Third Quarter Report
September 30, 2018

FILO MINING CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018
(Amounts in Canadian Dollars unless otherwise indicated)

The following management's discussion and analysis ("MD&A") of Filo Mining Corp. ("Filo Mining" or the "Company") should be read in conjunction with the unaudited condensed interim consolidated financial statements for three and nine months ended September 30, 2018 and related notes therein. The financial information in this MD&A is reported in Canadian dollars unless otherwise indicated and is partly derived from the Company's condensed interim consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The effective date of this MD&A is November 9, 2018. Additional information about the Company and its business activities is available on SEDAR at www.sedar.com and the Company's website www.filo-mining.com.

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

CORE BUSINESS

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

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

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

The Company's updated Mineral Resource estimate for the Filo del Sol Project, effective as of June 11, 2018, is comprised of 425.1 million tonnes at 0.33% copper, 0.32 g/t gold and 10.7 g/t silver, containing 3.1 billion pounds of copper, 4.4 million ounces of gold and 146.9 million ounces of silver in the Indicated category, and an Inferred Mineral Resource estimate of 175.1 million tonnes at 0.27% copper, 0.33 g/t gold and 6.2 g/t silver for 1.1 billion pounds of copper, 1.8 million ounces of gold and 34.8 million ounces of silver. The updated Mineral Resource estimate will form the basis of the PFS currently in progress. For further information concerning the updated Mineral Resource estimate for the Filo del Sol Project, please refer to the Company's news release dated August 8, 2018 available under the Company's profile on SEDAR at www.sedar.com 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 by completing engineering and other studies that are required to prepare the Filo del Sol Project for eventual development by the Company or by third parties. The Filo del Sol Project continues to hold significant exploration potential, with less than 20% of the project area explored to date.

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

THIRD QUARTER 2018 OPERATING HIGHLIGHTS

In August 2018, the Company successfully completed an update to the Mineral Resource estimate for the Filo del Sol Project, with an effective date of June 11, 2018. The Mineral Resource update is highlighted by a significant increase in the Indicated Resource tonnes and contained metals, which is summarized as follows:

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

This increase in tonnage and contained metals in the Indicated Resource category marks the attainment of a key objective of the Company's 2017/2018 drill program, which was to significantly increase the amount of material available for inclusion in the PFS, as appropriate. Seventy-one percent (71%) of the total updated Mineral Resource is now within the Indicated category.

Consistent with the previous Mineral Resource estimate, the updated Mineral Resource estimate is comprised of four distinct mineral zones: an uppermost gold oxide ("AuOx") zone, a copper-gold oxide ("CuAuOx") zone, and a silver zone, all of which is underlain by a copper-gold sulphide ("Sulphide") zone. The updated Mineral Resource estimate, segregated by zone, is summarized in the following table.

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

*[1] – CuAuOx copper equivalent (CuEq) assumes metallurgical recoveries of 82% for copper, 55% for gold and 71% for silver based on preliminary metallurgical testwork, and metal prices of US$3/lb copper, US$1300/oz gold, US$20/oz silver. The CuEq formula is: CuEq=Cu+Ag*0.0084+Au*0.4239;*

*[2] – Sulphide copper equivalent (CuEq) assumes metallurgical recoveries of 84% for copper, 70% for gold and 77% for silver based on similar deposits, as no metallurgical testwork has been done the Sulphide mineralization, and metal prices of US$3/lb copper, US$1300/oz gold, US$20/oz silver. The CuEq formula is: CuEq=Cu+Ag*0.0089+Au*0.5266;*

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

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

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

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

The updated Mineral Resource estimate will form the basis of the PFS, which is currently underway and will consider only the AuOx, CuAuOx, and silver zones in the context of leach-only scenarios. For further information concerning the updated Mineral Resource estimate for the Filo del Sol Project, please refer to the Company's news release dated August 8, 2018.

OUTLOOK

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

- Evaluating opportunities to optimize the mine plan and production schedules by smoothing out the production profile and bringing forward copper revenues; and
- Increasing metallurgical recoveries with further test work and optimization.

The refinement of metallurgical recoveries, which is deemed a key area of focus and value creation for the Filo del Sol Project, began in April 2018, using material collected during the 2017/2018 field program. This current phase of metallurgical testwork is now nearing completion and the results will be incorporated into the PFS.

