AIF are expressed in Canadian dollars, unless otherwise indicated. Financial information is presented in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

The Corporation reports its financial results and prepares its financial statements in Canadian dollars. All currency amounts in this AIF are expressed in Canadian dollars, unless otherwise indicated. The closing exchange rates for one Canadian dollar in terms of the United States dollar, as quoted by the Bank of Canada, were:

	Year Ended December 31		
Bank of Canada exchange rate for \$/US\$	2015	2016	2017
	US\$0.7225	US\$0.7448	US\$0.7971

For the years ended December 31, 2015 and 2016, the rates of exchange provided in the table above are based on the closing rate of exchange as reported by the Bank of Canada for conversion of Canadian dollars into U.S. dollars. Due to the Bank of Canada’s ceasing to report closing exchange rates during 2017, for the year ended December, 2017, the rate of exchange set forth above is based on the the indicative rate of exchange for the Canadian dollar, as reported by the Bank of Canada, expressed in U.S. dollars, in effect at the end of the period.

In this AIF, metric units may be used with respect to Filo Mining’s various mineral properties. Conversion rates from imperial measures to metric units and from metric units to imperial measures are provided in the table set out below.

<b>Imperial Measure</b>	=	<b>Metric Unit</b>	<b>Metric Unit</b>	=	<b>Imperial Measure</b>
2.47 acres		1 hectare	0.4047 hectares		1 acre
3.28 feet		1 metre	0.3048 metres		1 foot
0.62 miles		1 kilometre	1.609 kilometres		1 mile
2.2 pounds		1 kilogram	0.454 kilograms		1 pound
0.032 ounces (troy)		1 gram	31.1 grams		1 ounce (troy)
2,204.60 pounds		1 tonne	1 tonne		2,204.60 pounds

## Technical Information and Qualified Persons

The disclosure of scientific and technical information regarding the Corporation's properties in this AIF was prepared by, or reviewed and approved by, Robert Carmichael, P. Eng., the Corporation's Vice President, Exploration, and James Beck, P. Eng., the Corporation's Vice President Corporate Development and Projects. Each of Mr. Carmichael and Mr. Beck are Qualified Persons in accordance with the requirements of NI 43-101.

## Forward-looking information

This AIF and the documents incorporated or deemed incorporated by reference in this AIF contain certain "forward-looking information" and "forward-looking statements" within the meaning of securities laws (collectively referred to herein as "**forward-looking information**" or "**forward-looking statements**") concerning the business, operations, financial performance and condition of Filo Mining. Forward-looking information is provided as of the date of this AIF or, in the case of documents incorporated by reference herein, as of the date of such documents, and Filo Mining does not intend to, nor does it assume any obligation, to update this forward-looking information, except as required by law. 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 "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "budgets", "scheduled", "forecasts", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

Forward-looking information and forward-looking statements include, but are not limited to, information or statements with respect to financings and the intended use of proceeds resulting therefrom or the Offering (as defined herein), results and developments in our operations in future periods, planned exploration activities, the adequacy of our financial resources and other events or conditions that may occur in the future. These forward-looking statements may include statements regarding perceived merit of properties, exploration results and budgets, Mineral Resource estimates, work programs, capital expenditures, operating costs, cash flow estimates, production estimates and similar statements relating to the economic viability of a project, timelines, strategic plans, including our plans and expectations relating to the Filo del Sol Project (as defined herein), located in the Atacama Region of Northern Chile and the adjacent San Juan province of Argentina, completion of transactions, market prices for precious and base metals, future metal prices, statements with respect to the economic and scoping-level parameters of the Filo del Sol Project, the cost and timing of any development of the Filo del Sol Project, the proposed mine plan and mining methods, dilution and mining recoveries, processing method and rates and production rates, projected metallurgical recovery rates, infrastructure requirements, capital, operating and sustaining cost estimates, the projected life of mine and other expected attributes of the Filo del Sol Project, the net present value ("**NPV**"), the Filo del Sol Project proposed site layout, the timing of the environmental assessment process, changes to the Filo del Sol Project configuration that may be requested as a result of stakeholder or government input to the environmental assessment process, government regulations and permitting timelines, estimates of reclamation obligations; requirements for additional capital; environmental risks; and general business and economic conditions, or other statements that are not statements of fact. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Statements concerning Mineral Resource estimates may also be deemed to constitute "forward-looking statements" to the extent that they involve estimates of the mineralization that will be encountered if the Filo del Sol Project is developed.

Forward-looking information and statements are made based upon certain assumptions and other important factors that, if untrue, could cause the actual results, performance or achievements of Filo Mining to be materially different from future results, performance or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding, among other things, favourable equity

markets, present and future business strategies and the environment in which Filo Mining will operate in the future, including the price of commodities, anticipated costs, ability to achieve goals, timing and availability of additional required financing; the ability to obtain or maintain permits, mineability and marketability, exchange rate assumptions being approximately consistent with the assumptions in the Technical Report (as defined herein), the availability of certain consumables and services and the prices for power and other key supplies being approximately consistent with assumptions in the Technical Report, labour and materials costs being approximately consistent with assumptions in the Technical Report, assumptions underlying Mineral Resource estimates, assumptions made in Mineral Resource and preliminary economic assessment (“PEA”) estimates, including, but not limited to, geological interpretation, grades, metal price assumptions, metallurgical and mining recovery rates, geotechnical and hydrogeological assumptions, capital and operating cost estimates, and general marketing, political, business and economic 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.

Forward-looking statements are subject to known and unknown risks, uncertainties and other important factors that may cause the actual results, performance or achievements of the Corporation to be materially different from those expressed or implied by such forward-looking information and statements. The following, in addition to the factors described under “Risk Factors” in the AIF and in any documents incorporated or deemed incorporated by reference into this AIF, are among the factors that could cause actual results, performance or achievements to differ materially from the forward-looking information and statements:

- significant increases or decreases in metal prices and the speculative nature of exploration;
- failure of exploration efforts to expand Mineral Resources;
- failure of exploration efforts to convert Inferred Mineral Resources to Indicated Mineral Resources;
- unexpected changes in business and economic conditions;
- inaccuracies in Mineral Resources estimates;
- risks related to liquidity and negative cash flow;
- risks that the market price of the Shares may fluctuate;
- risks that the sale of a significant number of the Shares in the public markets, or the perception of such sales, could depress the market price of the Shares;
- risks that holders of Shares will be diluted;
- the ability to arrange financing;
- the timely receipt of regulatory approvals, permits and licenses;
- risks related to carrying on business in an emerging market such as possible government instability and civil turmoil and economic instability;
- measures required to protect endangered species;
- deficient or vulnerable title to mining concessions and surface rights;
- the potential for litigation;
- difficulty complying with tax regimes in Chile and/or Argentina;
- economic developments in Chile and/or Argentina that negatively impact the Corporation;
- local opposition to mining;
- risks associated with exploration and development activity;
- the Corporation’s lack of operating history;
- the Corporation’s reliance on one project;
- effects of illegal mining on our properties;
- changes in interest and currency exchange rates;
- uncertainty as to reclamation and decommissioning liabilities;

- adverse conditions in the financial markets;
- volatility in the price of gold, silver and copper;
- risks associated with recruiting and retaining qualified personnel;
- availability of skilled personnel, contractors, materials, equipment, supplies, power and water;
- weather, including excessive snowfall in the Andes Mountains;
- unreliable infrastructure;
- results of current and future exploration activities;
- results of pending and future economic and feasibility studies;
- political or economic instability, either globally or in the countries in which we operate;
- competition in the mining industry, including competition for property acquisitions;
- the inadequacy of insurance;
- compliance with anti-corruption and anti-bribery laws;
- limitations of disclosure and internal controls;
- the potential influence of the Corporation's largest shareholders; and
- potential conflicts of interest for the Corporation's directors who are engaged in similar businesses.

The foregoing list is not exhaustive of the factors that may affect any of our forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and our actual achievements or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in this AIF and in any documents incorporated or deemed incorporated by reference into this AIF.

Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The forward-looking statements contained in this AIF are based on the beliefs, expectations and opinions of management as of the date of this AIF. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers and investors should not place undue reliance on forward-looking statements. Forward-looking information and statements are made as of the date of this AIF and accordingly are subject to change after such date. Except as required by law, we disclaim any obligation to revise any forward-looking information and statements to reflect events or circumstances after the date of such information and statements. All of the forward-looking information and statements contained or incorporated by reference in this AIF are qualified by the foregoing cautionary statements.

*The financial information in this AIF is taken from the Corporation's audited consolidated financial statements for the year ended December 31, 2017. Readers are cautioned to refer to such financial statements for complete information, as the information in this AIF has been selectively drawn from the financial statements and is not complete.*

## **Cautionary note regarding presentation of mineral resource estimates**

The Corporation prepares its information concerning resources and mineral deposits in accordance with the requirements of Canadian securities laws, which differ significantly from the requirements of U.S. securities laws. Canadian reporting requirements for disclosure of mineral properties are governed by the NI 43-101. The definitions used in NI 43-101 are incorporated by reference from the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") – Definition Standards adopted by CIM Council on May 10, 2014 (the "CIM Definition Standards"). U.S. reporting requirements are governed by the SEC Industry Guide 7 ("Industry Guide 7") under the Securities Act. These reporting standards have similar goals in terms of conveying an appropriate level of confidence in the disclosures being reported, but embody different approaches and definitions. For example, the terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as

defined in NI 43-101, and these definitions differ from the definitions in Industry Guide 7. Under Industry Guide 7 standards, a “final” or “bankable” feasibility study is required to report reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority. Further, under Industry Guide 7, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made.

While the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in and required to be disclosed by NI 43-101, these terms are not defined terms under Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. U.S. readers are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. In addition, “inferred mineral resources” have a great amount of uncertainty as to their existence and their economic and legal feasibility. A significant amount of exploration must be completed in order to determine whether an inferred mineral resource may be upgraded to a higher category. Under Canadian regulations, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Readers are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations if such disclosure includes the grade or quality and the quantity for each category of mineral resource and mineral reserve; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this AIF containing descriptions of the Corporation’s mineral deposits may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

## About Filo Mining

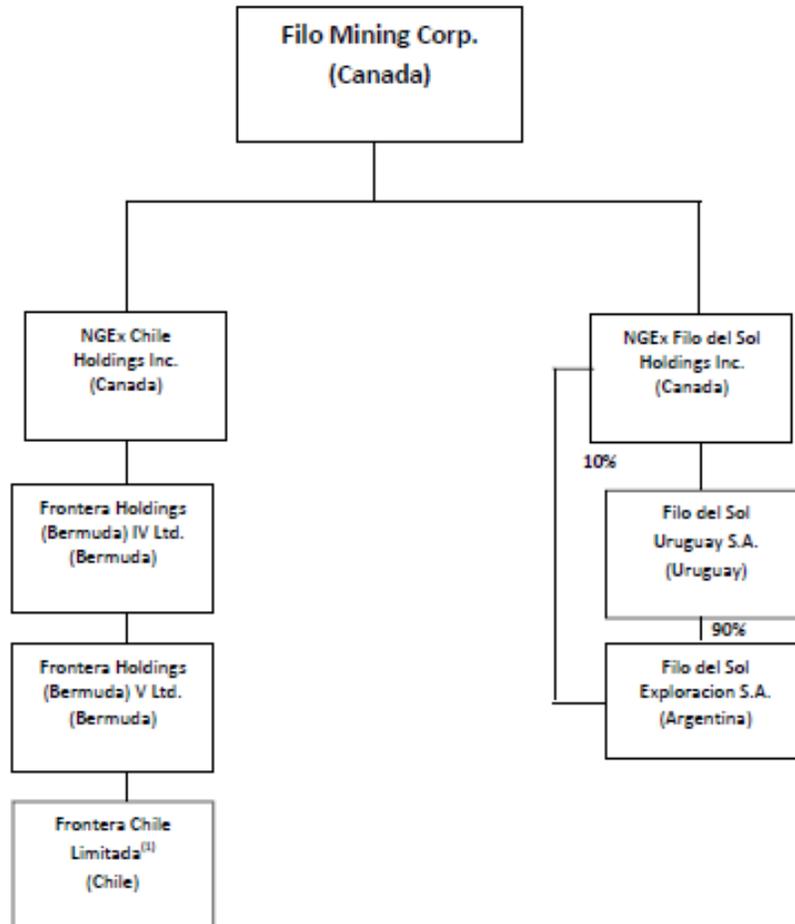
Filo Mining is a Canadian exploration and development mining company listed on the TSX-V and First North Exchange under the symbol “FIL”. Filo Mining’s flagship project is its 100% controlled Filo del Sol project, a copper, gold and silver mineral exploration project located on the border between San Juan Province, Argentina and the Atacama Region of Northern Chile (the “**Filo del Sol Project**” or the “**Project**”). Filo Mining’s website is [www.filo-mining.com](http://www.filo-mining.com).

Filo Mining’s head and principal business address are all located at Suite 2000, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8. Filo Mining’s registered office address is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

Filo Mining is a reporting issuer in all the Provinces of Canada. The Corporation's Common Shares are listed on the TSX Venture Exchange (“**TSX-V**”) and on Nasdaq First North Exchange under the symbol “FIL”. Filo Mining was incorporated under the *Canada Business Corporations Act* (“**CBCA**”) on May 12, 2016 as a wholly owned subsidiary of **NGEx** for the purposes of completing a plan of arrangement under the CBCA in accordance with the terms of the arrangement agreement entered into between NGEx and Filo Mining, and pursuant to the court approved plan of arrangement, whereby NGEx transferred to Filo Mining its wholly-owned subsidiaries that directly or indirectly hold the Filo del Sol Project, along with \$3.0 million in cash (the “**Arrangement**”). Prior to completion of the Arrangement on August 16, 2016, the sole shareholder of Filo Mining approved certain amendments to its by-laws that reflect the requirements applicable to public companies, such as audit committees, and also an advance notice provision with respect to the election of directors. No other material amendments have been made to Filo Mining’s articles or other constituting documents since its incorporation.

## Corporate structure

A significant portion of the Corporation's business is carried on through its various subsidiaries. The following chart illustrates, as at December 31, 2017, the Corporation's significant subsidiaries, including their respective jurisdiction of incorporation and the percentage of voting securities in each that are held by the Corporation either directly or indirectly:



Notes:

- (1) In connection with the ownership, 0.01% is held by Pablo Mir, in trust.
- (2) Unless otherwise indicated, ownership is 100%.

## Three Year History

Filo Mining was incorporated under the CBCA on May 12, 2016 for the purposes of the Arrangement. Prior to May 12, 2016, the Corporation had no business operations.

### 2016

- On August 16, 2016, NGEx and Filo Mining completed the Arrangement, pursuant to which NGEx transferred to Filo Mining its wholly-owned subsidiaries that directly or indirectly hold the Filo del Sol Project, along with \$3.0 million in cash and NGEx Shareholders received one common share of Filo Mining for every four NEX Common Share held as of the record date of the Arrangement. There was no change in shareholders' holdings in NGEx as a result of the Arrangement.
- On August 26, 2016, Filo Mining announced that the Filo Common Shares had commenced trading on the TSXV as a Tier 2 Issuer under the ticker symbol "FIL".
- On September 1, 2016, Filo Mining announced that the Filo Common Shares had been approved for listing on the Nasdaq First North Exchange, which subsequently commenced trading on September 6, 2016 under the symbol "FIL".
- On November 16, 2016, the Corporation closed a private placement, whereby the Corporation sold an aggregate of 10,000,000 Filo Common Shares at a price of \$2.00 per share for gross proceeds of \$20 million (the "2016 Financing"). Zebra Holdings and Investments S.à.r.l ("Zebra") and Lorito Holdings S.à.r.l ("Lorito"), who report their security holdings as joint actors and are insiders of the Corporation, purchased an aggregate of 4,400,000 Filo Common Shares in the 2016 Financing. In addition, a Director of the Corporation also participated and purchased 250,000 Filo Common Shares in the 2016 Financing. Net proceeds of the 2016 Financing were used for ongoing work programs in Chile and Argentina as well as for general corporate purposes.
- On November 28, 2016, the Corporation appointed Mr. Pablo Mir to the Corporation's board of directors and appointed Mr. Jeff Yip as the Corporation's Chief Financial Officer.
- On December 5, 2016, the Corporation granted incentive stock options to certain directors, officers, employees and other eligible persons to purchase up to 2,335,000 Filo Mining Common Shares of the Corporation at an exercise price of \$2.00 over a five-year period, subject to vesting provisions.

