FILO MINING

December 31, 2017

FILO MINING CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017
(Amounts in Canadian Dollars unless otherwise indicated)

The following management's discussion and analysis ("MD&A") of Filo Mining Corp. ("Filo Mining" or the "Company") should be read in conjunction with the consolidated financial statements for year ended December 31, 2017 and related notes therein. The financial information in this MD&A is reported in Canadian dollars unless otherwise indicated and is partly derived from the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The effective date of this MD&A is March 19, 2018. Additional information about the Company and its business activities is available on SEDAR at www.sedar.com and the Company's website www.filo-mining.com.

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

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

CORE BUSINESS

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

The Company's most recent Mineral Resource estimate for the Filo del Sol Project, effective July 1, 2017, is comprised of 373 million tonnes at 0.34% copper, 0.33 g/t gold and 9.2 g/t silver containing 2.8 billion pounds of copper, 4.0 million ounces of gold and 109.9 million ounces of silver in the Indicated category, and an Inferred Mineral Resource estimate of 239 million tonnes at 0.27% copper, 0.33 g/t gold and 7.8 g/t silver for 1.4 billion pounds of copper, 2.5 million ounces of gold and 60.0 million ounces of silver. The Filo del Sol Project continues to hold significant exploration potential with less than 20% of the project area explored to date.

A preliminary economic assessment ("PEA"), effective November 6, 2017, has been completed on the Filo del Sol Project, which shows a positive preliminary economic analysis, highlighted by an after-tax net present value ("NPV") of US$ 705 million at a discount rate of 8%, and an internal rate of return ("IRR") of 23%, with positive valuation maintained across a wide range of sensitivities on key assumptions.

The Filo del Sol Project, the Mineral Resource estimate, and the PEA are described in a Technical Report titled "Independent Technical Report for a Preliminary Economic Assessment on the Filo del Sol Project, Region III, Chile and San Juan Province, Argentina" dated December 18, 2017, with an effective date of November 6, 2017 (the "Technical Report"), which was prepared for Filo Mining by SRK Consulting (Canada) Inc ("SRK"). The Qualified Persons, as defined under NI 43-101, responsible for the Technical Report are Fionnuala Devine, P. Geo., Merlin Geosciences Inc., Carl E. Defilippi, RM SME, Kappes, Cassiday & Associates, Giovanni Di Prisco, PhD., P.Geo., Terra Mineralogical Services Inc., James N. Gray, P. Geo., Advantage Geoservices Limited, Robert McCarthy, P. Eng., SRK, Cameron Scott, P. Eng., SRK, and Neil Winkelmann, FAusIMM, SRK, all of whom are independent of Filo Mining. The Technical Report is available for review under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.filo-mining.com.

The Company's strategy is to create value for its shareholders by expanding and increasing the quality of the resources at the Filo del Sol Project and completing engineering and other studies that are required to prepare the Filo del Sol Project for eventual development by the Company or by third parties.

The Company has a strong management team and board with extensive experience in the resource sector, particularly in Chile and Argentina. The board and management team have an appropriate mix of geological, engineering, financial, and business skills to advance the Company's projects and to generate value for its shareholders.

2017 OPERATING HIGHLIGHTS

The Company achieved several key operating milestones for the Filo del Sol Project during the year ended December 31, 2017, most notably the successful completion of the 2016/2017 field program in March, an update of the Mineral Resource estimate in August, the completion of the second phase of metallurgical testwork in September, and the finalization of a PEA on the Project to cap off the year. The 2017/2018 field program which is intended to collect data in support of a Preliminary Feasibility Study was initiated prior to the end of the year. Details of these various 2017 achievements are provided below:

Completion of 2016/2017 Field Program

A total of 8,616 metres was drilled in 41 holes during the 2016/2017 exploration program, which was completed on March 28, 2017. Completion of the 2016/2017 filed program resulted in:

- A successful infill program at the Filo del Sol deposit, which confirmed the flat-lying, layered geometry of the orebody, with the uppermost strata being a gold oxide (AuOx) zone, followed by a copper-gold oxide (CuAuOx) zone, a silver (Ag) zone, and lastly, an underlying copper-gold sulphide zone;
- Expansion of the gold oxide zone of the Filo del Sol deposit to dimensions of approximately 700 metres north-south by 350 metres east-west;
- Better definition of the high-grade copper-gold oxide zone;
- Confirmation of a high-grade, flat-lying silver-rich zone underlying the copper oxide zone in most areas of the Filo del Sol deposit; and
- Better definition of the newly discovered Tamberias zone (previously referred to as "Filo South"), which is immediately adjacent to the Filo del Sol deposit and extends 1 km to the south. This zone is characterized by a variety of mineralized intersections over an area of 1,000 metres north-south by at least 500 metres east-west, where current year drilling has encountered an oxide gold zone, a shallow oxide copper zone, and a new area of copper-gold mineralization.

Update to Mineral Resource Estimate

Following the successful completion of the 2016/2017 field program, the Company reported a significant increase to the Filo del Sol Project's Mineral Resource estimate. With an effective date of July 1, 2017, the overall Mineral Resource was increased by 61% to 373 million tonnes Indicated, plus 239 million tonnes Inferred, containing 2.8 billion pounds of copper, 4.0 million ounces of gold and 109.9 million ounces of silver in the Indicated category, and 1.4 billion pounds of copper, 2.5 million ounces of gold and 60.0 million ounces of silver in the Inferred category.

With respect to the conversion of Inferred material to the Indicated category, the Company achieved a conversion ratio of 98%, resulting in 61% of the updated Mineral Resource falling within the Indicated category, matching the overall increase to the Mineral Resource itself. Most of the increase in the Mineral Resource comes from the Tamberias zone, which is included in the Mineral Resource estimate for the first time. Tamberias is located 1 kilometer south and is contiguous with the main Filo deposit. In addition, drilling during the 2016/2017 field season has greatly expanded both the size and grade of the oxide gold mineralization in the Filo deposit to the point where it is now significant enough to report on its own.

Details of the updated Mineral Resource estimate, presented by mineralization zones, are summarized in the following table:

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

For further details, please refer to the Company's news release dated August 21, 2017.

Completion of Second Phase of Metallurgical Testwork

A comprehensive second phase metallurgical testwork program was undertaken on behalf of the Company by SGS Canada Inc. in Lakefield, Ontario, and completed during the third quarter of 2017.