With the completion of an updated Mineral Resource estimate and the metallurgical testwork program progressing as scheduled, the PFS is on target for completion by the first quarter of 2019, which will be the next landmark for the Company's continuing advancement of the Filo del Sol Project. In advance of receiving the PFS results, which will guide the necessary steps to undertaking a feasibility study on the project, the Company has planned its 2018/2019 field program around certain known or anticipated informational requirements for feasibility-level studies, such as the need to conduct hydrogeological testwork to confirm a source of water for the project. Data generated through this advance work should facilitate the eventual undertaking of a feasibility study in the future. In addition, to maximize utilization of the field camp and personnel during the season, the 2018/2019 field program also plans to test the project's significant exploration upside. As mentioned, to date, only approximately 20% of the project area has been explored, the current resource remains open for expansion, and there is potential for a copper porphyry system below the current resource. Preparations for this upcoming field program are currently underway, and results are expected to be available in the first and second quarters of 2019.

RESULTS FROM OPERATIONS

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

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

Three Months Ended	Sep-18	Jun-18	Mar-18	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16
Exploration costs ($000's)	2,208	3,595	13,132	3,605	1,227	1,257	8,930	4,403
Operating loss ($000's)	3,816	4,433	14,626	4,564	2,538	2,042	9,565	5,379
Net loss ($000's)	3,865	4,446	14,389	4,580	2,549	2,053	9,513	5,297
Net loss per share, basic and diluted ($)	0.05	0.06	0.22	0.07	0.04	0.03	0.15	0.09

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

Filo Mining incurred net losses of $3.9 million and $22.7 million (2017: $2.5 million and $14.1 million), respectively, for the three and nine months ended September 30, 2018. Exploration and project investigation costs are the most significant expenditures of the Company and account for approximately 57% and 83% (2017: 48% and 81%) of the net loss, respectively, during the three and nine months ended September 30, 2018. This is reflective of the Company's accounting policy to expense its exploration costs through the consolidated statement of comprehensive loss, except for mineral property option payments and mineral property acquisition costs, which are capitalized.

Exploration and project investigation costs for the three and nine months ended September 30, 2018, were $2.2 million and $18.9 million, respectively, which exceeded the comparative periods (2017: $1.2 million and $11.4 million). This increase is due to the execution of a larger exploration program during the 2017/2018 exploration season, to generate and collect data in support of the PFS currently underway on the Filo del Sol Project, and increased costs related to the current study itself. Detailed breakdowns of exploration costs for the three and nine months ended September 30, 2018 and 2017, are provided in the notes to the condensed interim consolidated financial statements.

Excluding share-based compensation, administration costs for the three and nine months ended September 30, 2018 were $0.5 million and $2.2 million (2017: $0.4 million and $1.5 million), respectively. Share-based compensation, a non-cash cost, reflects the amortization of the estimated fair value of options over their vesting period and is based to a large degree on the Company's share price and its volatility. The actual future value to the option holders may differ materially from these estimates as it depends on the trading price of the Company's shares if and when the options are exercised. In addition, as the granting of options and their vesting is at the discretion of the Board, the related expense is unlikely to be uniform across quarters or financial years.

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

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

Also, during the three and nine months ended September 30, 2018, the Company recognized a monetary loss of $32,000 (2017: $nil) in relation to the application of hyper-inflationary accounting to the Company's Argentine subsidiary beginning July 1, 2018. A detailed discussion regarding the application of hyper-inflationary accounting can be found in the Significant Accounting Policies section below, and the notes to the condensed interim consolidated financial statements.