### 2017

- On February 1, 2017, the Corporation appointed Mr. James Beck as the Corporation's Vice President, Corporate Development and Projects. Prior to this appointment, Mr. Beck held the position of Director, Corporate Development and Projects.
- On August 21, 2017, the Corporation announce a 61% increase in the Mineral Resources estimate for the Filo del Sol Project. A summary of the updated Mineral Resources estimate is set out under *Item 5.3 - Description of Business Mineral Projects - Filo del Sol Project, Chile and Argentina - Mineral Resource Estimate*.
- On September 11, 2017, the Corporation announced that Mr. Wojtek Wodzicki was resigning as the Corporation's President and CEO and that Mr. Adam I. Lundin had been appointed his successor as President and CEO. Mr. Adam I. Lundin was also appointed to the Corporation's Board of Directors. Mr. Wodzicki continues to serve as a Director of the Corporation and as a lead advisor to the Corporation's technical team.
- On September 13, 2017, the Corporation announced that the Board of Directors had approved, in accordance with the Corporation's stock option plan, the grant of 1,582,500 incentive stock options (the

"Options") to certain directors, officers, employees and other eligible persons of the Corporation to purchase common shares in the capital of the Corporation. The Options are exercisable, subject to vesting provisions, over a period of five years at an exercise price of C\$2.50 per Share.

- On September 25, 2017, the Corporation announced positive results from the ongoing metallurgical testwork program on oxide mineralization from the Filo del Sol Project. Column leach recoveries of 93% gold from the gold oxide zone and 82% copper from the copper-gold oxide zone were achieved in two cyanide column leach tests completed on surface trench material crushed to 1.5" and ¾".
- On October 4, 2017, the Corporation announced the filing of the Filo del Sol Report, a NI43-101 Technical Report updating the mineral resource estimate announced on August 21, 2017.
- On November 28, 2017, Filo Mining announced the results of a PEA on its Filo del Sol Project, which included the following highlights:
  - a US\$705 million after-tax net present value using an 8% discount rate and an internal rate of return of 23%;
  - pre-production capital cost of US\$792 million, including US\$71 million in capitalized pre-stripping;
  - average annual production of approximately 50,000 tonnes of copper, 115,000 ounces of gold, and over 5 million ounces of silver per year;
  - life of mine revenue split approximately 56% copper, 26% gold, and 18% silver;
  - robust resource, with most of the mine plan derived from Indicated Mineral Resources (79%);
  - open pit mining followed by heap leach processing to produce copper cathode and gold-silver doré; and
  - excellent metallurgy and fast leach kinetics provide unique processing opportunities.

**The PEA is preliminary in nature and is partly based on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the preliminary assessment based on these Mineral Resources will be realized. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.**

- On December 18, 2017, the Corporation announced the filing of a National Instrument 43-101 ("NI 43-101") Technical Report (the "Technical Report"), which summarizes the results of the PEA for the Filo del Sol Project. See "Description of Business – Filo del Sol Project" below.

#### **Subsequent to December 31, 2017**

- On January 12, 2018, the Corporation obtained a US\$2 million credit facility (the "**Facility**") in order to fund general corporate purposes. The Debenture is unsecured and has a term of 12 months from its issue date (the "**Maturity Date**"). The Facility was issued by Zebra, a company controlled by a trust settled by the late Adolf H. Lundin and an insider of the Corporation. As consideration, the Corporation issued to Zebra 6,000 Filo Common Shares and will issue an additional 300 Filo Common Shares per month for each US\$50,000 of the Facility outstanding from time to time up to the Maturity Date. To date, the Corporation has issued a total of 12,300 common shares to the lender as consideration for providing the Facility in lieu of fees to the Corporation. As of February 28, 2018, all amounts drawn to date under the Facility were repaid in full following the closing of a bought deal equity financing and concurrent non-brokered private placement (see below).
- On February 28, 2018, the Corporation closed a bought deal financing (the "Offering") and a concurrent private placement (the "Concurrent Private Placement") for aggregate gross proceeds of approximately \$25.5 million. Pursuant to the Offering, a total of 5,894,231 Common Shares including 124,231 Common Shares issued on partial exercise of the over-allotment option, were sold at a price of \$2.60 per Common Share (the "**Issue Price**"), for aggregate gross proceeds of approximately \$15.3 million. Pursuant to the Concurrent Private Placement, a total of 3,928,964 Shares, including 82,810 Shares issued to adjust for

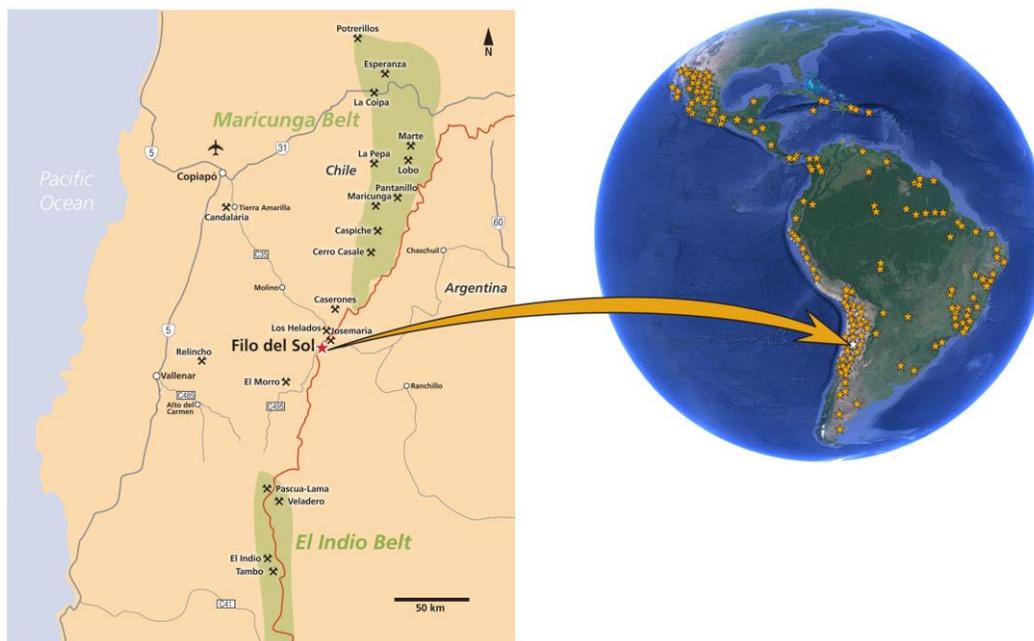
the partial exercise of the over-allotment option referenced above, were sold at the Issue Price, for additional aggregate gross proceeds of approximately C\$10.2 million. The Offering was made through a syndicate of underwriters led by Haywood Securities Inc. and included GMP Securities L.P., Echelon Wealth Partners Inc., Pareto Securities AS, Canaccord Genuity Corp. and Cormark Securities Inc.

Zebra and Lorito Holdings S.à.r.l ("**Lorito**"), who report their security holdings as joint actors, are insiders of the Corporation. Pursuant to the Concurrent Private Placement, Zebra subscribed for 2,758,133 Shares, including 58,133 Shares issued to adjust for the partial exercise of the over-allotment option. Following completion of the Offering and the Concurrent Private Placement, Zebra and Lorito hold 14,538,768 Shares and 5,700,000 Shares, respectively, representing 20.16% and 7.90%, respectively, of the issued and outstanding Common Shares of Filo Mining.

## DESCRIPTION OF THE BUSINESS

The principal business of the Corporation is mineral exploration, including the identification, acquisition, and evaluation of projects that have the potential to host mineralization that may warrant development into mines. The Corporation is currently focused on its Filo del Sol Project comprised of adjacent land holdings including the Filo del Sol Property located in San Juan Province, Argentina, and the Tamberias Property, located in Region III, Chile.

The following map illustrates the Corporation's Filo del Sol Project location in South America:



### ***Filo del Sol Project, Argentina and Chile***

The Filo del Sol Project is a high sulphidation epithermal copper-gold-silver system associated with a porphyry copper-gold system. The Filo del Sol Project straddles the international border between San Juan Province, Argentina and Region III, Chile and is comprised of adjacent mineral titles in Chile and Argentina which are 100% controlled by the Corporation through direct ownership or option agreements.

See "Item 4.3.2 Filo del Sol Project, Chile and Argentina" under Item 4. Description of the Business below.

### ***Specialized Skills and Knowledge***

The Corporation's business requires people with specialized skills and knowledge in the areas of geology, drilling, logistical planning, geophysics, metallurgy and mineral processing, implementation of exploration programs, mining, engineering, accounting, and compliance. To date, the Corporation has been able to locate and retain such professionals, employees and consultants and believes it will continue to be able to do so.

### ***Competitive Conditions***

The Corporation operates in a competitive industry and competes with other companies, many of which have greater financial resources and technical facilities for the acquisition and development of mineral properties, as well as for the recruitment and retention of qualified employees and consultants.

### ***Business Cycles***

The mining business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. If the global economy stalls and commodity prices decline as a consequence, a continuing period of lower prices could significantly affect the economic potential of many of the Corporation's current properties and result in the Corporation determining to cease work on, or drop its interest in, some or all of such properties.

In addition to commodity price cycles and recessionary periods, exploration activity may also be affected by seasonal and irregular weather conditions in the areas where the Corporation operates.

### ***Environmental Protection***

All phases of the Corporation's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner that requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Regulation governing development of mining operations with the potential to affect glaciers continues to evolve in both Chile and Argentina. The Argentine Congress has passed legislation designed to protect the country's glaciers. This law would restrict development on and around glaciers. The detailed regulations that will govern implementation of the law have not yet been written but this legislation could affect the Corporation's ability to develop parts of the Corporation's properties in Argentina, including the Filo del Sol Project. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations. There is no assurance that regulatory and environmental approvals will be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or to preclude entirely the economic development of a property. Environmental hazards may exist on the properties, which are unknown to the Corporation at present, which have been caused, by previous or existing owners or operators of the properties. The Corporation is currently engaged in exploration with limited environmental impact. The cost of compliance with changes in governmental regulations has a potential to reduce the viability or profitability of operations.

### ***Employees***

As of December 31, 2017, the Corporation has 5 employees in Canada, 27 full time employees in Argentina, and 8 full time employees in Chile. At the date of this AIF, the Corporation has 6 employees in Canada, 25 full time employees in Argentina, and 10 full time employees in Chile. Following the Arrangement, the Corporation and NGEx implemented a cost sharing arrangement regarding shared personnel and consulting services in order to leverage off certain synergies. The Corporation also relies on and engages consultants on a contract basis to assist the Corporation in carrying on its administrative and exploration activities.

### ***Foreign Operations***

The Corporation conducts a majority of its exploration activities in foreign countries.

### ***Bankruptcy and Similar Procedures***

There are no bankruptcy, receivership or similar proceedings against the Corporation, nor is the Corporation aware of any such pending or threatened proceedings. There have not been any voluntary bankruptcy, receivership or similar proceedings by the Corporation within the three most recently completed financial years or currently proposed for the current financial year.

### ***Reorganizations***

Other than the Arrangement, there have been no material reorganizations involving the Corporation within most recently completed financial year nor are any reorganizations proposed for the current financial year.

## **Risk Factors**

The Corporation's projects are subject to various risks and uncertainties, including but not limited to, those listed below. Unless the context indicates or implies otherwise, references in this section to the "Corporation" include the Corporation and its subsidiaries

### ***Exploration and Development Risk***

The Corporation's properties are in the early exploration stage and are without a known body of commercial ore. Exploration for Mineral Resources involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The risks and uncertainties inherent in exploration activities include but are not limited to: legal and political risk arising from operating in certain developing countries, civil unrest, general economic, market and business conditions, the regulatory process and actions, failure to obtain necessary permits and approvals, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and management's capacity to execute and implement its future plans. Discovery of mineral deposits is dependent upon a number of factors, not the least of which are the technical skills of the exploration personnel involved and the capital required for the programs. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. There is no assurance that the Corporation's mineral exploration activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that even if commercial quantities of ore are discovered that a new ore body would be developed and brought into commercial production. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which are the particular attributes of the deposit (such as size, grade, metallurgy and proximity to infrastructure and labour), the interpretation of geological data obtained from drilling and sampling, feasibility studies, the cost of water and power; anticipated climatic conditions; cyclical metal prices; fluctuations in inflation and currency exchange rates; higher input commodity and labour costs, commodity prices, government regulations, including regulations relating to prices, taxes, royalties, land tenure and use, allowable production, importing and exporting of minerals, and environmental protection. Most of the above factors are beyond the control of the Corporation. Development projects will also be subject to the successful completion of final feasibility studies, issuance of necessary permits and other governmental approvals and receipt of adequate financing. The exact effect of these factors cannot be accurately predicted, but the combination of any of these factors may adversely affect the Corporation's business.

### ***Dependence on Single Project***

The Filo del Sol Project is the Corporation's sole project and therefore, any adverse development with respect to the Filo del Sol Project will have a material adverse effect on the Corporation.

### ***Negative Operating Cash Flow***

The Corporation is an exploration stage company and has not generated cash flow from operations. The Corporation is devoting significant resources to the development and acquisition of its properties, however there can be no assurance that it will generate positive cash flow from operations in the future. The Corporation expects to continue to incur negative consolidated operating cash flow and losses until such time as it achieves commercial production at a particular project. The Corporation currently has negative cash flow from operating activities.

### ***Permitting***

The Corporation's development and exploration activities are subject to permitting requirements in both Argentina and Chile. In particular, comprehensive environmental assessments will be necessary for the project in Argentina in order to obtain the necessary approval for each of the project stages, which assessment will be conducted in compliance with Argentinian regulations. Project development will also require an environmental impact assessment study in Chile. Following the receipt of environmental approvals, additional permits, licences, authorizations, and certificates will be required to proceed to project construction, including, for example, mining water and fuel delivery, sewage water treatment, hazardous waste plans, drilling and closure plans. Failure to obtain required permits and/or to maintain compliance with permits once obtained could result in injunctions, fines, suspension or revocation of permits and other penalties.

There can be no assurance that the Corporation will obtain all such permits and/or achieve or maintain full compliance with such permits at all times. Activities required to obtain and/or achieve or maintain full compliance with such permits can be costly and involve extended timelines.

Previously issued permits may be suspended or revoked for a variety of reasons, including through government or court action. Failure to obtain and/or comply with required permits can have serious consequences, including: damage to the Corporation's reputation; stopping the Corporation from proceeding with the development of a project; negatively impacting further development of a mine; and increasing the costs of development and litigation or regulatory action against the Corporation, and may materially adversely affect the Corporation's business, results of operations or financial condition.

### ***Mineral Resource Estimates***

The Corporation's reported Mineral Resources are estimations only. No assurance can be given that the estimated Mineral Resources will be recovered. By their nature, Mineral Resource estimations are imprecise and depend, to a certain extent, upon statistical inferences, which may ultimately prove unreliable because, among other factors, they are based on limited sampling, and, consequently, are uncertain because the samples may not be representative. Mineral Resource estimations may require revision (either up or down).

There are numerous uncertainties inherent in estimating Mineral Resources, including many factors beyond the Corporation's control. Such estimation is a subjective process, and the accuracy of any Mineral Resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. There can be no assurance that recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions. In particular, factors that may affect Mineral Resource estimates include:

- changes in interpretations of mineralization geometry and continuity of mineralization zones;
- input parameters used in the Whittle shell that constrains the Mineral Resources amenable to open pit mining methods;
- metallurgical and mining recoveries;
- operating and capital cost assumptions;
- metal price and exchange rate assumptions;

- confidence in modifying factors, including assumptions that surface rights to allow infrastructure to be constructed will be forthcoming;
- delays or other issues in reaching agreements with local or regulatory authorities and stakeholders;
- changes in land tenure requirements or permitting requirements from those discussed in the report; and
- changes in the environmental regulations or laws governing the property.

Changes in key assumptions and parameters could result in a restatement of Mineral Resource estimates. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability and there is no assurance that they will ever be mined or processed profitably. Due to the uncertainty which may attach to Mineral Resources, there is no assurance that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. Any material reductions in estimates of Mineral Resources could have a material adverse effect on the Corporation's results of operations and financial condition.