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

Gold Oxide Zone:

Test Method	Two cyanide column leach tests on material crushed to 1.5" and ¾"
Average Recoveries	- Gold: 92.8% - Silver: 69.8%
Other Observations	- No significant impacts from varying crush size - Rapid leach kinetics, with over 90% gold recovery within first 15 days

Variability Testing Results	Seven coarse bottle roll tests (minus 10 mesh) averaged: - Gold: 92.8% - Silver: 39.0%

Copper-Gold Oxide Zone:

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

Silver Zone:

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

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

Completion of PEA

Supported by the positive milestones achieved during 2017, the Company commissioned the undertaking of a formal, independent PEA of the Filo del Sol Project. The PEA was completed in November 2017 by SRK and contemplated the updated Mineral Resource estimate, using open-pit mining and heap leach processing of only the oxide portions of the Resource. The results of the PEA demonstrate robust project economics for the Project, which are highlighted by the following:

- Estimated after-tax NPV of US$ 705 million using an 8% discount rate and an estimated IRR of 23%;
- Estimated pre-production capital cost of US$ 792 million, including US$ 71 million in capitalized pre-stripping;
- Average estimated annual production of approximately 50,000 tonnes of copper, 115,000 ounces of gold, and over 5 million ounces of silver per year;
- Estimated 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

For further details, please refer to the Company's news release dated November 28, 2017.

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.

The Technical Report, which summarizes the results of the PEA, is available for review under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.filo-mining.com.

Initiation of the 2017/2018 Field Program

A planned 10,000 metre drill program designed to upgrade Inferred resources to the Indicated category and provide additional samples for metallurgical testwork and geotechnical characterization of the planned open pit was initiated on December 16, 2017.

CORPORATE UPDATE

Changes to Executive Team

The Company appointed Mr. James Beck as the Company's Vice President, Corporate Development and Projects effective February 1, 2017. Mr. Beck is a registered Professional Engineer in the province of Ontario, holds a Bachelor of Applied Science from Queen's University and an MBA from the University of British Columbia. Mr. Beck also serves as the Vice President, Corporate Development and Projects of NGEx Resources Inc. ("NGEx"), an exploration company listed on the TSX and Nasdaq Stockholm. Prior to his appointment, Mr. Beck was the Company's Director, Corporate Development.

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

Mr. Lundin's industry expertise and market understanding will build on the success that the Company has achieved and he will be focused on helping the Company achieve its long-term strategic goals. He brings a recognized legacy and years of international finance and capital markets experience to Filo Mining, complementing the Company's strong technical team. He is well placed to lead Filo Mining through the next phase of its growth into a significant copper, gold, and silver producer.

Credit Facility

On January 12, 2018, the Company obtained a US$ 2.0 million short-term credit facility from an insider of the Company (the "Facility") to provide additional financial flexibility to fund ongoing exploration at the Filo del Sol Project and general corporate purposes. As consideration, the lender was entitled to 6,000 common shares of the Company upon execution of the Facility, and will be issued an additional 300 common shares each month, for every US$ 50,000 in principal outstanding on the Facility, prorated accordingly for the number of days outstanding. There is no interest payable in cash during the term of the Facility, and all common shares issued in conjunction with the Facility are subject to a four-month hold period under applicable securities laws. As of March 19, 2018, the Company has issued a total of 12,300 common shares to the lender as consideration for providing the Facility to the Company, in lieu of cash fees.

On February 28, 2018, all amounts drawn to date under the Facility were repaid in full following closing of a bought-deal equity financing and concurrent non-brokered private placement (see section below). The Facility remains available until January 12, 2019.

Closing of Financings for $25.5 Million

On February 28, 2018, the Company closed the sale of 5,894,231 common shares of the Company on a bought deal basis to a syndicate of underwriters led by Haywood Securities Inc. (the "Underwriters"), at a price of $2.60 per share (the "Issue Price") for total gross proceeds of approximately $15.3 million (the "Offering"), which includes 124,231 common shares issued on partial exercise of an over-allotment option. The Underwriters have the option to purchase up to an additional 741,269 common shares at the Issue Price for a period of 30 days from February 28, 2018 (the "Over-allotment Option"). The gross proceeds generated from the Offering are subject to a 5.0% commission, payable in cash.

On February 28, 2018, the Company also closed a concurrent private placement of 3,928,964 common shares, including 82,810 common shares issued to adjust for the Underwriters' partial exercise of the Over-allotment Option, at the Issue Price, for gross proceeds of approximately $10.2 million (the "Concurrent Private Placement"). The participants to the Concurrent Private Placement, which include an insider of the Company, may purchase up to an additional 494,113 common shares of the Company at the Issue Price to adjust for the Underwriters' further exercise of the Over-allotment Option, if any.

The Company plans to use the net proceeds from the Offering and Concurrent Private Placement for exploration and development at the Filo del Sol Project, and for working capital and general corporate purposes. A portion of the net proceeds have also been used to repay the amounts drawn under the Facility.

OUTLOOK

In November 2017, the Company initiated the work program at the Filo del Sol Project for the 2017/2018 field season, which coincides with the South American summer. This program is based on recommendations from the PEA and will collect the data required to support the undertaking of a Pre-Feasibility Study ("PFS"), which was launched in January 2018, and is targeted for completion by the first quarter of 2019. The Company has engaged Ausenco Engineering Canada Inc. to lead the PFS.

The current design of the field work program includes reverse circulation and diamond drilling for resource conversion, metallurgical sample collection and geotechnical information, as well as infrastructure site investigations and ongoing metallurgical and environmental studies. In addition, the PEA highlighted several opportunities for unlocking value at the Filo del Sol Project, which will be explored by the Company during the PFS, such as:

- Evaluating unique processing opportunities to take advantage of the fast leach kinetics noted in metallurgical testwork completed to date, which could reduce project capital by recovering soluble copper through installing a conventional washing system for process feed after the crushing circuit. Further study of this option is planned and, if successful, the washing stage could eliminate the permanent copper and on/off leach pads and their associated materials handling systems, saving on capital and operating costs associated with these installations;
- Optimizing the mine plan and production schedules by evaluating opportunities to smooth production and bring forward copper revenues;
- Increasing metallurgical recoveries with further test work and optimization; and
- Delineating more or higher-grade material through continued exploration on the Company's extensive land package. The deposit remains open in most directions with several additional exploration targets outside of the immediate deposit area that have seen only preliminary exploration work. In addition, there are areas to cover near the deposit that have not been drill tested and are prospective for additional discoveries.

With the recently completed PEA and a PFS currently underway on the Filo del Sol Project, together with a treasury replenished by the $25.5 million financings discussed above, the Company is well position to make strides towards advancing the Filo del Sol Project. The results of the PFS will guide the direction taken by the Company with respect to the Filo del Sol Project and may lead to further advanced studies of the Project.