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

In other comprehensive income, the Company reported foreign exchange translation losses of $147,000 and $460,000 (2017: $76,000 and $304,000), respectively, for the three and nine months ended September 30, 2018, on translation of subsidiary company accounts from their functional currency to the Canadian dollar presentation currency. For the three and nine months ended September 30, 2018, fluctuations of the Canadian dollar relative to the Chilean peso during the respective periods contributed significantly to the translation losses recognized. In addition, for the nine months ended September 30, 2018, the loss also reflects fluctuations of the Canadian dollar exchange rate relative to the Argentine peso until June 30, 2018, at which point subsequent fluctuations in this exchange rate are combined and reported as impacts of hyperinflation. In this regard, the impact of hyperinflation for the three and nine months ended September 30, 2018 was a gain of $23,000 (2017: $nil) and consists of adjustments recognized on the application of hyper-inflationary accounting to opening non-monetary balances on July 1, 2018, the continuing inflation of these opening non-monetary balances during the three months ended September 30, 2018, and the ongoing translation of the Company's Argentine subsidiary into the Canadian dollar presentation currency following June 30, 2018 as mentioned above.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2018, the Company had cash of $3.3 million and net working capital of $4.9 million, compared to cash of $2.4 million and net working capital of $1.5 million, as at December 31, 2017. The increase in the Company's cash and net working capital is due primarily to aggregate net proceeds totaling $24.4 million received from the Financings, which closed on February 28, 2018. As at September 30, 2018, this cash inflow has been largely partially offset by funds directed towards advancing the Filo del Sol Project, and to a lesser extent, $0.5 million in relation to the annual option payment made for the Tamberias property in June 2018, funds spent for general corporate purposes, and repayment of a short-term credit facility used by the Company prior to closing of the Financings.

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

Based on Filo Mining's financial position at September 30, 2018, the Company anticipates the need for further funding to support a planned field program at its South American operations. The Company is currently evaluating potential additional sources of financing for its exploration program and operations. Historically, capital requirements have been primarily funded through equity financing, joint ventures, disposition of mineral properties and investments, and the use of short-term credit facilities. While management is confident that additional sources of funding will be secured to fund planned expenditures for at least twelve months from September 30, 2018, factors that could affect the availability of financing include the progress and results of ongoing exploration at the Company's mineral properties, the state of international debt and equity markets, and investor perceptions and expectations of the global gold, silver, and/or copper markets. There can be no assurance that such financing will be available in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. Based on the amount of funding raised, the Company's planned exploration or other work programs may be postponed, or otherwise revised, as necessary.

RELATED PARTY TRANSACTIONS

Related party services

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

	Three months ended September 30,		Nine months ended September 30,	
	2018	**2017**	**2018**	**2017**
Executive management, technical exploration and exploration support services to NGEx	149,161	354,843	482,286	1,074,831
Technical advisory and administrative services from NGEx	(87,156)	(19,648)	(446,417)	(40,261)
Legal services from BMJAL	11,781	25,442	45,801	57,138

Related party balances

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

	Related Party	**September 30, 2018**	**December 31, 2017**
Receivables and other assets	NGEx	132,366	366,435
Accounts payable and accrued liabilities	NGEx	(181,403)	(93,617)
Accounts payable and accrued liabilities	BMJAL	-	(23,135)

Disposal of mineral properties

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

- the Company's right to use NGEx's Batidero camp facility in Argentina for a minimum period of two years, which shall be automatically renewed unless terminated by NGEx with one year's advance notice (the "Camp Use Agreement");

- a 3% net smelter return ("NSR") royalty payable on future production of certain mining concessions transferred to NGEx, 2% of which can be re-purchased by NGEx at any time for $2,000,000; and

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

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

Key management compensation

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

	Three months ended September 30,		**Nine months ended September 30,**	
	2018	**2017**	**2018**	**2017**
Salaries	271,875	290,081	815,625	858,081
Short-term employee benefits	11,912	11,338	33,415	31,330
Directors fees	24,250	20,500	72,750	61,500
Stock-based compensation	1,059,577	840,304	1,619,786	1,190,475
Incentive bonuses	-	-	470,000	207,000
	1,367,614	**1,162,223**	**3,011,576**	**2,348,386**

SIGNIFICANT ACCOUNTING POLICIES

The Company continues to follow the accounting policies described in Note 3 of the Company's December 31, 2017 audited consolidated financial statements, as filed on SEDAR at www.sedar.com on March 20, 2018, except for the adoption of IFRS 9, *Financial Instruments,* and the application of IAS 29, *Financial Reporting in Hyper-inflationary* Economies, for the Company's Argentinean subsidiary effective July 1, 2018, as summarized below.