### ***Environmental and Socio-Political Risks***

The Corporation seeks to operate within environmental protection standards that meet or exceed existing requirements in the countries in which the Corporation conducts activities. The Corporation also aims to conduct its activities in accordance with high corporate social responsibility principles. Present or future laws and regulations, however, may affect the Corporation's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines. The Corporation is subject to environmental regulation in the various jurisdictions in which it operates. Failure to comply with these laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may also be required to compensate those suffering loss or damage due to the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Furthermore, environmental hazards may exist on the properties on which the Corporation holds interests which are unknown to the Corporation at present and which have been caused by previous or existing owners or operators of the properties.

Programs may also be delayed or prohibited in some areas due to technical factors, new legislative constraints, social opposition or local government capacity or willingness to issue permits to explore in a timely manner.

In parts of Argentina, there is significant environmental opposition to both mineral exploration and mining; however this has not affected properties in San Juan province where the Corporation works.

The Argentine Congress has passed legislation designed to protect the country's glaciers. This law would restrict development on and around glaciers. The detailed regulations that will govern implementation of the law have not yet been written but this legislation could affect the Corporation's ability to develop parts of the Corporation's properties in Argentina including the Filo del Sol Project. The Chilean Congress is also considering legislation designed to protect the country's glaciers. This legislation has not yet been approved but depending on its final language could affect the Corporation's ability to develop the Tamberias property.

### ***Indigenous Peoples***

The Corporation operates in some areas including parts of the Tamberias area presently or previously inhabited or used by indigenous peoples. Various international and national laws, codes, resolutions, conventions, guidelines, and other material relate to the rights of indigenous peoples. Many of these materials impose obligations on government to respect the rights of indigenous people. Some mandate that government consult with indigenous people regarding government actions, which may affect indigenous people, including actions to approve or grant mining rights or permits. ILO Convention 169, which has been ratified by Argentina and Chile, is an example of such an international convention. The obligations of government and private parties under the various international and national materials pertaining to indigenous people continue to evolve and be defined. Examples of recent

developments in this area include the United Nations Declaration of the Rights of Indigenous People and the International Finance Corporation's revised Performance Standard 7, which requires governments to obtain the free, prior, and informed consent of indigenous peoples who may be affected by government action, such as the granting of mining concessions or approval of mine permits. The Corporation's current and future operations are subject to a risk that one or more groups of indigenous people may oppose continued operation, further development, or new development of the Corporation's projects or operations. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations such as protests, roadblocks or other forms of public expression against the Corporation's activities. Opposition by indigenous people to the Corporation's operations may require modification of, or preclude operation or development of, the Corporation's projects or may require the Corporation to enter into agreements with indigenous people with respect to the Corporation's projects.

### ***Title Risk***

The Corporation has investigated its right to explore and exploit its properties and, to the best of its knowledge, those rights are in good standing. The results of the Corporation's investigations should not be construed as a guarantee of title. Other parties may dispute the title to a property, or the property may be subject to prior unregistered agreements or liens and transfers or land claims by aboriginal, native, or indigenous peoples. The title may be affected by undetected encumbrances or defects or governmental actions. The Corporation has not conducted surveys of all of its properties, and the precise area and location of claims or the properties may be challenged and no assurances can be given that there are no title defects affecting such properties. The rules governing mining concessions in Chile and Argentina are complex and any failure by the Corporation to meet requirements would have a material adverse effect on the Corporation. Any defects in the title to the Corporation's properties could have a material and adverse effect on the Corporation.

No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining authorizations nor that such exploration and mining authorizations will not be challenged or impugned by third parties. Although the Corporation has not had any problem renewing its licenses in the past there is no guarantee that it will always be able to do so. Inability to renew a license could result in the loss of any project located within that license.

The Corporation is earning an interest in the Tamberias property through an option agreement requiring property payments and acquisition of title to the properties is completed only when the option conditions have been met.

If the Corporation does not satisfactorily complete these option conditions in the period laid out in the option agreements, the Corporation's title to the related property will not vest and the Corporation will have to write down its previously capitalized costs related to that property.

### ***Dependence on Key Personnel***

The Corporation's success will largely depend on the efforts and abilities of certain senior officers and key employees. Certain of these individuals have significant experience in the mining industry and, in particular the mining industry in South America. While the Corporation does not foresee any reason why such officers and key employees will not remain with the Corporation, if for any reason they do not, the Corporation could be adversely affected. In addition, certain of these individuals are also senior officers and key employees of NGEx and, pursuant to the terms of a services agreement between the Corporation and NGEx dated August 16, 2016 (the "**Services Agreement**"), the employment costs associated with these individuals are shared between the Corporation and NGEx on a pro-rata basis. If such officers and key employees do not remain employed with NGEx for the purposes of the cost-sharing basis under the Services Agreement, the Corporation could be adversely affected. The Corporation has not purchased key man life insurance for any of these individuals.

### ***No Operating History***

Exploration projects have no operating history upon which to base estimates of future cash flows. Substantial expenditures are required to develop mineral projects. It is possible that actual costs and future economic returns may differ materially from Filo Mining's estimates. There can be no assurance that the underlying assumed levels

of expenses for any project will prove to be accurate. Further, it is not unusual in the mining industry for new mining operations to experience unexpected problems during start-up, resulting in delays and requiring more capital than anticipated. There can be no assurance that Filo Mining's projects will move beyond the exploration stage and be put into production, achieve commercial production or that Filo Mining will produce revenue, operate profitably or provide a return on investment in the future. Mineral exploration involves considerable financial and technical risk. There can be no assurance that the funds required for exploration and future development can be obtained on a timely basis. There can be no assurance that Filo Mining will not suffer significant losses in the near future or that Filo Mining will ever be profitable.

### ***Surface Access***

The Corporation has surface access rights but does not own any surface rights at the Filo del Sol Project. The owners of the surface rights are in agreement with the Corporation's subsidiaries in conducting exploration activities on their ground.

From time to time, a land possessor may dispute the Corporation's surface access rights and, as a result, the Corporation may be barred from its legal temporary occupation rights. Surface access issues have the potential to result in the delay of planned exploration programs, and these delays may be significant. Such delays may have a material adverse effect on the Corporation.

The Corporation may require additional surface rights and property interests to further develop or exploit the resources on its properties, which will require negotiations with private landowners for the additional ownership and/or surface rights in order for the Corporation to fully operate. Surface rights may also be regulated and restricted by applicable law. There is no assurance that the Corporation will be able to obtain the required surface rights or negotiate successfully with private landowners to allow it to develop its properties and establish commercial mining operations on a timely basis. To the extent additional surface rights are available, they may only be acquired at significantly increased prices, potentially adversely impacting financial performance of the Corporation.

### ***Conflicts of Interest***

Some of the directors and employees/officers of the Corporation are also directors and employees/officers of other companies that are similarly engaged in the business of acquiring, exploring and developing natural resource properties. In addition, certain individuals also serve as officers of NGEx and are subject to the Services Agreement. Such associations may give rise to conflicts of interest from time to time. In particular, one of the consequences will be that corporate opportunities presented to a director or employee/officer of the Corporation may be offered to another corporation or companies with which the director or employee/officer is associated and may not be presented or made available to the Corporation. The directors and employees/officers of the Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation, to disclose any interest that they may have in any project or opportunity of the Corporation, and to abstain from voting on such matter. Conflicts of interest that arise will be subject to and governed by the procedures prescribed by the Corporation's Code of Business Conduct and Ethics and the CBCA.

### ***Foreign Operations Risk***

The Corporation conducts exploration activities in foreign countries, including Argentina and Chile. Each of these countries exposes the Corporation to risks that may not otherwise be experienced if all operations were located in Canada. The risks vary from country to country and can include, but are not limited to, civil unrest or war, terrorism, illegal mining, changing political conditions, fluctuations in currency exchange rates, expropriation or nationalization without adequate compensation, changes to royalty and tax regimes, high rates of inflation, labour unrest and difficulty in understanding and complying with the regulatory and legal framework respecting ownership and maintenance of mineral properties. Changes in mining or investment policies or shifts in political attitudes may also adversely affect Corporation's existing assets and operations. Real and perceived political risk may also affect Corporation's ability to finance exploration programs and attract joint venture or option partners, and future mine development opportunities.

Numerous countries have introduced changes to mining regimes that reflect increased government control or participation in the mining sector, including, but not limited to, changes of law affecting foreign ownership, mandatory government participation, taxation and royalties, exploration licensing, export duties, and repatriation of income or return of capital. There can be no assurance that industries, which are deemed of national or strategic importance in countries in which the Corporation has assets, including mineral exploration, will not be nationalized. There is a risk that further government limitations, restrictions or requirements, not presently foreseen, will be implemented. Changes in policy that alter laws regulating the mining industry could have a material adverse effect on the Corporation. There can be no assurance that the Corporation's assets in these countries will not be subject to nationalization, requisition or confiscation, whether legitimate or not, by an authority or body.

In addition, in the event of a dispute arising from foreign operations, the Corporation may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Corporation also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for the Corporation to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on the Corporation.

### ***Operations in Chile***

Given its foreign operations in Chile, the Corporation is exposed to risks that are typical and inherent for companies that have material assets and property held in that jurisdiction. In particular, previously issued permits may be suspended or revoked for a variety of reasons, including through government or court action. Chile is typically viewed as a favourable mining jurisdiction, however, recently certain Canadian issuers have experienced regulatory action with regards to Chilean operations.

Non-compliance with applicable laws, regulations and permitting requirements (including allegations of such) may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed or causing the withdrawal of permits or mining licenses, and the imposition of corrective measures requiring material capital expenditure or remedial action resulting in materially increased cost of compliance, reputational damage and potentially impaired ability to secure future approvals and permits. The Corporation may be required to compensate third parties for loss or damage and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

### ***Metal Price Risk***

The Corporation's portfolios of properties and investments have exposure to predominantly copper, gold, and silver. Commodity prices fluctuate widely and are affected by numerous factors beyond the Corporation's control, such as the sale or purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major metals-producing and metals-consuming countries throughout the world. The prices of these metals greatly affect the value of the Corporation, the price of the common shares of the Corporation and the potential value of its properties and investments. This, in turn, greatly affects its ability to form joint ventures, option agreements and the structure of any joint ventures formed. This is due, at least in part, to the underlying value of the Corporation's assets at different metals prices.

### ***Uncertainty of Funding***

The exploration and development of mineral properties requires a substantial amount of capital and may depend on the Corporation's ability to obtain financing through joint ventures, debt financing, equity financing or other means. General market conditions, volatile metals prices, a claim against the Corporation, a significant disruption to the Corporation's business, or other factors may make it difficult to secure the necessary financing. There is no assurance that the Corporation will be successful in obtaining required financing as and when needed on acceptable terms. Failure to obtain any necessary additional financing may result in delaying or indefinite postponement of exploration or development or even a loss of property interest. If the Corporation needs to raise

additional funds, such financing may substantially dilute the interests of shareholders of the Corporation and reduce the value of their investment.

***Trading Price for the Shares is Volatile***

The securities of publicly traded companies, particularly mineral exploration and development companies, can experience a high level of price and volume volatility and the value of the Corporation's securities can be expected to fluctuate depending on various factors, not all of which are directly related to the success of the Corporation and its operating performance, underlying asset values or prospects. These include the risks described elsewhere in this Prospectus. The trading price of the Corporation's Common Shares has been and may continue to be subject to large fluctuations, which may result in losses to investors. The trading price of the Corporation's Common Shares may increase or decrease in response to a number of events and factors, including:

- issuances of Shares or debt securities by the Corporation;
- the Corporation's operating performance and the performance of competitors and other similar companies;
- the addition or departure of key management and other personnel;
- the expiration of lock-up or other transfer restrictions on outstanding Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Corporation or its competitors;
- the public's reaction to the Corporation's press releases, other public announcements and the Corporation's filings with the various securities regulatory authorities;
- changes in recommendations by research analysts who track the Corporation's Common Shares or the shares of other companies in the resource sector;
- the number of Common Shares to be publicly traded after an offering; and
- the factors listed under the heading "Cautionary Note Regarding Forward-Looking Information and Statements".

In addition, the market price of the Shares is affected by many variables not directly related to the Corporation's success and therefore not within the Corporation's control. Factors which may influence the price of the Corporation's securities, include, but are not limited to: worldwide economic conditions; changes in government policies; local community opposition to mining projects generally; investor perceptions; movements in global interest rates and global stock markets; variations in operating costs; the cost of capital that the Corporation may require in the future; the market price of metals, including copper, gold and silver; the price of commodities necessary for the Corporation's operations; recommendations by securities research analysts; the share price performance of the Corporation's competitors; news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related industry and market issues affecting the mining sector; publicity about the Corporation, the Corporation's personnel or others operating in the industry; loss of a major funding source; and all market conditions that are specific to the mining industry, including other developments that affect the market for all resource sector shares, the breadth of the public market for the Shares, and the attractiveness of alternative investments. The effect of these and other factors on the market price of Shares on the exchanges on which the Corporation trades has historically made the Corporation's share price volatile and suggests that the Corporation's share price will continue to be volatile in the future.

As a result of any of these factors, the market price of the Shares at any given point in time may not accurately reflect the long-term value of the Corporation. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Corporation may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

### ***Control of Filo Mining***

As at the date of this AIF, Zebra and Lorito, who report their security holdings as joint actors, are control persons of Filo Mining. As long as Zebra and Lorito maintain significant interests in Filo Mining, they will have the ability to exercise certain influence with respect to the affairs of Filo Mining and significantly affect the outcome of the votes of shareholders. There is a risk that the interests of Zebra and Lorito differ from those of other shareholders.

As a result of the significant holdings of Zebra and Lorito, there is a risk that the Corporation's securities are less liquid and trade at a relative discount compared to circumstances where these persons did not have the ability to influence or determine matters affecting Filo Mining. Additionally, there is a risk that their significant interests in Filo Mining discourages transactions involving a change of control of Filo Mining, including transactions in which an investor, as a holder of the Corporation's securities, would otherwise receive a premium for its Corporation's securities over the then-current market price.

### ***Future offerings of debt or equity securities***

The Corporation may require additional funds to finance further exploration, development and production activities, or to take advantage of unanticipated opportunities. If the Corporation raises additional funds by issuing additional equity securities, such financing would dilute the economic and voting rights of the Corporation's shareholders. Since the Corporation's capital needs depend on market conditions and other factors beyond its control, it cannot predict or estimate the amount, timing or nature of any such future offering of securities. Thus, holders of common shares of the Corporation bear the risk of any future offerings reducing the market price of the common shares and diluting their shareholdings in the Corporation.

### ***Economic and Political Instability in Argentina***

The Filo del Sol Project is located in San Juan Province, Argentina. There are risks relating to an uncertain or unpredictable political and economic environment in Argentina, especially as there is social opposition to mining operations in certain parts of the country. During an economic crisis in 2001 to 2003 and again in 2014, Argentina defaulted on foreign debt repayments and on the repayment on a number of official loans to multinational organizations. In addition, the government has renegotiated or defaulted on contractual arrangements. The previous Argentinean government placed currency controls on the ability of companies and its citizens to obtain United States dollars, in each case requiring Central Bank approval (resulting in, at times, a limitation on the ability of multi-national companies to distribute dividends abroad in United States dollars) and revoked exemptions previously granted to companies in the oil and gas and mining sectors from the obligation to repatriate 100% of their export revenues to Argentina for conversion in the local foreign exchange markets, prior to transferring funds locally or overseas. Similarly, the government adopted a requirement that importers provide notice to the government and obtain approval for importation before placing orders for certain goods. These measures have been lifted by the new government that took office in December 2015. However, the past actions indicate that the Argentinean government may from time to time alter or impose additional requirements or policies that may adversely affect the Corporation's activities in Argentina or in its ability to attract joint venture partners or obtain financing for its projects in the future.

### ***Infrastructure***

Development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power and water supplies are important determinants that affect costs. The Corporation's ability to obtain a secure supply of power and water at a reasonable cost depends on many factors, including: global and regional supply and demand; political and economic conditions; problems that can affect local supplies; delivery; and relevant regulatory regimes. Power and water are currently in short supply throughout Northern Chile and this may adversely affect the ability of the Corporation to explore and develop its Chilean projects. Unusual or infrequent weather phenomena, sabotage or government, and other interference in the maintenance or provision of such infrastructure could adversely affect the activities and profitability of the Corporation.

Establishing such infrastructure will require significant resources, identification of adequate sources of raw materials and supplies and necessary cooperation from national and regional governments, none of which can be assured. There is no guarantee that the Corporation will secure these power, water and access rights going forward or on reasonable terms.