RESULTS FROM OPERATIONS

Year Ended	Dec-17	Dec-16[1]	Dec-15[1]
Net loss ($000's)	18,695	8,666	11,817
Loss per share, basic and diluted ($)	0.30	0.16	0.23
Total assets ($000's)	10,193	26,151	6,355

[1] Amounts presented in the table prior to the completion of the NGEx Arrangement on August 16, 2016 were carved out from figures previously reported by NGEx in accordance with the continuity of interest basis of accounting.

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

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

Three Months Ended	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16	Sep-16[1]	Jun-16[1]	Mar-16[1]
Exploration costs ($000's)	3,605	1,227	1,257	8,930	4,403	457	331	1,286
Operating loss ($000's)	4,564	2,538	2,042	9,565	5,379	858	634	1,789
Net loss ($000's)	4,580	2,549	2,053	9,513	5,297	860	646	1,862
Net loss per share, basic and diluted ($)	0.07	0.04	0.03	0.15	0.09	0.02	0.01	0.05

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

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

Filo Mining incurred a net loss of $18.7 million (2016: $8.7 million) for the year ended December 31, 2017. Exploration and project investigation costs are the most significant expenditures of the Company and account for approximately 80% (2016: 75%) of the net loss during the year. This is reflective of the Company's accounting policy to expense its exploration costs through the consolidated statement of comprehensive loss, except for mineral property option payments and mineral property acquisition costs.

Exploration and project investigation costs for the year ended December 31, 2017, totalled $15.0 million, which exceeded the prior year (2016: $6.5 million). This increase is due to the execution of a larger exploration program during the 2016/2017 exploration season and, to a lesser extent, higher costs related to engineering and conceptual studies incurred as a result of the undertaking and completion of the PEA during the year ended December 31, 2017. Detailed breakdowns of exploration costs for the years ended December 31, 2017 and 2016, are provided in the notes to the consolidated financial statements.

Excluding share-based compensation, administration costs for the year ended December 31, 2017 were $2.0 million (2016: $1.3 million). Share-based compensation, a non-cash cost, reflects the amortization of the estimated fair value of options over their vesting period and is based to a large degree on the Company's share price and its volatility. The actual future value to the option holders may differ materially from these estimates as it depends on the trading price of the Company's shares if and when the options are exercised. In addition, as the granting of options and their vesting is at the discretion of the Board, the related expense is unlikely to be uniform across quarters or financial years.

The higher compensation, travel, and promotion costs incurred during the year ended December 31, 2017, compared to the 2016 comparative year, reflect the additional corporate costs associated with operating a stand-alone public entity following the completion of the NGEx Arrangement on August 16, 2016, including $0.2 million in incentive bonuses granted by the Board of Directors to certain officers and employees of the Company during 2017.

No tax recovery is recognized as a result of the nature of the Company's activities and the lack of reasonably expected taxable profits in the near term.
In other comprehensive loss, the Company reported a foreign exchange translation loss of $189,000 (2016: gain of $12,000) for the year ended December 31, 2017, on translation of subsidiary company accounts from their functional currency to the Canadian dollar presentation currency. This is principally the result of fluctuations of the Canadian dollar relative to the Chilean peso and Argentine peso during the respective periods.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2017, the Company had cash of $2.4 million and net working capital of $1.5 million, compared to cash of $19.5 million and net working capital of $17.7 million as at December 31, 2016. The decrease in the Company's cash and net working capital is due primarily to funds directed towards advancing the Filo del Sol Project, and to a lesser extent, funds spent for general corporate purposes. This has been partially offset by the receipt of approximately $1.0 million as proceeds from the exercise of share options during the year.

On January 12, 2018, the Company executed the Facility, which enabled access to up to US$ 2.0 million in short-term credit, to provide additional financial flexibility to fund ongoing exploration at the Filo del Sol Project and general corporate purposes. As consideration, the lender was entitled to 6,000 common shares of the Company upon execution of the Facility, and will be issued an additional 300 common shares each month, for every US$ 50,000 in principal outstanding on the Facility, prorated accordingly for the number of days outstanding. There is no interest payable in cash during the term of the Facility, and all common shares issued in conjunction with the Facility are subject to a four-month hold period under applicable securities laws. As of March 19, 2018, the Company has issued a total of 12,300 common shares to the lender as consideration for providing the Facility to the Company, in lieu of cash fees. The Facility remains available until January 12, 2019.

On February 28, 2018, the Company closed the aggregate sale of 9,823,195 common shares of the Company pursuant to the Offering and the Concurrent Private Placement for gross proceeds of approximately $25.5 million (see Corporate Update section above). A portion of the net proceeds received were used to repay all amounts drawn to date under the Facility, and the Company plans to use the remaining net proceeds from the Offering and Concurrent Private Placement for exploration and development at the Filo del Sol Project, and for working capital and general corporate purposes.

RELATED PARTY TRANSACTIONS

Related party services

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

	2017	Year ended December 31, 2016
Executive management, technical exploration and exploration support services to NGEx	1,296,287	325,188
Financial management and administrative services from NGEx	(142,815)	(58,131)
Legal services from BMJAL	67,965	-

Related party balances

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

	Related Party	December 31, 2017	December 31, 2016
Receivables and other assets	NGEx	366,435	222,556
Accounts payable and accrued liabilities	NGEx	(93,617)	(56,025)
Accounts payable and accrued liabilities	BMJAL	(23,135)	-

Key management compensation

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

	2017	Year ended December 31, 2016
Salaries	1,341,539	268,500
Short-term employee benefits	35,617	10,044
Directors fees	86,583	25,973
Stock-based compensation	1,548,394	459,587
Incentive bonuses	207,000	-
	3,219,133	**764,104**

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRS, such as the underlying consolidated financial statements for the year ended December 31, 2017, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenditures. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual results could differ from those estimates and such differences could be material. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. Information about estimates and assumptions that could have the most significant effect on the recognition and measurement of assets is provided below.

Valuation of mineral properties – The Company carries the acquisition costs of its mineral properties at cost less any provision for impairment. The Company undertakes periodic reviews of the carrying values of mineral properties and whenever events or changes in circumstances indicate that their carrying values may exceed their fair value. In undertaking these reviews, management of the Company is required to make significant estimates. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties and related expenditures.

SIGNIFICANT ACCOUNTING POLICIES

The Company's significant account policies are described in Note 3 of the audited consolidated financial statements for year ended December 31, 2017, as on SEDAR at www.sedar.com.

New Accounting Pronouncements

The IASB and the IFRS Interpretations Committee (previously the International Financial Reporting Interpretations Committee, IFRIC) have issued a number of new and revised International Accounting Standards, IFRS amendments and related interpretations which are effective for the Company for periods after December 31, 2017, beginning on the dates indicated below. Pronouncements that are not applicable to the Company have been excluded from those described below.