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

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

IAS 29, *Financial Reporting in Hyper-Inflationary Economies -* IAS 29 sets out the accounting standards where an entity's functional currency is that of hyper-inflationary economy, whereby its financial statements are restated for changes in the general purchasing power of that currency before translation at the exchange rate current as at the reporting date for consolidation. The resulting restated financial information is considered to be more meaningful, relevant and representative of a measuring unit current as at the reporting date. The Company has adopted IAS 29, as a result of its Argentine operating subsidiary, which uses the Argentine peso as its functional currency, and the designation of Argentina as a hyper-inflationary economy as of July 1, 2018 for accounting purposes.

The Company, which uses the Canadian dollar, a stable current, as its presentation currency, has applied this accounting policy on a retrospective basis without restatement of comparative and prior period figures. Accordingly, an adjustment is immediately recognized upon adoption for the restatement of opening non-monetary assets held by the Argentine subsidiary as of July 1, 2018, for the cumulative effects of inflation from the historic date when they were first recognized to July 1, 2018 (the "Opening Hyperinflation Adjustment"). The Company has elected as an accounting policy choice to recognize the Opening Hyperinflation Adjustment to other comprehensive income, where it has been combined with the continued impacts of inflation and the devaluation of the Argentine peso during the three months ended September 30, 2018.

Please refer to notes 3 and 4 to the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2018 for further details regarding the Company's adoption of IFRS 9 and IAS 29, respectively.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRS, such as the underlying condensed interim consolidated financial statements for three and nine months ended September 30, 2018, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenditures. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual results could differ from those estimates and such differences could be material. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. There have been no material changes to the critical accounting estimates discussed in the annual 2017 MD&A filed on SEDAR at www.sedar.com on March 20, 2018, except for critical estimates and judgements related to the Company's application of hyper-inflationary accounting as discussed below.

Hyper-inflationary accounting

Beginning July 1, 2018, the Company has designated Argentina as a hyper-inflationary economy in accordance with IAS 29, *Financial Reporting in Hyper-inflationary Economies*, and has therefore employed the use of the hyper-inflationary accounting to consolidate and report its Argentine operating subsidiary. The determination of whether an economy is hyper-inflationary requires the Company to make certain estimates and judgements, such as assessment of historic inflation rates and anticipation of future trends. In addition, the application of hyper-inflationary accounting in accordance with IAS 29 requires the selection and use of price indices to estimate the impact of inflation on the non-monetary assets and liabilities, and results of operations of the Company. The selection of price indices is based on the Company's assessment of various available price indices on the basis of reliability and relevance. Changes in any such estimates may significantly impact the carrying value of those non-monetary assets or liabilities, and results of operations, which are subject to hyper-inflationary adjustments, and the related gains and losses within the consolidated statements of loss and comprehensive loss.

FINANCIAL INSTRUMENTS

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

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

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

(ii) Liquidity risks associated with the inability to meet obligations as they become due is minimized through the management of its capital structure and by maintaining good relationships with bankers. The Company also closely monitors and reviews its costs to date and actual cash flows on a monthly basis.
The maturities of the Company's financial liabilities as at September 30, 2018 are as follows:

	Total	**Less than 1 year**	**1-5 years**	**More than 5 years**
Accounts payable and accrued liabilities	1,161,156	1,161,156	-	-
	1,161,156	**1,161,156**	**-**	**-**

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

At September 30, 2018, the Company's largest foreign currency risk exposure existed at the level of its Chilean operating subsidiary, which held a net financial asset position denominated in US dollars having a Canadian dollar equivalent of approximately $0.6 million. A 10% change in the foreign exchange rate between the US dollar, and the Canadian dollar, which is the Company's functional currency, would give rise to increases/decreases of approximately $62,000 in financial position/comprehensive loss.

OUTSTANDING SHARE DATA

As at November 9, 2018, the Company had 72,575,195 common shares outstanding and 6,647,500 share options outstanding under its share-based incentive plan.

FINANCIAL INFORMATION

The Company's next scheduled interim report will be for the year ending December 31, 2018, which is expected to be published on or around March 19, 2019.