***Global financial conditions can reduce share prices and limit access to financing***

The economic viability of the Corporation's business plan is impacted by the Corporation's ability to obtain financing. Global economic conditions impact the general availability of financing through public and private debt and equity markets, as well as through other avenues.

Significant political, market and economic events may have wide-reaching effects and, to the extent they are not accurately anticipated or priced into markets, may result in sudden periods of market volatility and correction. Periods of market volatility and correction may have an adverse impact on economic growth and outlook, as well as lending and capital markets activity, all of which may impact the Corporation's ability to secure adequate financing on favourable terms, or at all.

In the wake of the 2008 financial crises and Eurozone sovereign debt crisis, increased regulatory scrutiny contributed to financial institutions oftentimes applying more stringent lending criteria as compared to before the crises and the availability of debt was relatively low by historical comparison. While debt markets stabilized and lending activity has since strengthened, there is no guarantee that credit market conditions will not worsen. Recently, certain economists and market commentators have pointed to historically high levels of household debt in Canada, the effect of which on the Canadian economy and credit markets is unknown. Should credit market conditions worsen, the Corporation may have difficulty borrowing on economically favourable terms, or at all.

While equity markets in Canada and the United States have enjoyed relatively healthy performance coming out of the 2008 financial crisis, there is no guarantee that favourable equity market conditions will persist. Furthermore, while recent overall equity market performance has been relatively healthy, certain sectors, such as metals and mining, and energy, have at times experienced periods of increased volatility and changing market sentiment during the recent past. A general risk-adverse approach to investing, which may become more predominant as a result of market turmoil, may limit the Corporation's ability to obtain future equity financing. Inability to obtain financing at all, or on acceptable terms, may have a material adverse effect on the Corporation's business, financial condition, results of operations, cash flows or prospects.

Furthermore, general market, political and economic conditions, including, for example, inflation, interest and currency exchange rates, structural changes in the global mining industry, global supply and demand for commodities, political developments, legislative or regulatory changes, social or labour unrest and stock market trends will affect the Corporation's operating environment and its operating costs, profit margins and share price. Uncertainty or adverse changes relating to government regulation, economic and foreign policy matters, and other world events have the potential to adversely affect the performance of and outlook for the Canadian and global economies, which in turn may affect the ability of the Corporation to access financing on favourable terms or at all. For example, recent uncertainty regarding Canada's ability to access North American markets via the North American Free Trade Agreement and increased levels of turmoil in certain geopolitical hotspots have the potential to increase uncertainty and volatility in Canadian and global markets, respectively. The occurrence of negative sentiment or events in the Canadian and broader global economy could have a material adverse effect on the Corporation's business, financial condition, results of operations, cash flows or prospects.

***Currency Risk***

The Corporation will transact business in a number of currencies including but not limited to the US Dollar, the Argentine Peso and the Chilean Peso. The Argentine Peso in particular has had significant fluctuations in value relative to the US and Canadian dollars. Ongoing economic uncertainty in Argentina as well as unpredictable changes to foreign exchange rules may result in fluctuations in the value of the Argentine Peso that are greater

than those experienced in the recent past. Fluctuations in exchange rates may have a significant effect on the cash flows of the Corporation. Future changes in exchange rates could materially affect the Corporation's results in either a positive or a negative direction. The Corporation does not currently engage in foreign currency hedging activities.

### **Internal Controls**

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

### **Information Systems and Cyber Security**

The Corporation's operations depend on information technology ("IT") systems. These IT systems could be subject to network disruptions caused by a variety of sources, including computer viruses, security breaches and cyber-attacks, as well as disruptions resulting from incidents such as cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, vandalism and theft. The Corporation's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Corporation's reputation and results of operations.

Although to date the Corporation has not experienced any material losses relating to cyber attacks or other information security breaches, there can be no assurance that the Corporation will not incur such losses in the future. The Corporation's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Corporation may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

### **Corruption and Bribery**

The Corporation is required to comply with anti-corruption and anti-bribery laws, including the *Extractive Sector Transparency Measures Act*, the *Canadian Corruption of Foreign Public Officials Act* and the U.S. *Foreign Corrupt Practices Act*, as well as similar laws in the countries in which the Corporation conducts its business. If the Corporation finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Corporation resulting in a material adverse effect on the Corporation.

### **Competition**

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential, as well as the necessary labour and supplies required to develop such properties. The Corporation competes with other exploration and mining companies, many of which have greater financial resources, operational experience and technical capabilities than the Corporation, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. The Corporation may not be able to maintain or acquire attractive mining properties on terms it considers acceptable, or at all. Consequently, its financial condition could be materially adversely affected.

### **Uninsurable Risks**

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, as well as political and social instability. It is not always possible to obtain insurance against all such risks and the Corporation may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Corporation. The Corporation does not maintain insurance against political risks.

### **Tax**

The Corporation runs its business in different countries and strives to run its business in as tax efficient a manner as possible. The tax systems in certain of these countries are complicated and subject to changes. For this reason, future negative effects on the result of the Corporation due to changes in tax regulations cannot be excluded. Repatriation of earnings to Canada from other countries may be subject to withholding taxes. The Corporation has no control over withholding tax rates.

## **Filo del Sol Project, Chile and Argentina**

The Corporation controls a 100% interest in the Filo del Sol Project, which straddles the international border between San Juan Province, Argentina and Region III, Chile.

On November 28, 2017, the Corporation released the results of a technical report prepared in accordance with NI 43-101 entitled “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**”), prepared 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. The Technical Report has been filed with Canadian securities regulatory authorities under the Corporation’s profile on SEDAR (available at [www.sedar.com](http://www.sedar.com)).

The information contained in this section has been derived from the Technical Report and is subject to certain assumptions, qualifications and procedures described in the Technical Report and reference should be made to the full text of the Technical Report. The 2017/2018 field program was initiated in December 2017, and this section has been updated to reflect the work completed between then and the end of March 2018 where appropriate.

Mr. Robert Carmichael, B.A.Sc., P.Eng., Vice President, Exploration for the Corporation, and Mr. James Beck, B.A.Sc., P.Eng., MBA, Vice President, Corporate Development and Projects for the Corporation, each a qualified person, as defined under NI 43-101, has reviewed and approved the scientific and technical disclosure contained in this AIF.

### **Project Description, Location and Access**

The Filo del Sol Project is located in the Atacama Region of Northern Chile and adjacent San Juan province of Argentina. The Project is 140 km southeast of the city of Copiapó, Chile and straddles the border between Argentina and Chile. The Project is accessible by road from either Copiapó, Chile or San Juan, Argentina, although Copiapó is much closer and is approximately four hours driving time. The centre of the main deposit area is located at 28.49° S and 69.66° W (decimal degrees, WGS84 datum).

The Filo del Sol Project is comprised of mineral titles in both Chile and Argentina. Those in Argentina are controlled by Filo del Sol Exploración S.A. and are referred to as the Filo del Sol property, those in Chile are controlled by Frontera Chile Limitada and are referred to as the Tamberías property. Both Filo del Sol Exploración S.A. and

Frontera Chile Limitada are wholly-owned subsidiaries of Filo Mining. For the purposes of the Technical Report, Filo Mining and the subsidiary companies are referred to interchangeably as “Filo Mining”.

In Argentina, Filo del Sol Exploración S.A. owns four exploration permits (Cateos) and 12 exploitation permits (Manifestaciones). In Chile, Frontera Chile Limitada is the owner of 16 exploration concessions (Manifestaciones), two exploitation mining concessions (Mensuras) in the process of being granted, and one unilateral and irrevocable option agreement to purchase 17 exploitation concessions (Mensuras). The total combined area of the Project is approximately 17,666 hectares.

The Project is included within the “Vicuña Additional Protocol” under the *Mining Integration and Complementation Treaty* between Chile and Argentina. The main benefit during the exploration stage of the Vicuña Additional Protocol is the authorization which allows for people and equipment to freely cross the border of both countries in support of exploration and prospecting activities within an area defined as an “operational area”. Development of transboundary mining projects is contemplated under the Treaty.

In Argentina, the properties Nacimiento 1, Nacimiento 2, Permit No. 338.723-G-92 and Permit No. 182.269-L-91 are affected by the payment of royalties as follows: US\$2.0M in the event of commercial production. Furthermore, Filo del Sol Exploración S.A. shall pay the owners a Net Smelter Return of 0.5% of the amount of the project benefits over ten years less costs. Both royalties are according to the option contract dated July, 2003. There are annual fees and expenditures, as set out in the Technical Report. Each of Nacimiento 1, Nacimiento 2, Permit No. 338.723-G-92 and Permit No. 182.269-L-91 will be transferred pursuant to the NGEx Transfer. The properties of Filo del Sol Exploración S.A. are located in the Iglesias Department of the Province of San Juan, in the area called “Cerro el Potro” within the “Usos Múltiples” Area of the San Guillermo Provincial Reserve, where mining activities are fully authorized. The owner is the Provincial State.

Frontera Chile Limitada was assigned an option agreement with a unilateral and irrevocable option to purchase certain mensuras within the period that ends on June 30, 2023. The purchase price is US\$20,000,000, to be paid in installments during the term of the agreement, and a royalty of 1.5% of the Net Smelter Return. There are no work commitments. Surface land rights in the area of the Tamberías Property are held by a local community, “Comunidad Civil Ex Estancia Pulido”. Filo Mining has an agreement with the Pulido community to provide access to the project for a period of four years, beginning in November 2017.

### **History**

Cyprus-Amax Minerals Company (“**Cyprus-Amax**”) was the first company to have done any serious exploration work in the area, beginning in 1997 and based on recognition of auriferous silica and a Copper-Gold (“**Cu-Au**”) porphyry occurrence on the Chilean side of the border. Cyprus-Amax’s work during the 1998/99 season consisted of 1:10,000 geologic mapping, talus fine sampling, rock chip sampling, road construction to the Project site and a drill program of 2,519 metres in 16 reverse circulation (“**RC**”) drill holes.

The drilling discovered high-grade copper oxide and moderate-grade gold values, including 40 metres at 1.19% copper and 0.33 g/t gold in RCVI-02 and 20 metres at 0.66% copper and 0.63 g/t gold in RCVI-07. All holes ended in mineralization. Talus fine sampling detected a strong gold anomaly in the eastern portion of the alteration halo, associated with a large silicified cap (Co. Vicuña), which they did not drill.

Filo Mining became involved in the Project through its predecessor company, Tenke Mining Corp., which negotiated purchase arrangements with Cyprus-Amax in August 1999.

### **Geological Setting, Mineralization and Deposit Types**

The Vicuña district is located at the crest of the Andes, ~ 28.5° S. The modern-day geology is the result of east-directed subduction and volcanic arc development with related periods of volcanism and deformation along the Pacific margin. Basement rocks in the region include Late Paleozoic granites and rhyolites of the Choiyoi Group and

equivalents that are overlain by Jurassic to Cretaceous sediments related to early volcanic arc development. Contraction beginning in middle Cretaceous times resulted in the uplift of the Andes. Periods of extension within the arc, in the Paleocene-Eocene resulted in extensional faults and associated basins filled with terrigenous sediments. Eocene dioritic intrusive complexes are associated with this period. Compression in the Late Oligocene to present day, associated with the development of the Miocene volcanic arc, has resulted in inversion of the Paleocene-Eocene extensional faults and related basins.

Late Oligocene to Miocene intrusions and associated volcanic rocks form several belts in the central Andes, prospective for porphyry and epithermal Au-Cu systems (including the Maricunga belt) and high-sulphidation epithermal systems (including the El-Indio – Pascua district). The Maricunga belt includes at least three, and possibly four main stages of volcanism and porphyry intrusion with associated alteration and mineralization, while the more southerly El Indio-Pascua district high-sulphidation alteration and mineralization is predominantly Middle to Late Miocene. Up to the late 1990's, the Maricunga and El Indio belts were the focus of exploration due to the interest generated by earlier discoveries; however, it was recognized that the area between these two districts was prospective for similar mineralized systems. Subsequent work has shown this to be true, with the discovery of the Los Helados, Josemaría and Filo del Sol deposits with Late Oligocene to Late Miocene ages. In addition, intrusions in the region with associated hydrothermal alteration and some similarity to the Maricunga-style Au-porphyrines have been dated as Middle Miocene and there is local evidence of magmatic rocks synchronous with the Late Miocene El Indio mineralization event.

Filo del Sol is a high-sulphidation epithermal copper-gold-silver deposit associated with a large porphyry copper-gold system. Overlapping mineralizing events combined with weathering effects, including supergene enrichment, have created several different styles of mineralization, including structurally-controlled gold, stratiform high-grade silver (+/- copper) and high-grade supergene-enriched copper within a broader envelope of disseminated sulphide copper and gold mineralization. Mineralization is hosted in clastic rocks inferred to be part of the Paleocene-Eocene Cuartitos formation as well as underlying rhyolitic volcanic rocks inferred to be part of the Permo-Triassic basement. It is located in the Andean Frontal Mountain Range, between the Maricunga gold porphyry trend to the north and the El Indio high-sulphidation epithermal trend to the south, both of Miocene age as is Filo del Sol.

The Filo del Sol deposit is comprised of two contiguous zones of mineralization, Filo del Sol to the north and Tamberias (previously called Flamenco or Filo South) to the south. The two zones are separated by the Flamenco fault, and have been differentiated in metallurgical testwork, but have been aggregated in the Mineral Resource estimate. The distribution of copper, silver and gold reflects several types of hypogene hydrothermal mineralization and at least some supergene remobilization, resulting in a relatively complex zonation. In addition to the Filo del Sol deposit, several other exploration targets occur on the property.

Mineralization in the Filo del Sol Project area shows affinities with both porphyry copper-gold-molybdenum and high-sulphidation gold-silver epithermal systems. The deposit defined by the Mineral Resource is best classified as epithermal, however adjacent mineralized zones, particularly to the south, appear to have characteristics of a copper-gold porphyry system. The mineralized system in its entirety is thought to represent a porphyry – epithermal system, with multiple intrusive and breccia centres, and so combines aspects of both these deposit types.

Much of the Filo del Sol area is underlain by a rhyolite volcanic package including quartz-feldspar phyric flow-banded rhyolites, and rhyolitic tuffaceous rocks. Some granite occurs to the north of the deposit area. The rhyolite and granite are both considered to be Permo-Triassic in age, part of the Andean basement Choyoi Group and equivalents common to this region, based on their lowermost stratigraphic position and regional correlations. Throughout the Filo del Sol area a suite of microdiorite dykes, three metres to 100 metres wide, cut across the rhyolite and conglomeratic units. The dykes are pre-mineral (relative to Filo del Sol), but their age is uncertain. Regional correlations with similar fine-grained mafic dykes suggests an Eocene age; they may be an intrusive equivalent to the andesitic volcanoclastic rocks overlying the Paleocene conglomerate.

At Filo del Sol, mineralization is hosted within a high-sulphidation lithocap domain that was formed within conglomeratic host rocks above the regionally-significant Paleocene unconformity. Steam heated and residual silica alteration along the ridge at Filo del Sol mark the uppermost part of the system, with gold mineralized domains formed at a receding paleowater table. Alteration extends downward to massive silica, quartz-alunite and argillic alteration. The basal conglomerate contact controls an important high-grade silver horizon (M zone) within the lithocap domain that has a distinctive metal signature and forms a key part of the deposit. The conglomerate contact is slightly northwest-dipping as is the M zone formed along it. The top of the M zone is irregular but generally coincides with the lowest extent of the silica alteration. The western side of the Filo section of the deposit is bound by the pre-mineral Frontera fault, a high-angle structure that is interpreted to have controlled fluid upflow within the system. To the north of the Filo section of the deposit, post-mineral faults complicate the geology and the extension of the M zone becomes more irregular, although the deposit remains open in this direction.

The Tamberias section of the deposit is offset from the Filo del Sol section across the Flamenco fault. In Tamberias, dacitic plagioclase-hornblende-biotite porphyry intrusions intrude the rhyolite basement and have associated biotite-magnetite (potassic) alteration. These porphyries are intruded by younger feldspar-phyric porphyry phases that are only partly exposed and are largely blind to the surface and are associated with copper sulphide mineralization and elevated gold values. The western side of Tamberias hosts epithermal alteration that overprints the earlier potassic domain; this is interpreted to be the lateral continuation of the Filo system, with gold, silver and antimony mineralization. Alteration in the epithermal zone is largely composed of residual silica which corresponds to a leached domain with no copper. No high-grade silver domain occurs in Tamberias; the leached zone is underlain by an oxide zone with Cu-sulphates, that progresses down to a copper-gold hypogene sulphide domain that has only been drill tested in a very limited area.