Pronouncement	Effective Date
IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard provides a model for the classification and measurement of financial instruments, a single forward-looking "expected loss" impairment model, and a reformed approach for hedge accounting. Based on its current circumstances, the Company does not expect any material impact on the financial position and results of the Company to arise from the adoption of IFRS 9.	Required to be applied for years beginning on or after January 1, 2018.
IFRS 7 *Financial instruments – disclosure* has been amended to require additional disclosures on transition from IAS 39 to IFRS 9. Based on its current circumstances, the Company does not expect any material impact to arise from the adoption of IFRS 7.	Required to be applied for years beginning on or after January 1, 2018.

IFRS 16 *Leases* specifies how leases should be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company is currently assessing whether the adoption of this new standard would have a material impact on the financial position and results of the Company.	Required to be applied for years beginning on or after January 1, 2019.

FINANCIAL INSTRUMENTS

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

As at December 31, 2017, the Company's financial instruments are exposed to the following financial risks, including credit, liquidity and currency risks:

(i) Credit risks associated with cash is minimal as the Company deposits the majority of its cash with a large Canadian financial institution that has been accorded a strong investment grade rating by a primary rating agency.

(ii) Liquidity risks associated with the inability to meet obligations as they become due is minimized through the management of its capital structure and by maintaining good relationships with bankers. The Company also closely monitors and reviews its costs to date and actual cash flows on a monthly basis. In assessing liquidity risk as at December 31, 2017, the Company has also considered the impact of proceeds received from equity financings, which closed on February 28, 2018 (see Corporate Update section above).

The maturities of the Company's financial liabilities as at December 31, 2017 are as follows:

	Total	Less than 1 year	1-5 years	More than 5 years
Accounts payable and accrued liabilities	2,252,172	2,252,172	-	-
	2,252,172	**2,252,172**	**-**	**-**

(iii) Foreign currency risk can arise when the Company or its subsidiaries transact or have net financial assets or liabilities which are denominated in currencies other than their respective functional currencies.

At December 31, 2017, the Company's largest foreign currency risk exposure existed at the level of its Chilean operating subsidiary, Frontera Chile Limitada ("Frontera"), which held a net financial asset position denominated in US dollars having a Canadian dollar equivalent of approximately $171,000. A 10% change in the foreign exchange rate between the US dollar, and the Chilean peso, Frontera's functional currency, would give rise to increases/decreases of approximately 17,000 Canadian dollars in financial position/comprehensive loss.

OUTSTANDING SHARE DATA

As at March 19, 2018, the Company had 72,137,279 common shares outstanding and 4,585,416 share options outstanding under its share-based incentive plan.

RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business which includes the acquisition, financing, exploration, development and operation of mining properties. There are a number of factors that could negatively affect the Company's business and the value of its common shares, including the factors listed below. The following information pertains to the outlook and conditions currently known to the Company that could have a material impact on the financial condition of the Company. Other factors may arise that are not currently foreseen by management of the Company that may present additional risks in the future. Current and prospective security holders of the Company should carefully consider these risk factors, as they could materially affect the Company's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

A detailed discussion of the significant risks and uncertainties identified by the Company are provided in the Company's most recent Annual Information Form ("AIF"), as filed on SEDAR at www.sedar.com. The more significant risks, as they relate to the Company's consolidated financial statements for the year ended December 31, 2017 and this MD&A, include:

Exploration and Development Risk

The Company's properties are in the 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 Company'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 Company. 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 Company's business.

Negative Operating Cash Flow

The Company is an exploration stage company and has not generated cash flow from operations. The Company 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 Company 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 Company currently has negative cash flow from operating activities.

Mineral Resource Estimates

The Company'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 Company'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 Company's results of operations and financial condition.

Title Risk

The Company 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 Company'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 Company 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 Company to meet requirements would have a material adverse effect on the Company. Any defects in the title to the Company's properties could have a material and adverse effect on the Company.

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

Foreign Operations Risk

The Company conducts exploration activities in foreign countries, including Argentina and Chile. Each of these countries exposes the Company 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 Company 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 Company. There can be no assurance that the Company'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 Company 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 Company 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 Company 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 Company.

Metal Price Risk

The Company'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 Company'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 Company, the price of the common shares of the Company 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 Company'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 Company'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 Company, a significant disruption to the Company's business, or other factors may make it difficult to secure the necessary financing. There is no assurance that the Company 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 Company needs to raise additional funds, such financing may substantially dilute the interests of shareholders of the Company and reduce the value of their investment.

Future offerings of debt or equity securities

The Company may require additional funds to finance further exploration, development and production activities, or to take advantage of unanticipated opportunities. If the Company raises additional funds by issuing additional equity securities, such financing would dilute the economic and voting rights of the Company's shareholders. Since the Company'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 Company bear the risk of any future offerings reducing the market price of the common shares and diluting their shareholdings in the Company.

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 Company's activities in Argentina or in its ability to attract joint venture partners or obtain financing for its projects in the future.

Currency Risk

The Company 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 Company. Future changes in exchange rates could materially affect the Company's results in either a positive or a negative direction. The Company 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 Company'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 Company'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 Company's reputation and results of operations.

Although to date the Company has not experienced any material losses relating to cyber attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company'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 Company 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 Company 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 Company conducts its business. If the Company 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 Company resulting in a material adverse effect on the Company.

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 Company competes with other exploration and mining companies, many of which have greater financial resources, operational experience and technical capabilities than the Company, 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 Company 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 Company 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 Company. The Company does not maintain insurance against political risks.

Tax

The Company 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 Company due to changes in tax regulations cannot be excluded. Repatriation of earnings to Canada from other countries may be subject to withholding taxes. The Company has no control over withholding tax rates.

QUALIFIED PERSON

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

Form, under the heading "Risks Factors", and elsewhere, which may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information.

The Company believes that the expectations reflected in the forward-looking statements and information included in this MD&A are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements and information should not be unduly relied upon. This statement and information is as of the date of the MD&A. In particular, this MD&A contains forward-looking statements or information pertaining to the assumptions used in the PEA for the Filo del Sol project, the assumptions used in the mineral resources estimates for the Filo del Sol project, including, but not limited to, geological interpretation, grades, metal price assumptions, metallurgical and mining recovery rates, geotechnical and hydrogeological conditions, as applicable; ability to develop infrastructure; assumptions made in the interpretation of drill results, geology, grade and continuity of mineral deposits; expectations regarding access and demand for equipment, skilled labour and services needed for exploration and development of mineral properties; and that activities will not be adversely disrupted or impeded by exploration, development, operating, regulatory, political, community, economic and/or environmental risks. In addition, this MD&A contains forward-looking statements or information pertaining to the anticipated undertaking of and timing for the completion of a Pre-Feasibility Study; expected timing or ability to secure additional financing and/or the quantum and terms thereof; exploration and development plans and expenditures; the timing and nature of studies and any potential development scenarios; opportunities to improve project economics; the success of future exploration activities; potential for resource expansion; potential for the discovery of new mineral deposits; ability to build shareholder value; expectations with regard to adding to mineral resources through exploration; expectations with respect to the conversion of inferred resources to an indicated resources classification; ability to execute the Planned Work programs; estimation of commodity prices, mineral resources, costs, and permitting time lines; ability to obtain surface rights and property interests; currency exchange rate fluctuations; requirements for additional capital; government regulation of mining activities; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; and other risks and uncertainties.