RISKS AND UNCERTAINTIES

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

QUALIFIED PERSON

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

	Note	**September 30, 2018**	**December 31, 2017**
ASSETS			
Current assets:			
Cash		$ 3,256,889	$ 2,417,407
Receivables and other assets		2,758,516	1,296,353
		6,015,405	3,713,760
Mineral properties	*5*	6,993,312	6,479,344
TOTAL ASSETS		13,008,717	10,193,104
LIABILITIES			
Current liabilities:			
Trade payables and accrued liabilities		1,161,156	2,252,172
SHAREHOLDERS' EQUITY			
Share capital	*7*	84,350,227	59,481,338
Contributed surplus		5,052,344	2,877,642
Deficit		(77,052,075)	(54,352,813)
Accumulated other comprehensive income (loss)		(502,935)	(65,235)
TOTAL SHAREHOLDERS' EQUITY		11,847,561	7,940,932
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 13,008,717	$ 10,193,104

Hyperinflation (Note 4)
Commitments (Note 12)

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

On behalf of the Board:

/s/Alessandro Bitelli
Director

/s/Adam I. Lundin
Director

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

	Note	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Expenses					
Exploration and project investigation	*9*	$ 2,207,701	$ 1,226,971	$ 18,935,470	$ 11,414,292
General and administration:					
Salaries and benefits		285,139	215,839	1,375,804	828,580
Share-based compensation	*8c*	1,132,911	893,375	1,728,498	1,276,379
Management fees		59,025	38,400	167,200	115,200
Professional fees		16,775	26,621	86,924	114,534
Travel		9,215	47,693	128,648	95,596
Promotion and public relations		69,709	41,400	306,049	119,263
Office and general		35,064	47,783	145,793	181,600
Operating loss		3,815,539	2,538,082	22,874,386	14,145,444
Other expenses					
Gain on disposal of mineral properties	*10c*	-	-	(422,635)	-
Facility financing costs	*6*	-	-	31,980	-
Foreign exchange loss (gain)		16,828	11,100	183,347	(30,224)
Net monetary loss	*4*	32,184	-	32,184	-
Net loss		3,864,551	2,549,182	22,699,262	14,115,220
Other comprehensive loss					
Items that may be reclassified subsequently to net loss:					
Foreign currency translation adjustment		146,995	75,924	460,331	303,585
Impact of hyperinflation	*4*	(22,631)	-	(22,631)	-
Comprehensive loss		$ 3,988,915	$ 2,625,106	$ 23,136,962	$ 14,418,805
Basic and diluted loss per common share		$ 0.05	$ 0.04	$ 0.32	$ 0.23
Weighted average common shares outstanding		72,547,206	62,154,564	70,247,847	61,769,352

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

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

	Note	Nine months ended September 30, 2018	2017
Cash flows used in operating activities			
Net loss for the period		$ (22,699,262)	$ (14,115,220)
Items not involving cash:			
Share-based compensation	*8c*	2,218,472	1,625,913
Gain on disposal of mineral properties	*10c*	(422,635)	-
Facility finance costs	*6*	31,980	-
Net monetary loss		60,890	-
Net changes in working capital items:			
Receivables and other		(1,649,072)	(23,663)
Trade payables and accrued liabilities		(527,474)	(1,596,958)
		(22,987,101)	(14,109,928)
Cash flows from financing activities			
Proceeds from the Financing, net	*7*	24,384,864	-
Proceeds from exercise of share options		408,275	939,850
		24,793,139	939,850
Cash flows used in investing activities			
Proceeds from disposal of mineral properties	*10c*	64,919	-
Mineral properties and related expenditures		(528,895)	(398,012)
		(463,976)	(398,012)
Effect of exchange rate change on cash		(502,580)	(257,673)
Increase (decrease) in cash during the period		839,482	(13,825,763)
Cash, beginning of period		$ 2,417,407	$ 19,464,829
Cash, end of period		$ 3,256,889	$ 5,639,066