### **Exploration**

Despite a long history of exploration, the short field season and large size of the hydrothermal systems has resulted in the Project being under-explored, and it warrants significant additional work. Filo Mining, or its predecessor companies, have been exploring at the Filo del Sol property since the 1999/2000 field season. A total of 15 work programs have been completed over these years, and there have been four seasons (2001/2002, 2002/2003, 2008/2009, 2009/2010) during which no work was done. Exploration has been limited to the summer season, typically between November and April, and exploration seasons are described by the years which they bridge.

Surface work completed on the Project to date has included talus fine sampling, rock chip sampling, geological mapping and induced polarization (“IP”) and magnetic geophysical surveys. Extensive talus fine sampling has been effective at outlining the main mineralized zones on the property. Over 2,000 samples have been collected, focused on areas of alteration identified through satellite image analysis. Results indicate three broad anomalies over the Filo del Sol, Tamberias and Maranceles areas, with several other, less-distinct areas of interest. Anomalies are typically defined by copper, gold, silver, arsenic, bismuth, molybdenum, and antimony.

Of particular interest is that both anomalies are larger than the drilled extent of the known mineralization indicating potential for expansion. In addition to the talus fine samples, limited rock chip and channel sampling has been carried out across many of the main mineralized areas. Sampling was much more restricted in area than the talus fine sampling, covering mainly the Filo del Sol and Tamberias areas with a few samples at Maranceles. Several strongly anomalous (gold, copper, silver and arsenic) areas were outlined, both as clusters of float samples and contiguous chip/channel samples along road cuts. During the 2015/2016 season, systematic follow-up sampling was completed which confirmed and expanded upon these results with the collection of 378 additional samples. Four road cuts were systematically mapped and sampled identifying a northwesterly-trending zone along the western margin of the Flamenco intrusion. The highest grade portions of these trenches are characterized by stockwork and brecciated stockwork of smoky quartz veinlets. These surface trenches were extended and sampled during the 2016/2017 season, with a total of 316 additional samples collected.

IP geophysical surveys have been very useful in defining geological features at the Filo del Sol Project. Several generations of surveys have been completed. Surveys were completed by Zonge Ingenieria y Geofisica (Chile) S.A. for the 1999/2000 and 2011/2012 surveys and by Quantec Geoscience Argentina S.A. for the others. The Filo del Sol Project deposit correlates well with a low-chargeability resistive feature north of the Flamenco fault. This feature extends over a kilometre to the north of the Mineral Resource, which has not been closed off in this direction. The surrounding phyllic-altered rocks and predominance of disseminated pyrite are characterized by high-chargeability zones. In east-west geophysical cross-sections, the presence of the Frontera fault and the wedge-shaped epithermal system are apparent. Plan chargeability sections show the main geological features including the epithermal zone, the Flamenco fault and the Cerro Vicuña porphyry system. The latter is highlighted by a circular high-chargeability “ring” surrounding a lower chargeability zone centred on the Cerro Vicuña porphyry. This ring feature is clearly truncated by the Flamenco fault. The Maranceles fault correlates well with a north-easterly trending low-chargeability feature that was mapped out by the northern extension to the IP grid completed in the 2015/2016 season.

The distribution of copper, silver and gold reflects several types of hypogene hydrothermal mineralization and at least some supergene remobilization, resulting in a relatively complex zonation. The highest copper grades correspond to the soluble copper in the oxide zone. The distribution of copper includes both sulphide and oxide mineralization. The distribution of gold is more irregular and it occurs throughout all zones of the deposit. Maximum values reach 21.7 grams per tonne over a two metre RC sample length. The gold zones coincide, at least in part, with domains of massive and opaline silica that formed at the paleo water surface during progressive recession of the paleo water table. There is a general correlation of some of the better gold grades in Filo del Sol and Tamberias with the lower section of logged silica alteration within the epithermal system. Some values may also occur within steep structures; however, these structures have been difficult to identify conclusively in vertical RC drill holes. Gold values also occur associated with copper into the hypogene sulphide zone. Silver mineralization occurs within a relatively restricted domain at Filo del Sol between 10 metres and 50 metres thick that is inferred to correspond to the base of the clastic conglomerate unit. It occurs with the mineral zone defined as ‘M’. Its origin has debated alternately as supergene or hypogene. Maximum values above 3,000 grams per tonne silver over a two metres sample length are reported in intercepts of the M zone. A lower grade silver domain has also been defined at Tamberias, with similar metal associations (including antimony) as at Filo del Sol, in an area that is being explored as the potential offset lateral equivalent to the Filo del Sol epithermal domain.

### ***Drilling***

Drilling at the Filo del Sol Project was initiated by Cyprus in 1998/99 and since then a total of 37,579 metres of RC drilling in 150 holes and 4,257 metres of diamond drilling (“DD”) in 19 holes has been completed. All of these holes, with the exception of three RC drill holes (490 metres), were drilled in the Filo del Sol deposit area. RC drilling has provided most of the drill information from the Project. Although RC drilling is useful for establishing the grade distribution and general geological framework of the deposit, DD is essential to fully understand the controls on, and detailed geometry of, the mineralization. DD has proven to be difficult in the highly porous and fractured steam-heated and residual quartz alteration associated with the deposit, however similar rock types at other deposits (Pascua-Lama, Yanacocha, Veladero) have been successfully diamond drilled and a concerted effort needs to be made to include extensive DD in future drill programs.

The Technical Report recommends that approximately 10,000 metres of new drilling, including both DD and RC drilling, should be conducted at the Project and should test at least some of the outlying exploration targets in addition to infill drilling to convert the Inferred Mineral Resource to Indicated Mineral Resource. Holes drilled into the deposit should include holes designed to collect samples for metallurgical testwork, and a sampling protocol to provide appropriate material should be developed. DD core will be required in order to recover fragment sizes appropriate for column leach testwork. Geotechnical drilling should also be completed, with the final program design based on the PEA recommendations.

This program was initiated in December 2017 and a total of 46 new holes (9,427m) was completed prior to the end of March 2018. Of this total, eleven holes totalling 2533 metres were diamond drilling and the remainder was RC.

The Filo del Sol deposit is comprised of several different zones, typically with different origins and different geometries. Copper tends to occur either disseminated throughout or in flat-lying higher grade zones likely due to supergene enrichment. Silver occurs primarily as a shallow-dipping zone of high-grade mineralization. Drilled widths for both of these metals are essentially true widths, as the steep to vertical drill holes pierce the zones at close to perpendicular. The distribution of gold is more complex, and includes disseminated, sub-horizontal zones and suspected steep structurally controlled zones. The drilled width of the disseminated and sub-horizontal zones are essentially true widths, as with copper and silver. The drilled width of the structurally controlled zones is likely to be greater than the true width. More work is required before the geometry of these structures is understood and the relationship between their drilled and true widths can be established.

### ***Sample Preparation, Analysis and Security***

Soil and talus samples were collected from small holes deep enough to sample the interval below the iron-cemented horizon. Talus samples were composited from ten stations located within five metres along a 100 metre-long line. Talus lines were oriented either north-south or east-west. Sampled material was finer than #10 mesh. All samples were labelled and identified before being shipped for geochemical analyses. Rock samples involved collecting approximately one kilogram to three kilograms of representative chips from outcrops or trenches. The sample length as well as a geologic description was recorded and entered into the database. Sample location was annotated on the sample booklet and the geologist's GPS. Rock, talus and soil samples collected at the Filo del Sol Project were analyzed by the independent ALS Chemex and ACME laboratories in Chile.

In detail, historical sample preparation and analytical methodology is poorly documented in the existing reports. Control samples such as duplicates, blank or standards were not inserted in the sequence. Rock samples were not used in the Mineral Resource estimate. ALS Chemex procedures included 27-element four-acid ICP-AES, gold fire assay Atomic Absorption finish and trace mercury by cold vapour/Atomic Absorption. ACME procedures included 35-element four-acid or aqua regia digestion ICP-AES, gold fire assay Atomic Absorption finish and trace mercury by cold vapour/Atomic Absorption.

Sampling procedures and protocols from drill programs have evolved over the last two decades not only at the Filo del Sol Project, but throughout the industry. Almost all holes were sampled in 2 m intervals and all were analyzed by either ALS Chemex Chile (prior to 2009/10 and from 2016 to date) or ACME Laboratories Chile (since 2010/2011 up to 2015). More than 68% of the current RC drilling and DD dataset had a rigorous quality assurance/quality control ("QA/QC") protocol with blanks, standards and laboratory duplicates. Another 6.5% has been checked with a second lab but does not have blank and standard controls. The remaining 25.5% of the dataset has only been verified (satisfactorily) with duplicates. No sample appears to be misplaced or intentionally deleted from the database. The current drillhole dataset for the Filo del Sol Project is consistent and has adequate quality to be used for Indicated Mineral Resource estimations.

### ***Data Verification***

To verify information provided by the Corporation, F. Devine, an author of the Technical Report, reviewed the re-assaying of historic RC pulps with known gold, silver and copper grades for check analyses, visited the area of drilling and located a number of drillholes with a hand-held GPS. The results of these checks are considered a satisfactory confirmation of the results reported by Filo Mining.

A visit to the Copiapó office and support facilities was carried out by J. Gray, an author of the Technical Report, between June 16, 2014 and June 21, 2014. Six samples were taken from a variety of geological settings. Samples were coarse rejects from RC drill cuttings and were approximately five kilograms. Results of these independent samples agreed closely with the original values.

F. Devine was directly involved in the update of the geological model for the Project area, including review and discussion with Corporation personnel and extensive surface site visits to confirm the geology.

Independent assaying of individual samples used to create metallurgical test composites was carried out by SGS Minerals Services (Lakefield Site) (“**SGS Lakefield**”). These results compare well with the original sample analyses.

### **Mineral Processing and Metallurgical Testing**

To date, the metallurgical test programs on the Filo del Sol deposit have been carried out in three phases. The first phase was conducted in 2001 by Novatech S.A. of Santiago, Chile, on various samples of the oxide and mixed zones. The second phase was conducted by SGS Lakefield in 2016 on one sample of each of the oxide gold, oxide copper and mixed silver mineralization. The third, more comprehensive, phase was conducted at SGS Lakefield in 2017 on samples from several different zones of mineralization within the deposit.

Four types of mineralization have been tested during the latest phase of work: gold oxide (“**AuOx**”), copper-gold oxide (“**CuAuOx**”), high-copper M zone (“**M-Cu**”) and high-silver M zone (“**M-Ag**”). AuOx and CuAuOx mineralization occurs in both the Filo del Sol and Tamberias zones of the deposit and these zones have been tested separately. M zone material only occurs at Filo del Sol.

A summary of results to date is shown in Table 1.

**Table 1: Summary of metallurgical results**

<b>Sample</b>	<b>Source Test</b>	<b>Recovery Copper (%)</b>	<b>Recovery Gold (%)</b>	<b>Recovery Silver (%)</b>
<b>Filo del Sol (FDS):</b>				
FDS AuOx	Column		93	70
FDS CuAuOx	Sequential Column	82	87	71
M-Cu	Sequential Bottle Roll	89	88	74
M-Ag	Sequential Bottle Roll	61	64	73
<b>Tamberias (TMB):</b>				
TMB AuOx	Bottle Roll		56	33
TMB CuAuOx	Column & Sequential Bottle Roll	91	47	37

A conservative approach was taken in applying the metallurgical recoveries from testwork to the financial analysis used in the PEA. A 3% reduction was made in moving from column test results to estimated operating recoveries. A 10% reduction was made where estimated recoveries were taken from bottle roll test results.

### **Mineral Resource Estimate**

The Mineral Resource has an effective date of July 1, 2017. Drill density and confidence in the geologic context of mineralization have allowed for the declaration of an Indicated Mineral Resource. Ongoing metallurgical and engineering studies have supported the breakdown of resource reporting by four mineralization types each with a specific cut-off grade.

Cut-off grades were chosen based on preliminary expected mining and processing costs per mineralization type. Further development of the mining and processing costs in the Technical Report confirmed that the cut-off grade assumptions were reasonable.

Copper, gold and silver grades were estimated by ordinary kriging using Gemcom® software. Implementation of geologic controls was modified slightly compared to the 2015 approach and an updated geological model was used as control for grade interpolation of the three metals. The distribution of assay and composite grades were statistically well-behaved for all elements. High-grade capping was applied, with a generally low impact on metal content. The Technical Report indicated that the reporting of the Mineral Resource inside an optimized pit ensures reasonable prospects of eventual economic extraction.

The Filo del Sol Project Mineral Resource was estimated based on assay data available as of July 1, 2017. Compared to the 2015 estimate, an additional 7,500 metres of RC drilling in 37 new holes, from the drill program completed in March 2017, were included in the Mineral Resource update. In total, 36,200 metres of drilling in 144 holes (18 core and 126 RC) were utilized in the Mineral Resource estimation.

Block model setup was unchanged from that used in 2015. Grades were estimated using a grid of 15 m x 15 m x 10 m blocks. A second, finer set of 7.5 m x 7.5 m x 2 m blocks was used for nearest neighbour interpolation; the small block size was chosen to match the sample composite length.

The base case Mineral Resource estimate below shows the individual zones at various cut-off grades.

Table 2: Filo del Sol Deposit Mineral Resource summary

Min. Type	Cut-off Grade	Resource Category	Quantity (million t)	Grade			Metal Contained		
				% copper	g/t gold	g/t silver	copper million lbs	gold million oz	silver million oz
AuOx	0.20	Indicated	52.5	0.05	0.42	3.0	59	0.7	5.1
	g/t Au	Inferred	31.7	0.08	0.36	2.4	57	0.4	2.5
CuAuOx	0.15 %	Indicated	175.3	0.42	0.29	2.8	1,636	1.6	15.5
	CuEq	Inferred	94.7	0.30	0.30	2.3	624	0.9	7.0
Ag	20 g/t	Indicated	36.5	0.52	0.41	69.5	421	0.5	81.6
	Ag	Inferred	17.0	0.40	0.43	78.9	149	0.2	43.1
Hypo	0.30 %	Indicated	108.6	0.28	0.32	2.2	658	1.1	7.7
	CuEq	Inferred	95.5	0.29	0.32	2.4	612	1.0	7.4
<b>Total:</b>		Indicated	372.9	0.34	0.33	9.2	2,774	4.0	109.9
		Inferred	238.9	0.27	0.33	7.8	1,442	2.5	60.0

(1) Effective Date: July 1, 2017.

(2) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

### **Interpretation and Conclusions – Exploration and Mineral Resources**

The Filo del Sol Project encompasses a very large zone of alteration and several mineralized showings within a prolific mineral district. Both high-sulphidation epithermal gold-silver-copper and porphyry copper-gold mineralization have been discovered and both styles of mineralization are compelling exploration targets. Despite a long history of exploration, the short field season and large size of the hydrothermal systems result in a Project that remains under-explored and warrants significant additional work. This is reinforced by the updated Mineral Resource estimate presented in the Technical Report that significantly expands the copper-gold-silver deposit on the property.

The Mineral Resource estimate for the Filo del Sol deposit includes several different styles of mineralization, in terms of metal combinations and grade distribution, which occur as the result of a complex series of geological processes. Mineralization of potential economic interest within the deposit includes: high-grade, leachable gold

and copper/gold mineralization; structurally controlled gold-silver mineralization; sub-horizontal, stratiform high-grade silver mineralization and disseminated copper, gold and silver sulphide mineralization.

In addition to the Filo del Sol deposit itself, the property contains several other target areas as defined by talus fine and rock sampling, geological mapping, geophysical surveys and alteration studies. These zones represent additional exploration targets and further work is required to fully evaluate them.

RC drilling has provided most of the drill information from the Project. Although RC drilling is useful for establishing the grade distribution and general geological framework of the deposit, DD is essential to fully understand the controls on, and detailed geometry of, the mineralization. DD has proven to be difficult in the highly porous and fractured steam-heated and residual quartz alteration associated with the deposit, however similar rock types at other deposits (Pascua-Lama, Yanacocha, Veladero) have been successfully diamond drilled and a concerted effort needs to be made to include extensive DD in future drill programs.

An expanded program of metallurgical testwork which was initiated in 2016 confirms that at least part of the copper, gold and silver mineralization is amenable to heap-leach processing. This is not unexpected, given the abundant copper sulphate mineralization seen at surface and in drill samples. Additional metallurgical studies are warranted to explore the variability of leach recoveries throughout the deposit and to evaluate the potential for production of a flotation concentrate from the M zone and underlying sulphide mineralization.