Forward-looking information is based on certain assumptions that the Company believes are reasonable, including that the current price of and demand for commodities will be sustained or will improve, the supply of commodities will remain stable, that the general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed on reasonable terms and that the Company will not experience any material labour dispute, accident, or failure of plant or equipment. These factors are not, and should not be construed as being, exhaustive. Although the Company has attempted to identify important factors that would cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. All of the forward-looking information contained in this document is qualified by these cautionary statements. Readers are cautioned not to place undue reliance on forward-looking information due to the inherent uncertainty thereof.

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

March 20, 2018

Independent Auditor's Report

To the Shareholders of Filo Mining Corp.

We have audited the accompanying consolidated financial statements of Filo Mining Corp., which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016 and the consolidated statements of comprehensive loss, cash flows and changes in equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Filo Mining Corp. as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

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

	Note	**December 31, 2017**	**December 31, 2016**
ASSETS			
Current assets:			
Cash		$ 2,417,407	$ 19,464,829
Receivables and other assets	*4*	1,296,353	595,274
		3,713,760	20,060,103
Mineral properties	*5*	6,479,344	6,091,311
TOTAL ASSETS		10,193,104	26,151,414
LIABILITIES			
Current liabilities:			
Trade payables and accrued liabilities		2,252,172	2,407,145
SHAREHOLDERS' EQUITY			
Share capital	*6*	59,481,338	58,511,463
Contributed surplus		2,877,642	766,535
Deficit		(54,352,813)	(35,657,695)
Accumulated other comprehensive income (loss)		(65,235)	123,966
TOTAL SHAREHOLDERS' EQUITY		7,940,932	23,744,269
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 10,193,104	$ 26,151,414

Commitments (Note 14)
Subsequent Events (Note 15)

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

On behalf of the Board:

/s/Alessandro Bitelli
Director

/s/Wojtek A. Wodzicki
Director

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

	Note	2017	Year ended December 31, 2016
Expenses			
Exploration and project investigation	*8*	$ 15,019,239	$ 6,477,057
General and administration:			
Salaries and benefits		1,101,723	514,894
Share-based compensation	*7c*	1,659,287	872,484
Management fees		153,600	166,590
Professional fees		167,763	194,994
Travel		182,927	50,664
Promotion and public relations		163,499	111,689
Office and general		261,226	271,819
Operating loss		18,709,264	8,660,191
Other expenses			
Foreign exchange loss (gain)		(14,146)	5,835
Net loss		18,695,118	8,666,026
Other comprehensive loss (gain)			
Items that may be reclassified subsequently to net loss:			
Foreign currency translation adjustment		189,201	(12,283)
Comprehensive loss		$ 18,884,319	$ 8,653,743
Basic and diluted loss per common share		$ 0.30	$ 0.16
Weighted average common shares outstanding		61,891,059	52,549,338

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

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

	Note	**2017**	**Year ended December 31, 2016**
Cash flows used in operating activities			
Net loss for the year		$ (18,695,118)	$ (8,666,026)
Items not involving cash:			
Depreciation		-	7,432
Share-based compensation	*7c*	2,111,107	1,174,488
Net changes in working capital items:			
Receivables and other		(850,040)	(488,347)
Trade payables and accrued liabilities		235,416	2,453,752
		(17,198,635)	(5,518,701)
Cash flows from financing activities			
Proceeds from exercise of share options		969,875	76,825
Cash received pursuant to private placement		-	19,468,716
Cash received pursuant to the NGEx Arrangement		-	3,000,000
Funding received from NGEx for operations		-	2,718,336
		969,875	25,263,877
Cash flows used in investing activities			
Mineral properties and related expenditures	*5*	(398,012)	(756,519)
		(398,012)	(756,519)
Effect of exchange rate change on cash		(420,650)	204,944
Increase (decrease) in cash during the year		(17,047,422)	19,193,601
Cash, beginning of year		$ 19,464,829	$ 271,228
Cash, end of year		$ 2,417,407	$ 19,464,829

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

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

	Note	Number of Shares	Share Capital	Contributed Surplus	Other Capital Reserves	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, January 1, 2016		-	$ -	$ -	$ 39,752,747	$(33,753,049)	$ 111,683	$ 6,111,381
Funding and expenses paid by NGEx		-	-	-	2,566,602	-	-	2,566,602
Share-based compensation		-	-	766,535	407,953	-	-	1,174,488
Cash contributed by NGEx pursuant to the NGEx Arrangement		-	-	-	3,000,000	-	-	3,000,000
Shares issued pursuant to the NGEx Arrangement		51,270,950	38,965,922	-	(38,965,922)	-	-	-
Adjustment for shares issued in connection with the NGEx Arrangement		-	-	-	(6,761,380)	6,761,380	-	-
Exercise of options		117,500	76,825	-	-	-	-	76,825
Shares issued pursuant to private placement		10,000,000	19,468,716	-	-	-	-	19,468,716
Net loss and other comprehensive income		-	-	-	-	(8,666,026)	12,283	(8,653,743)
Balance, December 31, 2016		**61,388,450**	**$ 58,511,463**	**$ 766,535**	**$ -**	**$(35,657,695)**	**$ 123,966**	**$ 23,744,269**
Balance, January 1, 2017		61,388,450	$ 58,511,463	$ 766,535	$ -	$ (35,657,695)	$ 123,966	$ 23,744,269
Share-based compensation	*7c*	-	-	2,111,107	-	-	-	2,111,107
Exercise of options		880,000	969,875	-	-	-	-	969,875
Net loss and other comprehensive loss		-	-	-	-	(18,695,118)	(189,201)	(18,884,319)
Balance, December 31, 2017		**62,268,450**	**$ 59,481,338**	**$ 2,877,642**	**$ -**	**$(54,352,813)**	**$ (65,235)**	**$ 7,940,932**

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

(Expressed in Canadian Dollars, unless otherwise stated)

1. NATURE OF OPERATIONS

Filo Mining Corp. (the "Company" or "Filo Mining") was incorporated on May 12, 2016 under the Canada Business Corporations Act in connection the plan of arrangement to reorganize NGEx Resources Inc. ("NGEx"), which was completed on August 16, 2016 (the "NGEx Arrangement"). Detailed disclosure pertaining to the NGEx Arrangement is available in the Company's audited consolidated financial statements for the year ended December 31, 2016.