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

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

	Note	Number of Shares	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, January 1, 2017		61,388,450	$ 58,511,463	$ 766,535	$ (35,657,695)	$ 123,966	$ 23,744,269
Share-based compensation		-	-	1,625,913	-	-	1,625,913
Exercise of options		833,750	939,850	-	-	-	939,850
Net loss and other comprehensive loss		-	-	-	(14,115,220)	(303,585)	(14,418,805)
Balance, September 30, 2017		**62,222,200**	**$ 59,451,313**	**$ 2,392,448**	**$(49,772,915)**	**$ (179,619)**	**$ 11,891,227**
Balance, January 1, 2018		62,268,450	$ 59,481,338	$ 2,877,642	$ (54,352,813)	$ (65,235)	$ 7,940,932
Share-based compensation	*8c*	-	-	2,218,472	-	-	2,218,472
Shares issued pursuant to the Financing	*7*	9,823,195	25,540,307	-	-	-	25,540,307
Share issuance costs			(1,155,443)				(1,155,443)
Shares issued pursuant to the Facility	*6*	12,300	31,980	-	-	-	31,980
Exercise of options		471,250	452,045	(43,770)	-	-	408,275
Net loss and other comprehensive loss		-	-	-	(22,699,262)	(437,700)	(23,136,962)
Balance, September 30, 2018		**72,575,195**	**$ 84,350,227**	**$ 5,052,344**	**$(77,052,075)**	**$ (502,935)**	**$ 11,847,561**

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

1. NATURE OF OPERATIONS AND LIQUIDITY

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

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

While the condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that it will be able to meet its existing obligations and commitments and fund ongoing operations in the normal course of business for at least twelve months from September 30, 2018, the Company anticipates the need for further funding to support a planned field program at its South American operations. The Company is currently evaluating potential additional sources of financing for its exploration program and operations. Historically, capital requirements have been primarily funded through equity financing, joint ventures, disposition of mineral properties and investments, and the use of short-term credit facilities. While management is confident that additional sources of funding will be secured to fund planned expenditures for at least twelve months from September 30, 2018, factors that could affect the availability of financing include the progress and results of ongoing exploration at the Company's mineral properties, the state of international debt and equity markets, and investor perceptions and expectations of the global copper, gold, and/or silver markets. There can be no assurance that such financing will be available in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. Based on the amount of funding raised, the Company's planned exploration or other work programs may be postponed, or otherwise revised, as necessary.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. As such, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017. In preparation of these condensed interim consolidated financial statements, the Company has consistently applied the same accounting policies as disclosed in Note 3 to the audited consolidated financial statements for the year ended December 31, 2017, except for newly adopted accounting policies as noted in Notes 3 and 4 below.

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

3. ADOPTION OF NEW ACCOUNTING POLICY: FINANCIAL INSTRUMENTS

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

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

a) Classification and measurement

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

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

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

b) De-recognition

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

c) Impairment

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

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

4. ADOPTION OF NEW ACCOUNTING POLICY: HYPERINFLATION

Due to various qualitative factors and developments with respect to the economic environment in Argentina during the nine months ended September 30, 2018, including, but not limited to, the acceleration of multiple local inflation indices, the three-year cumulative inflation rate of the local Argentine wholesale price index exceeding 100% in May 2018 and the significant devaluation of the Argentine Peso, Argentina has been designated a hyper-inflationary economy as of July 1, 2018 for accounting purposes.

Accordingly, IAS 29, *Financial Reporting in Hyper-Inflationary Economies,* has been adopted and applied to these condensed interim consolidated financial statements as the Company's Argentine operating subsidiary, Filo del Sol Exploracion S.A. ("FDS") uses the Argentine Peso as its functional currency. The Company also followed the interpretive guidance for first time adoption of IAS 29 included within IFRIC 7. The consolidated financial statements are based on the historical cost approach in IAS 29.

The application of hyperinflation accounting requires restatement of the Argentine subsidiaries' non-monetary assets and liabilities, shareholders' equity and comprehensive loss items from the transaction date when they were first recognized into the current purchasing power which reflects a price index current at the end of the reporting period before being included in the consolidated financial statements. To measure the impact of inflation on its financial position and results, the Company has elected to use the Wholesale Price Index *(Indice de Precios Mayoristas or "IPIM")* for periods up to December 31, 2016, and the Retail Price Index *(Indice de Precios al Consumidor or "IPC")* thereafter. These price indices have been recommended by the Government Board of the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE").

As the consolidated financial statements of the Company have been previously presented in Canadian dollars, a stable currency, the comparative period amounts do not require restatement.