The Project presents several challenges to exploration and development including its high altitude, short summer season, locally difficult drilling conditions due to bad ground and distance from infrastructure; however these conditions are no worse than those at many successful mines in the region. Balanced against these challenges is the occurrence of a very significant mineral deposit indicated by the tenor of the resource, the size of the alteration zone and analogies with other deposits in geologically similar areas of the Andes.

A better understanding of the geology, mineralogy and metallurgical characteristics of the deposit have allowed the Mineral Resource estimate to be divided into discreet zones based on the type of mineralization. Ongoing metallurgical testwork has demonstrated that leach recoveries of copper, gold and silver from these zones is possible using standard leach processes and that high recoveries can be achieved. This information allows for a good understanding of what a conceptual mining and processing operation might look like, and provides sufficient data to support preliminary engineering and economic studies.

### ***Recommendations***

The updated Mineral Resource estimate established for the Filo del Sol Project deposit combined with new geological mapping and ideas developed in 2015/2016 indicates that additional work is warranted to continue to investigate the property. The primary goals of future work programs should be:

- To continue to explore the mineralized targets away from the deposit in order to evaluate the potential for additional deposits on the property;
- To continue to expand the known Mineral Resource through additional drilling;
- To drill selective infill holes into the Mineral Resource volume in order to convert Inferred tonnes to Indicated and test for structurally-controlled high-grade gold zones; and
- To complete a Pre-Feasibility Study (“**PFS**”) of the Project based on the positive outcome from the PEA.

Recommendations for further work have been divided into two phases in order to better define the goals and objectives and assist in planning and budgeting the work. Brief descriptions of the phases are presented below.

The objective of this two-phase program is to provide sufficient information to enable the completion of a PFS.

#### Phase I: Completed

- An October 2017 technical report (effective date September 27, 2017) recommended the undertaking of a PEA as the Phase I recommendation. The Technical Report contains the summary of that PEA.

#### Phase II:

- Following the PEA, the Phase II work program will be a substantial field program and include recommendations from Phase I. This program should be completed during the 2017/2018 field season.
- Approximately 10,000 metres of new drilling, including both diamond and RC drilling, is recommended. This program should test at least some of the outlying exploration targets in addition to infill drilling to convert the Inferred Mineral Resource to Indicated Mineral Resource. Holes drilled into the deposit should include holes designed to collect samples for metallurgical testwork, and a sampling protocol to provide appropriate material should be developed. Diamond drill core will be required in order to recover fragment sizes appropriate for column leach testwork.
- Geotechnical drilling should also be completed during this program, with the final program design based on the PEA recommendations. Ongoing environmental baseline data collection should continue, and be expanded as necessary to support a PFS. Metallurgical testwork, particularly variability testing, on samples collected from the Phase II drill program is a critical aspect of this phase, and the results of this work will be an important factor in determining the Project's future. A full geometallurgical model is recommended as part of Phase II in conjunction with an updated Mineral Resource estimate.
- Following the Phase II work program, a more detailed economic evaluation of the deposit should be undertaken, leading towards the completion of a PFS. This phase should build on the results of the PEA and include trade-off studies of major Project options.
- As at the date of the Technical Report, a total budget of US\$9.806 million was recommended in order to complete the program to the end of August 2018 (matching the Corporation's budget year).

As of the end of March 2018, the drill program was completed and metallurgical sampling was pending. One geotechnical hole was included in the program.

#### ***Mineral Reserve Statement***

There are no Mineral Reserves at the Filo del Sol Project.

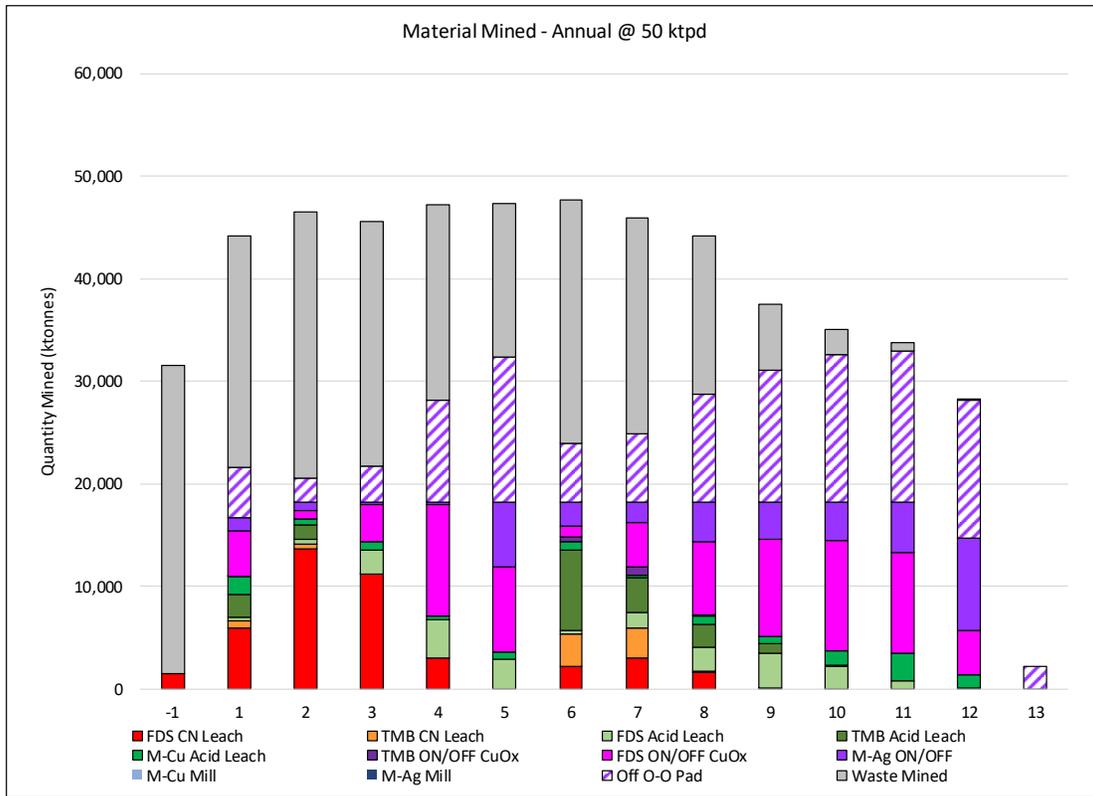
#### ***Mining Methods***

The Filo del Sol Project is amenable to open pit mining techniques. To determine an appropriate mining approach for this multi-metal, multi-zone deposit, the Project team conducted an extensive strategic mine planning exercise. Scenarios, consisting of combinations of processing and mining strategies were assessed both qualitatively and quantitatively. The outcome was to adopt a three-phase open pit that is mined at a rate sufficient to supply 50,000 tonnes per day ("tpd") of feed to multiple heap leach processing facilities (a permanent cyanide leach, a permanent acid leach, and an on/off acid leach).

Open pit mining is to be conducted with standard mining equipment, including blast hole drills, hydraulic shovels, front-end loaders, and rear-dump haul trucks – all supported by dozers, graders, water trucks and ancillary equipment.

The maximum combined mining rate of waste, process feed, and on-off pad re-handle is 47 million tonnes per annum. Complete extraction of the mineable Mineral Resource is expected to take 13 years, including one year of pre-production mining.

The production profile for the life of mine is provided in Figure 1.



Source: SRK 2017

Figure 1: Filo del Sol Project mine production schedule

### Recovery Methods

The Filo del Sol Project has been designed as a 50,000 tpd combination permanent cyanidation heap leach, permanent acid heap leach and an on/off acid heap leach. The treatment path for process feed will be selected by Mineral Resource type and valuable metals present. The process feed will be crushed by primary crushing and open-circuit secondary crushing to an 80% passing 38 millimeter product. The material containing only gold and silver values will be processed on the permanent cyanidation heap leach. Material containing only copper values will be processed on the permanent acid heap leach. The material containing copper and gold and/or silver values will be processed on the on/off acid heap before being reclaimed and transferred to the permanent cyanidation heap leach for additional processing. The material will be campaigned, so process feed will only be processed through a single path at a time at 50,000 tpd. Gold and silver will be recovered from solution utilizing a Merrill-Crowe plant to produce copper doré bars and copper will be recovered using solvent extraction and electro-winning to produce copper cathodes. Table 3 shows the processing by material type.

Table 3: Processing by Material Type

Material Type	Tonnes	Process
AuOx	49,723,000	Permanent Cyanidation Heap
CuOx	38,482,000	Permanent Acid Heap
CuAuOx	76,250,000	Acid On/Off to Permanent Cyanidation Heap
M-Cu	12,190,000	Permanent Acid Heap
M-Ag	38,776,000	Acid On/Off to Permanent Cyanidation Heap

Table 4 shows the recovery assumptions by leach process and material type used for the PEA. Recoveries achieved during the column and bottle roll testwork were reduced by 3% and 10% respectively, to simulate operating recoveries in the field.

Table 4: Recovery Assumptions used for PEA

<u>Leach Type</u>	<u>Copper Recovery</u>	<u>Gold Recovery</u>	<u>Silver Recovery</u>
FDS-Perm CN Leach	0%	90%	67%
TMB-Perm CN Leach	0%	46%	22%
FDS-Perm Acid Leach	79%	0%	0%
TMB-Perm Acid Leach	88%	0%	0%
FDS-On/Off Leach	79%	84%	68%
TMB-On-Off Leach	88%	37%	27%
M-Cu-Perm Acid Leach	77%	0%	0%
M-Ag-On/Off Leach	55%	53%	62%

### **Capital and Operating Costs**

Capital and operating costs were estimated at a level commensurate with a PEA. A combination of bottom-up first principles estimates and benchmarked costs was used to prepare the estimates. Mining and Processing estimates were based on the base-case production schedule and associated assumptions. The General and Administrative estimates were primarily based on benchmarks for similar scaled operations in similarly remote locations. The estimates are considered accurate to +/-25% at the summary level.

Costs are only estimated from the commencement of construction. Costs associated with further exploration, testwork, engineering and studies prior to commencement of construction have not been explicitly considered for the PEA.

Capital costs are summarized in Table 5. All costs are inclusive of contingency, engineering procurement and construction management.

Table 5: Capital cost summary

<u>Capital Expenditure</u>	<u>Initial (US\$000)</u>	<u>Sustaining (US\$000)</u>	<u>LOM (US\$000)</u>
Capitalized Pre-strip	\$70,397		\$70,397
Mining Capital	\$96,282	\$46,316	\$142,598
Total Processing Capital	\$559,419	\$56,078	\$615,497
Road and Infrastructure Capital	\$66,250	\$19,875	\$86,125
Closure Costs		\$45,000	\$45,000
<b>Total Capital Costs:</b>	<b>\$792,348</b>	<b>\$167,269</b>	<b>\$959,616</b>

Operating costs are summarized in Table 6.

Table 6: Operating costs summary

Operating & Sustaining Costs	LOM (US\$000)	Unit Opex (US\$/t)	Unit Opex (US\$/lb Payable Cu.Eq)
<b>Mine Operating Costs</b>			
Mine Opex Cost per tonne Total Mined Material	\$1,034,732	\$2.62	
<b>Mine Opex Cost per tonne Leach Material</b>	<b>\$1,034,732</b>	<b>\$4.80</b>	<b>\$0.41</b>
<b>Process Operating Costs</b>			
FDS-Perm CN Leach	\$290,604	\$6.87	\$1.16
TMB-Perm CN Leach	\$51,108	\$6.87	\$2.19
FDS-Perm Acid Leach	\$98,455	\$4.87	\$0.63
TMB-Perm Acid Leach	\$135,907	\$7.45	\$0.77
FDS-On/Off Leach	\$918,620	\$12.24	\$0.94
TMB-On-Off Leach	\$15,045	\$12.24	\$1.12
M-Cu-Perm Acid Leach	\$59,323	\$4.87	\$0.40
M-Ag-On/Off Leach	\$566,975	\$14.62	\$0.76
<b>Total Process Operating Costs</b>	<b>\$2,136,038</b>	<b>\$9.92</b>	<b>\$0.86</b>
<b>Other Site Operating Costs</b>			
Water Supply Opex	\$11,500	\$0.05	\$0.00
Road and Infrastructure Maintenance	\$60,000	\$0.28	\$0.02
Site G&A	\$230,000	\$1.07	\$0.09
<b>Other Site Operating Costs</b>	<b>\$301,500</b>	<b>\$1.40</b>	<b>\$0.12</b>
<b>Total Site Operating Costs</b>	<b>\$3,472,271</b>	<b>\$16.12</b>	<b>\$1.39</b>
Royalty	\$146,353	N/A	\$0.06
Freight, TCRC, Insurance etc.	\$248,947	N/A	\$0.10
Sustaining Capital	\$167,269	N/A	\$0.07
<b>All-in Sustaining Costs</b>	<b>\$4,034,840</b>	<b>N/A</b>	<b>\$1.62</b>

### ***Project Infrastructure***

The Project infrastructure is reasonably straightforward, and with significant precedent in the region. No “novel” solutions are proposed. SRK considers that there are no “fatal flaws” with respect to the Project infrastructure assumptions and outlook.

### ***Market studies and Contracts***

The products anticipated from the mine are copper cathode and gold/silver doré. For the purposes of the PEA, it is appropriate to assume that the products can be sold freely and at standard market rates. No specific marketing study was conducted for the study. Table 7 shows the pricing assumptions used by the base-case PEA.

Table 7: Pricing assumptions for economic analysis

<b>Commodity</b>	<b>Units</b>	<b>Price</b>
Copper Price	US\$/lb	US\$3.00
Gold Price	US\$/oz	US\$1,300.00
Silver Price	US\$/oz	US\$20.00

### ***Environmental Studies and Permitting***

The environmental studies at the Filo del Sol Project are at an early stage and, as a result, environmental issues have been identified based on work completed by MB Asesoria Ambiental and BGC Engineering. Some of this work was undertaken at the Filo del Sol Project, but most was from two projects in relatively close proximity to the Filo del Sol Project, on both sides of the border. The potentially sensitive issues identified at these two project sites are as follows: periglacial landforms; bedrock hydrothermal alteration and associated acid-sulphate waters; high altitude wetlands fed by groundwater; the potential for dust dispersion on wetlands, localities and glacier; the potential for cross-border impacts such as the cone of groundwater depression associated with the open pit; potentially sensitive biosphere receptors which could include flora, vegetation and wildlife habitats; the potential for impacts linked to the water quality associated with the heap leach pads and waste storage facility; and political sensitivities of the binational protocol.

Despite their separation from the Filo del Sol Project, the information collected to this point is believed to be largely representative of the sensitive issues that may exist at the Project. Baseline studies at the Filo del Sol Project are ongoing and will continue into the upcoming field season. Definition of the environmental sensitivities will improve as these studies progress.

### ***Economic Analysis***

The PEA indicates that the Project as conceived has the potential for economic execution. The base-case after-tax NPV evaluated at a discount rate of 8% is US\$705 million. The internal rate of return is 23.3%. A positive valuation is maintained across a wide range of sensitivities on key assumptions.

### ***Risks and Opportunities***

No fatal flaws were identified for the Project as envisaged. The Project is subject to a number of risks and opportunities as described in the Technical Report. No formal risk assessment was conducted as a part of the PEA. SRK recommends that formal risk assessment process, leading to the development of a semi-quantitative Project risk register, is conducted as a component of a PFS.

**The PEA is preliminary in nature and is partly based on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the preliminary assessment based on these Mineral Resources will be realized. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.**

### ***Interpretation and Conclusions***

The work that has been completed to date has indicated that the Filo del Sol Project has potential economic merit. SRK believes that this justifies additional work, leading to a PFS.

The Filo del Sol Project is amenable to development by open pit mining methods. SRK considers that there are no technical encumbrances to mine the upper (oxide) portions of the deposit as described in the PEA.

The metallurgical testing results obtained to date indicate that Filo del Sol mineralized material is generally amenable to process by conventional cyanidation and acid heap leaching.

The constructability of the envisaged Project appears to be viable. No unusual aspects of location, logistics or availability of resources that may affect the construction have been identified. Note that the PEA considers a two-year construction window, and as is common there is always a risk of longer-than expected construction duration, while opportunities to shorten this window may be limited.