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

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. These consolidated financial statements are prepared on a historical cost basis except for certain financial assets, which are measured at fair value.

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

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on March 19, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Consolidation

The consolidated financial statements of the Company include the following subsidiaries:

Subsidiaries	Jurisdiction	Nature of operations
NGEx Filo del Sol Holdings Inc.	Canada	Holding company
NGEx Chile Holdings Inc.	Canada	Holding company
Filo del Sol Uruguay S.A.	Uruguay	Holding company
Frontera Holdings (Bermuda) IV Ltd.	Bermuda	Holding company
Frontera Holdings (Bermuda) V Ltd.	Bermuda	Holding company
Filo del Sol Exploracion S.A.	Argentina	Exploration company
Frontera Chile Limitada	Chile	Exploration company

The Company consolidates an entity when it has power over that entity, is exposed, or has rights, to variable returns from its involvement with that entity and has the ability to affect those returns through its power over that entity.

All the Company's subsidiaries are wholly-owned and all intercompany balances, transactions, including income and expenses arising from inter-company transactions are eliminated in preparing the consolidated financial statements.

b) Critical accounting estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenditures on the financial statements. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual results could differ from those estimates and such differences could be material. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. Information about estimates and assumptions that could have the most significant effect on the recognition and measurement of assets is provided below.

Valuation of mineral properties – The Company carries the acquisition costs of its mineral properties at cost less any provision for impairment. The Company undertakes periodic reviews of the carrying values of mineral properties and whenever events or changes in circumstances indicate that their carrying values may exceed their fair value. In undertaking these reviews, management of the Company is required to make significant estimates. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties and related expenditures.

c) Foreign currency translation

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The functional currency of its material subsidiaries, which have operations in Chile and Argentina, is the Chilean peso and the Argentine peso, respectively.

The results and financial positions of the subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated using the exchange rate prevailing at the date of that statement of financial position.

- Income, expenses, and other comprehensive income for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

- All resulting exchange differences are recognized as a separate component of equity and in other comprehensive income.

d) Mineral properties and exploration expenditure

The Company capitalizes acquisition costs for property rights, including payments for exploration rights and estimated fair value of exploration properties acquired as part of a business acquisition.

Mineral exploration costs and maintenance payments are expensed prior to the determination that a property has economically recoverable ore reserves. When it has been established that a mineral property is considered to be sufficiently advanced to the development stage and economic viability has been demonstrated, all further expenditures for the current year and subsequent years are capitalized as incurred and subsequently amortized on a units of production based on proven and probable reserves of the assets to which they relate.

e) Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units, or "CGU's"). Value in use is determined as the present value of future cash inflows expected to be derived from a CGU using a pre-tax discount rate that reflects the current time value of money and the risks specific to that CGU.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

f) Financial instrument classification

In respect of the recognition and measurement of financial instruments, the Company has adopted the following policies:

Financial instruments	**Loans and receivables**	**Other financial liabilities**
Measured at amortized cost:		
Cash, receivables and others	X	
Trade payables and accrued liabilities		X

g) Cash

Cash includes cash on hand, deposits held at call with financial institutions, net of bank overdrafts.

h) Impairment of receivables and other assets

The Company assesses at the end of each reporting period whether there is objective evidence that its receivable and other assets are impaired. They are considered to be impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognized in the consolidated statement of loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated statement of loss.

i) Current and deferred income tax

The Company follows the liability method of accounting for income taxes. Under the liability method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, unused tax losses and other income tax deductions. Deferred income tax assets are recognized for deductible temporary differences, unused tax losses and other income tax deductions to the extent that it is probable the Company will have taxable income against which those deductible temporary differences, unused tax losses and other income tax deductions can be utilized.

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the related assets are realized or the liabilities are settled. The measurement of deferred income tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover and settle the carrying amounts of its assets and liabilities, respectively. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the period in which the change is substantively enacted.

j) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares or options are show in equity as a deduction, net of tax, from the proceeds.

k) Share-based compensation

The Company has a share-based compensation plan, whereby it is authorized to grant share options to officers, employees, directors, and other eligible persons. The fair value of the options is measured at the date the options are granted, using the Black-Scholes option-pricing model with assumptions for risk-free interest rates, dividend yields, volatility of the expected market price of the common shares and an expected life of the options. The fair value less estimated forfeitures is charged over the vesting period of the related options as an expense on its financial statements.

l) Provisions

Provisions for restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligations using the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

(Expressed in Canadian Dollars, unless otherwise stated)

m) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

n) Segment reporting

As the Company primarily focuses its activity on the exploration and development of mineral properties, its operating and reportable segments are the Filo del Sol Property, the Tamberias Property, other general exploration and project generation initiatives, and the Company's corporate administration function. Operating segments are components of an entity that engage in business activities from which they incur expenses and whose operating results are regularly reviewed by a chief operating decision maker to make resource allocation decisions and to assess performance. The Chief Executive Officer, the chief operating decision-maker for the Company, obtains and reviews operating results of each operating segment on a monthly basis.

o) New accounting pronouncements

The IASB and the IFRS Interpretations Committee (previously the International Financial Reporting Interpretations Committee, IFRIC) have issued a number of new and revised International Accounting Standards, IFRS amendments and related interpretations which are effective for the Company for periods after December 31, 2017, beginning on the dates indicated below. Pronouncements that are not applicable to the Company have been excluded from those described below.

Pronouncement	Effective Date
IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard provides a model for the classification and measurement of financial instruments, a single forward-looking "expected loss" impairment model, and a reformed approach for hedge accounting. Based on its current circumstances, the Company does not expect any material impact on the financial position and results of the Company to arise from the adoption of IFRS 9.	Required to be applied for years beginning on or after January 1, 2018.
IFRS 7 *Financial instruments – disclosure* has been amended to require additional disclosures on transition from IAS 39 to IFRS 9. Based on its current circumstances, the Company does not expect any material impact to arise from the adoption of IFRS 7.	Required to be applied for years beginning on or after January 1, 2018.
IFRS 16 *Leases* specifies how leases should be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company is currently assessing whether the adoption of this new standard would have a material impact on the financial position and results of the Company.	Required to be applied for years beginning on or after January 1, 2019.

(Expressed in Canadian Dollars, unless otherwise stated)

4. RECEIVABLES AND OTHER ASSETS

		Year ended December 31,
	2017	**2016**
Taxes receivable	92,255	46,861
Other receivables	384,860	237,271
Prepaid expenses and deposits	819,238	311,142
	1,296,353	**595,274**

5. MINERAL PROPERTIES

	Filo del Sol	Tamberias	Total
January 1, 2016	**$ 3,951,919**	**$ 1,998,910**	**$ 5,950,829**
Additions	-	756,519	756,519
Effect of foreign currency translation	(705,359)	89,322	(616,037)
December 31, 2016	**$ 3,246,560**	**$ 2,844,751**	**$ 6,091,311**
Additions	-	398,012	398,012
Effect of foreign currency translation	(68,716)	58,737	(9,979)
December 31, 2017	**$ 3,177,844**	**$ 3,301,500**	**$ 6,479,344**

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

Filo del Sol Property (San Juan Province, Argentina)

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

Tamberias Property (Region III, Chile)

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

(Expressed in Canadian Dollars, unless otherwise stated)

In June 2017, the Company made a US$300,000 option payment to Tamberias SCM, which has been recorded as an addition to the Tamberias Property. The Company's total remaining option payments as at December 31, 2017 were US$17.2 million, with the next option payment being US$400,000, payable in June 2018.

6. SHARE CAPITAL

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

7. SHARE OPTIONS

a) Share option plan

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

b) Share option outstanding

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

	Number of share issuable pursuant to share options	Weighted average exercise price per share
Balance at January 1, 2016	-	$ -
Options pursuant to NGEx Arrangement	1,746,875	0.89
Options granted	2,335,000	2.00
Exercised	(117,500)	0.65
Expired	(48,125)	1.41
Balance at December 31, 2016	3,916,250	$ 1.55
Options granted	1,582,500	2.50
Exercised	(880,000)	1.10
Balance at December 31, 2017	4,618,750	$ 1.96

On September 13, 2017, the Company granted a total of 1,582,500 share options to officers, employees, directors and other eligible persons at an exercise price of $2.50 per share.

The Company uses the Black-Scholes option pricing model to estimate the fair value for all options granted and the resulting stock-based compensation. The weighted average assumptions used in this pricing model, and the resulting fair values per option, for the 1,582,500 share options granted during the year ended December 31, 2017, were as follows:

(Expressed in Canadian Dollars, unless otherwise stated)

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

The weighted average share price on the exercise date for the share options exercised during the year ended December 31, 2017 was $2.09.

The following table details the share options outstanding and exercisable as at December 31, 2017:

	Outstanding options			Exercisable options		
Exercise prices	Options outstanding	Weighted average remaining contractual life (Years)	Weighted average exercise price	Options exercisable	Weighted average remaining contractual life (Years)	Weighted average exercise price
$0.50-0.65	310,000	1.13	$0.51	310,000	1.13	$0.51
$0.74	391,250	0.36	$0.74	391,250	0.36	$0.74
$2.00	2,335,000	3.93	$2.00	1,556,667	3.93	$2.00
$2.50	1,582,500	4.70	$2.50	527,500	4.70	$2.50
	4,618,750	3.71	$1.96	2,785,417	3.26	$1.75

c) Share-based compensation

	Year ended December 31, 2017	2016
Exploration and project investigation	451,820	302,003
General and administration	1,659,287	872,485
	2,111,107	**1,174,488**

(Expressed in Canadian Dollars, unless otherwise stated)

8. EXPLORATION AND PROJECT INVESTIGATION

The Company expensed the following exploration and project investigation costs, all incurred in South America, for the years ended December 31, 2017 and 2016:

Year ended December 31,		**Filo del Sol Property**	**Tamberias Property**	**Other**	**Total**
2017	Land holding and access costs	77,678	457,894	28,170	563,742
	Drilling, fuel, camp costs and field supplies	4,115,070	716,050	23,679	4,854,799
	Roadwork, travel and transport	2,159,377	481,427	52,668	2,693,472
	Engineering and conceptual studies	515,890	-	-	515,890
	Consultants, geochemistry and geophysics	900,911	-	19,325	920,236
	Environmental and community relations	388,641	44,999	3,828	437,468
	VAT and other taxes	1,810,991	168,884	74,945	2,054,820
	Office, field and administrative salaries, overhead and other administrative costs	1,924,370	292,938	309,684	2,526,992
	Share-based compensation	368,979	67,062	15,779	451,820
	Total	**12,261,907**	**2,229,254**	**528,078**	**15,019,239**
2016	Land holding and access costs	92,261	79,256	75,222	246,739
	Drilling, fuel, camp costs and field supplies	1,707,953	21,559	47,715	1,777,227
	Roadwork, travel and transport	1,309,012	126,554	102,204	1,537,770
	Engineering and conceptual studies	31,535	-	-	31,535
	Consultants, geochemistry and geophysics	311,984	-	42,803	354,787
	Environmental and community relations	58,648	7,493	-	66,141
	VAT and other taxes	655,472	27,282	80,113	762,867
	Office, field and administrative salaries, overhead and other administrative costs	1,041,575	57,945	298,468	1,397,988
	Share-based compensation	254,729	15,655	31,619	302,003
	Total	**5,463,169**	**335,744**	**678,144**	**6,477,057**

(Expressed in Canadian Dollars, unless otherwise stated)

9. RELATED PARTY TRANSACTIONS

Related party services

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

		Year ended December 31,
	2017	**2016**
Executive management, technical exploration and exploration support services to NGEx	1,296,287	325,188
Financial management and administrative services from NGEx	(142,815)	(58,131)
Legal services from BMJAL	67,965	-

Related party balances

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

	Related Party	**December 31, 2017**	**December 31, 2016**
Receivables and other assets	NGEx	366,435	222,556
Accounts payable and accrued liabilities	NGEx	(93,617)	(56,025)
Accounts payable and accrued liabilities	BMJAL	(23,135)	-

Key management compensation

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

(Expressed in Canadian Dollars, unless otherwise stated)

		Year ended December 31,
	2017	**2016**
Salaries	1,341,539	268,500
Short-term employee benefits	35,617	10,044
Directors fees	86,583	25,973
Stock-based compensation	1,548,394	459,587
Incentive bonuses	207,000	-
	3,219,133	**764,104**

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

10. INCOME TAXES

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to the loss for the year. These differences result from the following items:

	Year ended December 31, 2017	**Year ended December 31, 2016**
Loss before taxes	18,695,118	8,666,027
Combined Canadian federal and provincial statutory income tax rates	26.00%	26.00%
Income tax recovery based on the above rate	4,860,731	2,253,167
Income tax benefits that have not been recognized and other items	(5,302,460)	(2,607,900)
Impacts of changes in income tax rates	20,903	77,087
Differences between Canadian and foreign tax rates	977,066	477,778
Non-deductible expenses	(556,240)	(200,132)
Total income tax recovery	**-**	**-**