## Dividends

There are no restrictions that prevent the Corporation from paying dividends. The Corporation has not paid dividends to date on its common shares and has no plans to pay dividends in the near future. Any decision to pay dividends in the future will be based on the Corporation's earnings and financial requirements and other factors that its Board of Directors may consider appropriate in the circumstances.

## Capital Structure

The Corporation's authorized capital consists of an unlimited number of common shares without par value. All of the issued common shares are fully paid and non-assessable.

The holders of Filo Mining Common Shares are entitled to receive notice of, and to one vote per share at, every meeting of shareholders of the Corporation, to receive such dividends as the Board of Directors declares and to share equally in the assets of the Corporation remaining upon the liquidation, dissolution or winding up of the Corporation after the creditors of Corporation have been satisfied.

As of December 31, 2017, the Corporation had an aggregate of 62,268,450 Filo Mining Common Shares issued and outstanding. As at the date of this AIF, the Corporation had an aggregate of 72,137,279 Filo Mining Common Shares issued and outstanding.

## Market for Securities

The common shares of the Corporation are currently listed and posted for trading on the TSXV in Canada under the trading symbol "FIL" and in Sweden on the NASDAQ First North Exchange under the symbol "FIL".

### Trading Price and Volume

The following table set forth the monthly high and low trading prices and aggregate volume of trading of the Corporation's Common Shares on the TSX-V for the year ended December 31, 2017:

Month	High (\$)	Low (\$)	Volume
January, 2017	1.93	1.70	1,777,327
February, 2017	3.00	1.78	1,610,742
March, 2017	2.48	1.80	183,378
April, 2017	2.20	1.85	69,771
May, 2017	2.06	1.81	543,422
June, 2017	2.15	1.95	398,189
July, 2017	2.15	2.00	663,932
August, 2017	2.50	2.10	818,473
September, 2017	2.80	2.40	564,313
October, 2017	2.65	2.13	505,193
November, 2017	2.60	2.00	152,826
December, 2017	2.65	2.35	173,837

The price of the common shares of the Corporation as quoted by the TSXV at the close of business on December 31, 2017 was \$2.41 and on April 19, 2018, the last trading day prior to the date of this AIF, was \$2.26.

### Prior Sales

The following tables summarize the details of the Filo Mining Common Shares and any securities convertible or exchangeable for Common Shares issued by the Corporation during the year ended December 31, 2017:

### Common Shares

Date	Reason for Issuance	Price \$	Number of Shares
March 16, 2017	Option Exercise	1.49	11,250
April 6, 2017	Option Exercise	1.49	11,250
April 7, 2017	Option Exercise	1.49	3,125
April 7, 2017	Option Exercise	0.74	50,000
April 7, 2017	Option Exercise	1.49	37,500
April 7, 2017	Option Exercise	0.50	37,500
May 1, 2017	Option Exercise	1.49	37,500
May 4, 2017	Option Exercise	1.49	20,000
May 4, 2017	Option Exercise	1.49	93,750
May 8, 2017	Option Exercise	1.49	37,500
May 9, 2017	Option Exercise	1.49	3,750
May 23, 2017	Option Exercise	1.49	37,500
May 24, 2017	Option Exercise	1.49	11,250
May 24, 2017	Option Exercise	1.49	3,750
May 25, 2017	Option Exercise	1.49	6,250
May 25, 2017	Option Exercise	1.49	3,750
May 26, 2017	Option Exercise	1.49	11,250
May 26, 2017	Option Exercise	1.49	1,875
May 26, 2017	Option Exercise	1.49	7,500
May 26, 2017	Option Exercise	1.49	9,375
May 26, 2017	Option Exercise	1.49	43,750
May 29, 2017	Option Exercise	1.49	9,375
May 31, 2017	Option Exercise	1.49	11,250
June 1, 2017	Option Exercise	1.49	15,000
June 1, 2017	Option Exercise	1.49	11,250
June 1, 2017	Option Exercise	1.49	43,750
June 2, 2017	Option Exercise	0.50	12,500
June 5, 2017	Option Exercise	0.50	12,500
June 8, 2017	Option Exercise	0.74	10,000
June 8, 2017	Option Exercise	0.50	12,500
June 9, 2017	Option Exercise	0.50	12,500
July 14, 2017	Option Exercise	0.74	50,000
July 14, 2017	Option Exercise	0.50	37,500
August 2, 2017	Option Exercise	0.74	50,000

Date	Reason for Issuance	Price \$	Number of Shares
August 2, 2017	Option Exercise	0.50	37,500
September 15, 2017	Option Exercise	0.74	12,500
September 20, 2017	Option Exercise	0.74	12,500
September 25, 2017	Option Exercise	0.74	3,750
October 11, 2017	Option Exercise	0.74	12,500
October 11, 2017	Option Exercise	0.50	12,500
October 26, 2017	Option Exercise	0.50	2,000
October 27, 2017	Option Exercise	0.50	3,000
December 5, 2017	Option Exercise	0.74	3,750
December 8, 2017	Option Exercise	0.74	5,100
December 11, 2017	Option Exercise	0.74	7,400
<b>Total</b>			880,000

## Options

Date	Expiry Date	Exercise Price \$	Numbers of Options
September 13, 2017	September 13, 2022	2.50	1,582,500 <sup>(1)</sup>

**Notes:**

(1) Represents options to purchase up to 1,582,500 Shares.

As at December 31, 2017, the Corporation had outstanding stock options to purchase 4,618,750 Filo Mining Common Shares, exercisable at various prices ranging from \$0.50 to \$2.50 per Filo Mining Common Share.

## Directors and Officers

### *The Board of Directors*

As of December 31, 2017, the Board of Directors of the Corporation was comprised of seven directors. Each director holds office until the next annual meeting of shareholders or until his successor is duly elected unless his office is earlier vacated in accordance with the by-laws of the Corporation. The names, provinces and countries of residence of each of the directors and executive officers of the Corporation, their respective positions and offices held with the Corporation, their principal occupations within the preceding five years, as at December 31, 2017 is set forth in the following table.

Name, Province and Country of Residence	Period of Service as an Officer or Director	Principal Occupation and Occupation during the Past Five Years
<b>Lukas H. Lundin</b> Geneva, Switzerland	Chairman since August 3, 2016 and Director since July 11, 2016	Business/mining executive; director of a number of publicly traded resource-based companies, including NGEx Resources Inc., Lucara Diamond Corp., Lundin Mining Corporation, Lundin Gold Inc., Denison Mines Corp., and Lundin Petroleum S.A. Former President and Chief Executive Officer of Lundin Gold Inc., from 2008-2014.
<b>Adam I. Lundin</b> British Columbia, Canada	President and Chief Executive Officer and a Director since September 11, 2017	President and Chief Executive Officer and a director of the Corporation since September 11, 2017. Former Co-Head, London Office, Pareto Securities Ltd. from November, 2012 to August, 2017. Former director of Lundin Gold Inc. from June 21, 2011 to June 30, 2015
<b>Alessandro Bitelli</b> British Columbia, Canada	Director since July 11, 2016	Executive Vice President, Chief Financial Officer of Lundin Gold Inc. since 2016; Former Chief Financial Officer of Orca Gold Inc. from 2013-2016; and former Chief Financial Officer of RB Energy Inc. from 2011-2014.
<b>C. Ashley Heppenstall</b> Hong Kong, Hong Kong	Director since July 11, 2016	Chairman of the Board at Etrion Corporation since June 14, 2016; Lead Director of Lundin Gold Inc. since 2015; and director of Lundin Petroleum AB, Africa Energy Corp., International Petroleum Corporation, and ShaMaran Petroleum Corp. Former President and CEO of Lundin Petroleum AB, from 2002-2015; and former director of Vostok Nafta Investment Ltd., a corporation traded on the Nasdaq OMX Nordic Exchange in Stockholm.
<b>Paul McRae</b> Vilamoura, Portugal	Director since July 11, 2016	Senior Vice-President, Projects, of Lundin Mining Corporation since January 2012; and director of Lundin Gold Inc. and Bluestone Resources. Former Project Director of AMEC from June 2009 to December 2011.
<b>Pablo Mir</b> Santiago, Chile	Director since November 28, 2016	Pablo Mir is a senior partner of the Chilean law firm Bofill Mir & Alvarez Jana. Mr. Mir is also a director of Lundin Gold Inc.
<b>Wojtek A. Wodzicki</b> British Columbia, Canada	Director since May 12, 2016	President and Chief Executive Officer and a director of NGEx Resources Inc. an exploration company listed on the Toronto Stock Exchange (the "TSX") and the Nasdaq Stockholm Exchange; Former President and Chief Executive Officer of the Filo Mining from May 12, 2016 to September 11, 2017; Former director of Newstrike Capital Inc., from February 17, 2011 to May 26, 2015; and former director of Horn Petroleum Corporation, from September 20, 2011 to March 10, 2015.

## Executive Officers

The following table sets out the names and the provinces or states and countries of residence of each of the executive officers of the Corporation as of the date hereof, their respective positions and offices held with the Corporation and their principal occupations during the five preceding years.

Mr. Adam I Lundin, the President and Chief Executive Officer of the Corporation, is discussed under “Directors” above.

Name, Province and Country of Residence	Period of Service as an Officer or Director	Principal Occupation and Occupation during the Past Five Years
<b>Robert Carmichael</b> British Columbia, Canada	Vice President, Exploration since July 11, 2016	Vice President, Exploration of the Corporation since July 11, 2016; Mr. Carmichael also serves as the Vice-President, Exploration of NGEx Resources Inc., an exploration company listed on the TSX and the Nasdaq Stockholm Exchange; Self-employed from August 1, 2011 to August 31, 2011; General Manager, Resource Exploration Lundin Mining Corporation from 2006 to July 31, 2011.
<b>James Beck</b> British Columbia, Canada	Vice President, Corporate Development and Projects since February 1, 2017	Vice President, Corporate Development and Projects of the Corporation; Mr. Beck also serves as the Vice-President, Corporate Development of NGEx Resources Inc., an exploration company listed on the TSX and the Nasdaq Stockholm Exchange; Formerly held the position of Director, Corporate Development of the Corporation from August 16, 2016 to February 1, 2017 and formerly held the position of Director, Corporate Development of NGEx Resources Inc. from January 2, 2014 to February 1, 2017.
<b>Jeff Yip</b> British Columbia, Canada	Chief Financial Officer since November 28, 2016	Chief Financial Officer since November 28, 2016. Mr. Yip is also the Chief Financial Officer of Orca Gold Inc., an Africa-focused gold exploration company listed on the TSXV. Mr. Yip was the Corporate Controller for Orca Gold Inc. from April 2013 until his appointment as Chief Financial Officer in February 2016. Prior to that, Mr. Yip served as the Corporate Controller of Rusoro Mining Ltd., a junior gold producer with operations in Venezuela from February 2011 to April 2012, and for RB Energy Inc., a TSX-listed iodine producer with assets in Chile and Canada, from April 2012 to May 2015.

There are currently three standing committees of the Board; namely, the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee. The following table identifies the members of each of these Committees as at December 31, 2017 and the date of this AIF:

<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Corporate Governance and Nominating Committee</b>
Alessandro Bitelli, Chair C. Ashley Heppenstall Paul McRae	Lukas Lundin, Chair C. Ashley Heppenstall Pablo Mir	C. Ashley Heppenstall, Chair Alessandro Bitelli Paul McRae

### **Securities Holdings**

As at December 31, 2017, the directors and executive officers of the Corporation, beneficially owned, or controlled or directed, directly or indirectly, an aggregate of 3,245,911 Filo Mining Common Shares of the Corporation, representing approximately 5.21% of the issued and outstanding Filo Mining Common Shares of the Corporation (excluding securities issuable on exercise of stock options).

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Other than as disclosed below, no director or executive officer of the Corporation, is, or during the ten years preceding the date of this AIF has been, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days (an “**order**”) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as disclosed below, no director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

- (a) is at the date hereof, or has been within the ten years preceding the date of this AIF, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Mr. Carmichael was a director of Redcorp Ventures Ltd., which sought court protection under the Companies’ Creditors Arrangement Act (the “**CCAA**”) and was granted such protection by an order of the Supreme Court of British Columbia on March 4, 2009. On June 29, 2009, Redcorp Ventures Ltd. was assigned into bankruptcy and Abakhan & Associates Inc. was appointed as Trustee of the Estates.

Mr. Lukas Lundin was a director of Sirocco Mining Inc. (“**Sirocco**”). Mr. Lundin resigned as a director of Sirocco on January 31, 2014, at which time Sirocco was a public-traded company and financially solvent. Pursuant to a plan of arrangement completed on January 31, 2014, Canadian Lithium Corp. acquired Sirocco. Under the plan of arrangement, Canadian Lithium Corp. amalgamated with Sirocco to form RB Energy Inc. (“**RBI**”). In October 2014, RBI commenced proceedings under the Companies’ Creditors Arrangement Act (“**CCAA**”). CCAA proceedings continued in 2015 and a receiver was appointed in May 2015. The Toronto Stock Exchange (“**TSX**”) de-listed RBI’s common shares on November 24, 2014 for failure to meet the continued listing requirements of the TSX. Cease trade orders with respect to RBI’s securities were also issued by the British Columbia Securities Commission on May 12, 2015, the Manitoba Securities Commission on May 13, 2015, the Alberta Securities Commission on August 12, 2015, the autorité des marchés financiers on May 29, 2015 and the Ontario Securities Commission on May 27,

2015 (as amended January 16, 2018). Although Mr. Lundin was never a director, officer or insider of RBI, he was a director of Sirocco within the 12 month period prior to RBI filing for protection under the CCAA.

Mr. Pablo Mir was a director of Sirocco Mining Inc. (“**Sirocco**”). Pursuant to a plan of arrangement completed on January 31, 2014, Canadian Lithium Corp. acquired Sirocco. Under the plan of arrangement, Canadian Lithium Corp. amalgamated with Sirocco to form RB Energy Inc. (“**RBI**”). In October 2014, RBI commenced proceedings under the Companies’ Creditors Arrangement Act (“**CCAA**”). CCAA proceedings continued in 2015 and a receiver was appointed in May 2015. The Toronto Stock Exchange (“**TSX**”) de-listed RBI’s common shares on November 24, 2014 for failure to meet the continued listing requirements of the TSX. Cease trade orders with respect to RBI’s securities were also issued by the British Columbia Securities Commission on May 12, 2015, the Manitoba Securities Commission on May 13, 2015, the Alberta Securities Commission on August 12, 2015, the autorité des marchés financiers on May 29, 2015 and the Ontario Securities Commission on May 27, 2015 (as amended January 16, 2018). Mr. Mir was a director of RBI from the time of the plan of arrangement with Canadian Lithium Corp. to October 3, 2014.

Mr. Alessandro Bitelli was the chief financial officer of RBI when it sought court protection under the CCAA and was granted such protection in October, 2014, until terminated as chief financial officer on May 8, 2015.

No director or executive officer of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

#### **Conflicts of Interest**

To the best of the Corporation’s knowledge, and other than as disclosed in this AIF, there are no known existing or potential conflicts of interest between the Corporation and any director or officer of the Corporation. The Corporation’s directors and officers may serve as directors or officers of other companies, including of NGEx, the company which Filo Mining has entered into the Services Agreement with, or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Corporation may participate, the directors of the Corporation may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Any decision made by any of such directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Corporation. In the event that such a conflict of interest arises at a meeting of the Corporation’s directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or the terms of such participation. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties, thereby allowing for their participation in larger programs, the involvement in a greater number of programs or a reduction in financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of Canada, the directors of the Corporation are required to act honestly, in good faith and in the best interests of the Corporation. In determining whether or not the Corporation will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Corporation may be exposed and the financial position at that time.

The directors and officers of the Corporation are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosure by the directors of conflicts of interest and the Corporation will rely upon such laws in respect of any directors’ and officers’ conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with the CBCA and they will govern themselves in respect thereof to the best of

their ability in accordance with the obligations imposed upon them by law. Other than as disclosed above, the directors and officers of the Corporation are not aware of any such conflicts of interest in any existing or contemplated contracts with or transactions involving the Corporation. See “Risk Factors — Conflicts of Interest”.

## Promoter

NGEx took the initiative in the Corporation’s organization for the purposes of the Arrangement in 2016 and, accordingly, may be considered to be the promoter of Filo Mining within the meaning of applicable Securities Legislation. NGEx does not beneficially own, or control or direct, any Filo Mining Common Shares. During the period from incorporation to and including the closing of the Arrangement, the only material thing of value which NGEx has received from Filo Mining is the Filo Common Shares issued to NGEx in consideration for the transfer to Filo Mining by NGEx of the Filo del Sol Project and \$3 million in cash, which Filo Common Shares were distributed to the NGEx Shareholders pursuant to the Arrangement.