(Expressed in Canadian Dollars, unless otherwise stated)

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset has been recognized consist of the following:

	December 31, 2017	**December 31, 2016**
Non-capital losses carried forward	1,311,529	431,105
Mineral properties and related expenditures	6,353,264	5,952,703
Other	82,880	110,507
	7,747,673	**6,494,315**

As at December 31, 2017, the non-capital loss carry-forwards and their respective expiration dates are as follows:

Year	**Canada**	**Argentina**	**Other**	**Total**
2018	-	-	2,936	2,936
2019	-	632	5,879	6,511
2020	-	249	14,420	14,669
2021	-	436,671	5,101	441,772
Subsequent to 2022	4,165,122	421,599	26,903	4,613,624
	4,165,122	**859,151**	**55,239**	**5,079,512**

11. SEGMENTED INFORMATION

The Company is principally engaged in the acquisition, exploration and development of mineral properties in South America. The information regarding mineral properties and exploration and project investigation costs presented in Notes 5 and 8, respectively, represent the manner in which management reviews its business performance. Materially all of the Company's mineral properties and exploration and project investigation costs relate to the Filo del Sol Project, which straddles the border between the San Juan Province, Argentina and Region III, Chile and is comprised of the Filo del Sol Property and the Tamberias Property. Materially all of the Company's administrative costs are incurred by the Canadian parent, where materially all of the Company's cash is held in the normal course of business until it is required to be deployed to the Company's South American subsidiaries in support of ongoing and planned work programs.

A summary of the Company's financial position as at December 31, 2017 and 2016, and net losses for the years then ended are as follows:

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31,		**Filo del Sol Project**	**Other**	**Corporate**	**Total**
2017	Current assets	2,651,268	-	1,062,492	3,713,760
	Mineral properties	6,479,344	-	-	6,479,344
	Total Assets	9,130,612	-	1,062,492	10,193,104
	Current liabilities	1,722,233	-	529,939	2,252,172
2016	Current assets	5,743,965	-	14,316,138	20,060,103
	Mineral properties	6,091,311	-	-	6,091,311
	Total Assets	11,835,276	-	14,316,138	26,151,414
	Current liabilities	2,285,235	-	121,910	2,407,145

Year ended December 31,		**Filo del Sol Project**	**Other**	**Corporate**	**Total**
2017	Exploration and project investigation	14,491,161	528,078	-	15,019,239
	General and administration and other items	-	-	3,675,879	3,675,879
	Net loss	14,491,161	528,078	3,675,879	18,695,118
2016	Exploration and project investigation	5,798,913	678,144	-	6,477,057
	General and administration and other items	-	-	2,188,969	2,188,969
	Net loss	5,798,913	678,144	2,188,969	8,666,026

12. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management and definition of capital, the Company considers the items included in shareholders' equity to be capital.

The Company manages the capital structure and makes adjustments, as necessary, in light of changes in economic conditions and the risk characteristics of its assets. In order to maintain or adjust the capital structure, the Company may attempt to issue new shares or debt instruments, acquire or dispose of assets, or to bring in joint venture partners.

(Expressed in Canadian Dollars, unless otherwise stated)

To facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including, but not limited to, successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

13. FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISKS

The Company has estimated the fair values of its financial instruments based on appropriate valuation methodologies. These values are not materially different from their carrying value.

The Company classifies the fair value of its financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

As at December 31, 2017, the Company's financial instruments are exposed to the following financial risks, including credit, liquidity and currency risks:

(i) Credit risks associated with cash is minimal as the Company deposits the majority of its cash with a large Canadian financial institution that has been accorded a strong investment grade rating by a primary rating agency.

(ii) Liquidity risks associated with the inability to meet obligations as they become due is minimized through the management of its capital structure as explained on Note 12 and by maintaining good relationships with bankers. The Company also closely monitors and reviews its costs to date and actual cash flows on a monthly basis. In assessing liquidity risk as at December 31, 2017, the Company has also considered the impact of proceeds received from equity financings, which closed on February 28, 2018 (Note 15b).

The maturities of the Company's financial liabilities as at December 31, 2017 are as follows:

	Total	**Less than 1 year**	**1-5 years**	**More than 5 years**
Accounts payable and accrued liabilities	2,252,172	2,252,172	-	-
Total	**2,252,172**	**2,252,172**	**-**	**-**

(iii) Foreign currency risk can arise when the Company or its subsidiaries transact or have net financial assets or liabilities which are denominated in currencies other than their respective functional currencies.

At December 31, 2017, the Company's largest foreign currency risk exposure existed at the level of its Chilean operating subsidiary, Frontera Chile Limitada ("Frontera"), which held a net financial asset position denominated in US dollars having a Canadian dollar equivalent of approximately $171,000. A 10% change in the foreign exchange rate between the US dollar, and the Chilean peso, Frontera's functional currency, would give rise to increases/decreases of approximately 17,000 Canadian dollars in financial position/comprehensive loss.

14. COMMITMENTS

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

As of December 31, 2017, the Company has three remaining payments of US$ 315,875 each, which are payable in November 2018, 2019, and 2020.

15. SUBSEQUENT EVENTS

a) Credit Facility

On January 12, 2018, the Company obtained a US$ 2.0 million short-term credit facility from an insider of the Company (the "Facility") to provide additional financial flexibility to fund ongoing exploration at the Filo del Sol Project and general corporate purposes. As consideration, the lender was entitled to 6,000 common shares of the Company upon execution of the Facility, and will be issued an additional 300 common shares each month, for every US$ 50,000 in principal outstanding on the Facility, prorated accordingly for the number of days outstanding. There is no interest payable in cash during the term of the Facility, and all common shares issued in conjunction with the Facility are subject to a four-month hold period under applicable securities laws. As of March 19, 2018, the Company has issued a total of 12,300 common shares to the lender as consideration for providing the Facility in lieu of cash fees to the Company.

On February 28, 2018, all amounts drawn to date under the Facility were repaid in full following closing of a bought-deal equity financing and concurrent non-brokered private placement (Note 15b). The Facility remains available until January 12, 2019.

b) Closing of $25.5 Million Financing

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

A portion of the net proceeds have also been used to repay the amounts drawn under the Facility (Note 15a).

Under the terms of the Financing, at the option of the underwriters to the bought deal equity financing and/or participants of the private placement, up to an additional 1,235,382 common shares of the Company may be purchased at the Price for a period of 30 days from February 28, 2018.

FILO MINING

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VP Exploration
James Beck
VP Corporate Development & Projects
Jeffrey Yip
Chief Financial Officer
Julie Kemp
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