## Legal proceedings and regulatory actions

There are no pending or contemplated legal proceedings to which either the Corporation is a party or of which any of our properties is the subject.

As of December 31, 2017, the Corporation is not subject to:

- Any penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority during the Corporation’s recently completed financial year;
- Any other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision; or
- Any settlement agreements entered into before a court relating to securities legislation or with a securities regulatory authority during the Corporation’s recently completed financial year.

The Corporation may, from time to time, become involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Corporation cannot reasonably predict the likelihood or outcome of these actions. The Corporation does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason therein, will have a material effect on the financial condition or future results of operations of the Corporation.

## Audit Committee

The Audit Committee oversees the accounting and financial reporting processes of the Corporation and its subsidiaries and all audits and external reviews of the financial statements of the Corporation on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Corporation and its subsidiaries. All auditing services and non-audit services to be provided to the Corporation by the Corporation’s auditors are pre-approved by the Audit Committee. The Audit Committee reviews, on a continuous basis, any reports prepared by the Corporation’s external auditors relating to the Corporation’s accounting policies and procedures, as well as internal control procedures and systems. The Audit Committee is also responsible for examining all financial information, including annual and quarterly financial statements, prepared for securities commissions and similar regulatory bodies prior to filing or delivery of the same. The Audit Committee also oversees the annual audit process, quarterly review engagements, if any, the Corporation’s internal accounting controls, any complaints and concerns regarding accounting, internal controls or auditing matters and the resolution of issues identified by the Corporation’s external auditors. The Audit Committee recommends to the Board the firm of independent auditors to be nominated for appointment by the shareholders and the compensation of the auditors. The Audit Committee shall meet a minimum of four times per fiscal year. The Audit Committee Charter is attached as Schedule “A” to this AIF.

Below are the details of each audit committee member, including his name, whether he is independent and financially literate as such terms are defined under National Instrument 52-110 – *Audit Committees* (“NI 52-110”)

and his education and experience as it relates to the performance of his duties as an audit committee member. The qualifications and independence of each member is discussed below and will be included in the Corporation's management information circular for the year ended December 31, 2017 for its annual meeting to be held in June, 2017.

<b>Member Name</b>	<b>Independent<sup>(1)</sup></b>	<b>Financially Literate<sup>(2)</sup></b>	<b>Education and Experience Relevant to Performance of Audit Committee Duties</b>
Alessandro Bitelli (Chair)	Yes	Yes	Mr. Bitelli is currently Executive Vice President, Chief Financial Officer of Lundin Gold Inc. Mr. Bitelli is a Chartered Professional Accountant with over 30 years of experience in the mining industry and in public accounting, having worked in both North America and Europe. Over the years Mr. Bitelli served as Chief Financial Officer of several public companies including, most recently, Orca Gold Inc. and Red Back Mining Inc. from September 2007 to August 2010; He held the position of Vice President of Finance at Ashton Mining of Canada Inc. from 1995 to 2007.
C. Ashley Heppenstall	Yes	Yes	Mr. C. Ashley Heppenstall has been Chairman of the Board at Etrion Corporation since June 14, 2016. Prior to that, Mr. Heppenstall served as the Chief Executive Officer and President at Lundin Petroleum AB from 2001 until October 1st 2015. Mr. Heppenstall is also a director of Lundin Petroleum AB, Lundin Gold Inc., Africa Energy Corp., and ShaMaran Petroleum Corp., and, from May 2010 until May 2013, was a director of Vostok Nafta Investment Ltd., a corporation traded on the Nasdaq OMX Nordic Exchange in Stockholm. Mr. Heppenstall holds a Bachelor of Science Degree in Mathematics from the University of Durham.
Paul McRae	Yes	Yes	Mr. McRae is the Senior Vice-President, Projects, of Lundin Mining Corporation. Mr. McRae was most recently responsible for the successful development of Lundin Mining Corporation's Eagle Mine in Northern Michigan. His track record includes on time/on budget project management of major underground investments for INCO including McCreedy East, Garson and Birch Tree projects, serving as Project Manager on the highly successful De Beers Victor Project in Northern Canada, and leadership of numerous other projects from conceptual through construction phases in Australia, Canada, Spain, Portugal and South America, over a career spanning more than 40 years. Mr. McRae is also a director of Lundin Gold Inc. and Bluestone Resources.

Notes:

- (1) Independent within the meaning of NI 52-110.
- (2) An individual is financially literate within the meaning of NI 52-110 if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues and can reasonably be expected to be raised by the Corporation's financial statements.

Since the commencement of the Corporation's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Corporation's Board of Directors.

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter attached hereto as Schedule A.

The following table discloses the fees billed to the Corporation by its external auditor during the last two fiscal years ended December 31, 2017, and December 31, 2016:

Financial Year Ending	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
December 31, 2017	\$53,991	\$30,000	\$2,156	\$nil
December 31, 2016	\$11,000	\$10,000	\$nil	\$nil

Notes:

- (1) The aggregate fees billed for audit services.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the audit fees column.
- (3) The aggregate fees billed for tax compliance, tax advice, tax return and tax planning services.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns, including any services rendered in connection with the Corporation's NASDAQ First North Exchange listing, corporate reorganization and Canadian Public Accountability Board audit quality review.
- (5) The Corporation first appointed an external auditor on November 28, 2016, following completion of the Arrangement.

## Interest of Management and Others in Material Transactions

To the best of the Corporation's knowledge, no director, executive officer or greater than 10% shareholder of Filo Mining and no associate or affiliate of the foregoing persons has or had any material interest, direct or indirect, in any transaction since incorporation or in any proposed transaction which in either such case has materially affected or will materially affect Filo Mining save as described herein.

## Transfer Agent and Registrar

Computershare Investor Services Inc. ("**Computershare**") acts as the registrar and transfer agent for the common shares of the Corporation at its offices in Vancouver and Toronto. Computershare is located at: 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9; and 100 University Avenue, 11th Floor, Toronto, Ontario, M5J 2Y1.

## Material contracts

Other than as disclosed in this AIF, there were no other contracts, other than those entered into in the ordinary course of business, that were material to the Corporation and that were entered into between January 1, 2017 (being the commencement of the Corporation's most recently completed financial year) and up to the date of this AIF or that were entered into prior to January 1, 2017 and still in effect as of date of the AIF.

## Names and interests of experts

The following persons or companies are named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing made under National Instrument 51-102 *Continuous Disclosure Obligations* by the Corporation during or relating to the most recently completed financial year and whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company:

- Robert Carmichael, B.A.Sc, P.Eng., in respect of the preparation of certain scientific and technical information in the Corporation's news releases, this AIF, and other disclosure documents. Mr. Carmichael is a "qualified person" for the purposes of NI 43-101, but not independent as he is Vice President, Exploration of the Corporation and as of the date of this AIF, he holds directly or indirectly, 53,750 common shares and stock options to purchase an aggregate of 412,500 common shares of the Corporation at varying prices. If all the options held by Robert Carmichael were exercised, he would hold less than one percent of the common shares of the Corporation.
- James Beck, B.A.Sc., P. Eng., MBA, Filo Mining's Vice President, Corporate Development and Projects, is a "Qualified Person" within the meaning of this term in NI 43-101 and has prepared sections of this AIF that are of a scientific or technical nature pertaining to the Corporation's Project Constellation and has verified the data disclosed therein. As of the date of the AIF, he holds directly or indirectly, 10,500 common shares and stock options to purchase an aggregate of 346,250 common shares of the Corporation at varying prices. If all the options held by James Beck were exercised, he would hold less than one percent of the common shares of the Corporation.
- Fionnuala Devine, P. Geo., Merlin Geosciences Inc.; Carl E. Defilippi, RM SME, Kappes, Cassidy & Associates; Giovanni Di Prisco, PhD., P.Geo., Terra Mineralogical Services Inc.; James N. Gray, P. Geo., Advantage Geoservices Limited; Robert McCarthy, P. Eng., SRK Consulting (Canada) Inc. ("**SRK**"); Cameron Scott, P. Eng., SRK; and Neil Winkelmann, FAusIMM, SRK in respect of the Technical Report. Each of Ms. Devine, Mr. Defilippi, Mr. Di Prisco, Mr. Gray, Mr. McCarthy, Mr. Scott, and Mr. Winkelmann is an independent "qualified person" for the purposes of NE 43-101.

No person or company named or referred to under this item beneficially owns, directly or indirectly, 1% or more of any class of the Corporation's outstanding securities.

PricewaterhouseCoopers LLP are the auditors who issued the auditor's report for the Corporation's financial statements for the year ended December 31, 2017. PricewaterhouseCoopers LLP has advised the Corporation that they are independent within the meaning of the Chartered Professional Accounts of British Columbia Code of Professional Conduct.

Other than Mr. Carmichael, Vice President, Exploration and Mr. Beck, Vice President, Corporate Development and Projects of the Corporation, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or any associate or affiliate of the Corporation.

## Additional information

Additional information relating to the Corporation may be found on under the Corporation's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and options to purchase securities is contained in the Corporation's management information circular in respect of its most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is provided in the Corporation's audited consolidated financial statements as at and for the year ended December 31, 2017 together with the auditors' report thereon, and the related Management Discussion and Analysis for its most recently completed financial year.



## Schedule A

FILO MINING CORP.  
(the "Corporation")

### CHARTER OF THE AUDIT COMMITTEE

(as ratified by the Board on August 3, 2016)

#### 1. Purpose of the Audit Committee

The Audit Committee oversees the accounting and financial reporting processes of the Corporation and its subsidiaries and all audits and external reviews of the financial statements of the Corporation on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Corporation and its subsidiaries.

#### 2. Composition and Procedures of the Audit Committee

2.1 The Audit Committee shall be appointed annually by the Board and shall be composed of at least three members, each of whom must be a director of the Corporation.

2.2 Each member of the Audit Committee shall hold office as such until the next annual meeting of shareholders after his or her appointment, provided that any member of the Audit Committee may be removed or replaced at any time by the Board and shall at any time cease to be a member of the Audit Committee on ceasing to be a director.

2.3 At least one member of the Audit Committee shall be independent and the Board and the Audit Committee shall endeavour to appoint a majority of independent directors to the Audit Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Audit Committee members' independent judgment.

2.4 At least one member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Corporation. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

#### 3. Meeting Requirements

3.1 The times of and the places where meetings of the Audit Committee will be held and the calling of and the procedure at those meetings shall be determined from time to time by the Audit Committee, but in any event, the Audit Committee will meet on a regular basis at least once every quarter; provided that notice of every such meeting shall be given to the Auditor (as defined in paragraph 4.1.1 below) of the Corporation and that meetings shall be convened whenever requested by the Auditor or any member of the Audit Committee in accordance with the *Canada Business Corporations Act*.

3.2 Two members of the Audit Committee shall constitute a quorum.

#### 4. Duties and Responsibilities

##### 4.1 *Appointment, Oversight and Compensation of Auditor*

- (a) The Audit Committee shall recommend to the Board:
  - (i) the auditor (the “**Auditor**”) to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation; and
  - (ii) the compensation of the Auditor.
- (b) In making such recommendations, the Audit Committee shall evaluate the Auditor’s performance and review the Auditor’s fees for the preceding year.
- (c) The Auditor shall report directly to the Audit Committee.
- (d) The Audit Committee shall be directly responsible for overseeing the work of the Auditor, including the resolution of disagreements between management and the Auditor regarding financial reporting.
- (e) The Audit Committee shall review information, including written statements from the Auditor, concerning any relationships between the Auditor and the Corporation or any other relationships that may adversely affect the independence of the Auditor and assess the independence of the Auditor.

##### 4.2 *Non-Audit Services*

- (a) All auditing services and non-audit services provided to the Corporation or the Corporation’s subsidiaries by the Auditor shall, to the extent and in the manner required by applicable law or regulation, be pre-approved by the Audit Committee. In no circumstances shall the Auditor provide any non-audit services to the Corporation that are prohibited by applicable law or regulation.

##### 4.3 *Review of Financial Statements etc.*

- (a) The Audit Committee shall review the Corporation’s:
  - (i) interim and annual financial statements and Management’s Discussion and Analysis (“**MD&A**”), intended for circulation among shareholders; and
  - (ii) Annual Information Form only to the extent that it contains financial information or projections, and shall report on them to the Board.
- (b) The Audit Committee shall satisfy itself that the audited financial statements and interim financial statements present fairly the financial position and results of operations in accordance with generally accepted accounting principles and that the auditors have no reservations about such statements.

- (c) The Audit Committee shall review changes in the accounting policies of the Corporation and accounting and financial reporting proposals that are provided by the Auditor that may have a significant impact on the Corporation's financial reports, and report on them to the Board.

#### 4.4 *Review of Public Disclosure of Financial Information*

- (a) The Audit Committee shall review the Corporation's annual and interim press releases relating to financial results before the Corporation publicly discloses this information.
- (b) The Audit Committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection 4.4.1, and must periodically assess the adequacy of those procedures.

#### 4.5 *Review of Annual Audit*

- (a) The Audit Committee shall review the nature and scope of the annual audit, and the results of the annual audit examination by the Auditor, including any reports of the Auditor prepared in connection with the annual audit.
- (b) The Audit Committee shall satisfy itself that there are no unresolved issues between management and the Auditor that could affect the audited financial statements.
- (c) The Audit Committee shall satisfy itself that, where there are unsettled issues that do not affect the audited financial statements (e.g. disagreements regarding correction of internal control weaknesses, or the application of accounting principles to proposed transactions), there is an agreed course of action leading to the resolution of these matters.
- (d) The Audit Committee shall satisfy itself that there is generally a good working relationship between management and the Auditor.

#### 4.6 *Review of Quarterly Review Engagements*

- (a) The Audit Committee shall review the nature and scope of any review engagements for interim financial statements, and the results of such review engagements by the Auditor, including any reports of the Auditor prepared in connection with such review engagements.
- (b) The Audit Committee shall satisfy itself that there are no unresolved issues between management and the Auditor that could affect any interim financial statements.
- (c) The Audit Committee shall satisfy itself that, where there are unsettled issues that do not affect any interim financial statements (e.g. disagreements regarding correction of internal control weaknesses, or the application of accounting principles to proposed transactions), there is an agreed course of action leading to the resolution of these matters.

#### 4.7 *Internal Controls*

- (a) The Audit Committee shall have responsibility for oversight of management reporting and internal control for the Corporation and its subsidiaries.
- (b) The Audit Committee shall satisfy itself that there are adequate procedures for review of interim statements and other financial information prior to distribution to shareholders.

#### 4.8 *Complaints and Concerns*

- (a) The Audit Committee shall establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

#### 4.9 *Hiring Practices*

- (a) The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former Auditors of the Corporation.

#### 4.10 *Other Matters*

- (a) The Audit Committee shall be responsible for oversight of the effectiveness of management's interaction with and responsiveness to the Board;
- (b) The Audit Committee shall review and monitor all related party transactions which may be entered into by the Corporation.
- (c) The Audit Committee shall approve, or disapprove, material contracts where the Board determines it has a conflict.
- (d) The Audit Committee shall satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulations relating to insider trading, continuous disclosure and financial reporting.
- (e) The Audit Committee shall periodically review the adequacy of this Charter and recommend any changes to the Board.
- (f) The Board may refer to the Audit Committee such matters and questions relating to the financial position of the Corporation and its affiliates as the Board from time to time may see fit.

### **5. Rights and Authority of the Audit Committee and the Members Thereof**

#### 5.1 The Audit Committee has the authority:

- (a) To engage independent counsel and other advisors as it determines necessary to carry out its duties;

- (b) To set and require the Corporation to pay the compensation for any advisors employed by the Audit Committee; and
- (c) To communicate directly with the Auditor and, if applicable, the Corporation's internal auditor.

5.2 The members of the Audit Committee shall have the right, for the purpose of performing their duties, to inspect all the books and records of the Corporation and its affiliates and to discuss those accounts and records and any matters relating to the financial position of the Corporation with the officers and Auditor of the Corporation and its affiliates, and any member of the Audit Committee may require the Auditor to attend any or every meeting of the Audit Committee.

## **6. Miscellaneous**

Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Corporation or members of the Audit Committee. The purposes, responsibilities, duties and authorities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.