(Expressed in Canadian Dollars, unless otherwise stated)

For the three and nine months ended September 30, 2018, the Company recognized a gain of $22,631 in relation to the impact of hyperinflation within other comprehensive income. This amount is primarily the result of hyperinflation adjustments recognized on non-monetary assets held by FDS as of July 1, 2018, which have been restated from the historic date when they were first recognized to July 1, 2018 (the "Opening Hyperinflation Adjustment"), and then to the current date, September 30, 2018. On initial application of IAS 29, there is an accounting policy choice to recognize the Opening Hyperinflation Adjustment directly to opening equity or to other comprehensive income. The Company has elected to recognize this amount to other comprehensive income and it is included in the figure noted above. This amount has been largely offset by the continued devaluation of the Argentine Peso during the three months ended September 30, 2018.

As a result of the change in the IPC from July 1, 2018 to September 30, 2018, the Company recognized a net monetary loss within FDS of $32,000 for the three months ended September 30, 2018, to adjust transactions for the period into a measuring unit current as of September 30, 2018.

The level of the IPC at September 30, 2018 was 165.2, which represents an increase of 14% over the IPC at July 1, 2018, and an approximate 6% increase over the average level of the IPC during the three months ended September 30, 2018.

5. MINERAL PROPERTIES

	Filo del Sol	Tamberias	Total
January 1, 2017	**$ 3,246,560**	**$ 2,844,751**	**$ 6,091,311**
Additions	-	398,012	398,012
Effect of foreign currency translation	(68,716)	58,737	(9,979)
December 31, 2017	**$ 3,177,844**	**$ 3,301,500**	**$ 6,479,344**
Additions	-	528,895	528,895
Adjustment for the impacts of hyperinflation	237,811	-	237,811
Effect of foreign currency translation	(84,823)	(167,915)	(252,738)
September 30, 2018	**$ 3,330,832**	**$ 3,662,480**	**$ 6,993,312**

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

Filo del Sol Property (San Juan Province, Argentina)

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

Tamberias Property (Region III, Chile)

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

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

6. CREDIT FACILITY

On January 12, 2018, the Company obtained an unsecured US$ 2.0 million short-term credit facility (the "Facility") from Zebra Holdings and Investments S.à.r.l ("Zebra"), an insider of the Company, to provide additional financial flexibility to fund ongoing exploration at the Filo del Sol Project and for general corporate purposes. Zebra reports its security holdings in the Company as a joint actor with Lorito Holdings S.à.r.l., and at the time of entering into the Facility they collectively held more than 20% of the Company's issued and outstanding common shares. As consideration for the Facility, Zebra received 6,000 common shares of the Company upon execution of the Facility, and may receive an additional 300 common shares each month, for every US$ 50,000 in principal outstanding on the Facility, prorated accordingly for the number of days outstanding. The Company drew a total of US$ 1.7 million against the Facility, which was fully repaid on February 28, 2018. Any amounts not drawn and outstanding on the Facility may be accessed by the Company at its discretion until the Facility's maturity on January 12, 2019. 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 September 30, 2018, the Company had issued a total of 12,300 common shares to Zebra as consideration for providing the Facility. According to the terms of the Facility, the common shares issued pursuant thereto had a price of $2.60 per share, being the closing price of the common shares on the TSX Venture exchange on January 12, 2018, which resulted in $31,980 in financing costs recognized through the condensed interim consolidated statement of loss.

7. SHARE CAPITAL

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

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

(Expressed in Canadian Dollars, unless otherwise stated)

8. SHARE OPTIONS

a) Share option plan

The Company has a share option plan adopted by the Board of Directors on July 8, 2016 and amended May 12, 2017 (the "Plan"), which reserves an aggregate of 10% of the issued and outstanding shares of the Company for issuance upon the exercise of options granted. The granting, vesting and terms of the share options are at the discretion of the Board of Directors.

b) Share options outstanding

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

	Number of share issuable pursuant to share options	Weighted average exercise price per share
Balance at January 1, 2017	3,916,250	$ 1.55
Options granted	1,582,500	2.50
Exercised	(880,000)	1.10
Balance at December 31, 2017	4,618,750	$ 1.96
Options granted	2,500,000	2.20
Exercised	(471,250)	0.87
Balance at September 30, 2018	6,647,500	$ 2.13

On August 14, 2018, the Company granted a total of 2,500,000 share options to officers, employees, directors and other eligible persons at an exercise price of $2.20 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 2,500,000 share options granted during the nine months ended September 30, 2018, were as follows:

(i)	Risk-free interest rate:	2.16%
(ii)	Expected life:	5 years
(iii)	Expected volatility:	63.03%
(iv)	Expected dividends:	nil
(v)	Fair value per option:	$1.12

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

(Expressed in Canadian Dollars, unless otherwise stated)

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

	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	280,000	0.40	$0.50	280,000	0.40	$0.50
$2.00	2,285,000	3.18	$2.00	1,506,667	3.18	$2.00
$2.20	2,500,000	4.87	$2.20	833,333	4.87	$2.20
$2.50	1,582,500	3.96	$2.50	1,055,000	3.96	$2.50
	6,647,500	3.89	$2.13	3,675,000	3.58	$2.07

c) Share-based compensation

	Three months ended September 30,		Nine months ended September 30,	
	2018	**2017**	**2018**	**2017**
Exploration and project investigation	342,301	221,499	489,974	349,534
General and administration	1,132,911	893,375	1,728,498	1,276,379
	1,475,212	**1,114,874**	**2,218,472**	**1,625,913**

(Expressed in Canadian Dollars, unless otherwise stated)

9. EXPLORATION AND PROJECT INVESTIGATION

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

Three months ended September 30,		Filo del Sol Project	Other	Total
2018	Land holding and access costs	10,766	6,899	17,665
	Drilling, fuel, camp costs and field supplies	94,111	-	94,111
	Roadwork, travel and transport	36,821	30	36,851
	Engineering and conceptual studies	324,714	-	324,714
	Consultants, geochemistry and geophysics	617,819	-	617,819
	Environmental and community relations	242,492	-	242,492
	VAT and other taxes	151,638	9,506	161,144
	Office, field and administrative salaries, overhead and other administrative costs	370,037	567	370,604
	Share-based compensation	340,805	1,496	342,301
	Total	**2,189,203**	**18,498**	**2,207,701**
2017	Land holding and access costs	5,716	3,423	9,139
	Drilling, fuel, camp costs and field supplies	40,937	1,148	42,085
	Roadwork, travel and transport	12,664	282	12,946
	Engineering and conceptual studies	270,474	-	270,474
	Consultants, geochemistry and geophysics	155,164	1,419	156,583
	Environmental and community relations	39,957	-	39,957
	VAT and other taxes	49,023	23,891	72,914
	Office, field and administrative salaries, overhead and other administrative costs	355,695	45,679	401,374
	Share-based compensation	211,183	10,316	221,499
	Total	**1,140,813**	**86,158**	**1,226,971**

(Expressed in Canadian Dollars, unless otherwise stated)

Nine months ended September 30,		Filo del Sol Project	Other	Total
2018	Land holding and access costs	417,635	24,801	442,436
	Drilling, fuel, camp costs and field supplies	7,269,952	-	7,269,952
	Roadwork, travel and transport	2,248,088	127	2,248,215
	Engineering and conceptual studies	1,042,748	-	1,042,748
	Consultants, geochemistry and geophysics	1,553,744	-	1,553,744
	Environmental and community relations	1,213,146	-	1,213,146
	VAT and other taxes	2,306,211	49,302	2,355,513
	Office, field and administrative salaries, overhead and other administrative costs	2,317,865	1,877	2,319,742
	Share-based compensation	487,952	2,022	489,974
	Total	**18,857,341**	**78,129**	**18,935,470**
2017	Land holding and access costs	411,604	26,646	438,250
	Drilling, fuel, camp costs and field supplies	4,170,013	23,679	4,193,692
	Roadwork, travel and transport	1,551,476	52,351	1,603,827
	Engineering and conceptual studies	376,089	-	376,089
	Consultants, geochemistry and geophysics	641,517	19,325	660,842
	Environmental and community relations	314,840	3,828	318,668
	VAT and other taxes	1,546,270	60,198	1,606,468
	Office, field and administrative salaries, overhead and other administrative costs	1,557,238	309,684	1,866,922
	Share-based compensation	333,874	15,660	349,534
	Total	**10,902,921**	**511,371**	**11,414,292**

(Expressed in Canadian Dollars, unless otherwise stated)

10. RELATED PARTY TRANSACTIONS

a) Related party services

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

	Three months ended September 30,		Nine months ended September 30,	
	2018	**2017**	**2018**	**2017**
Executive management, technical exploration and exploration support services to NGEx	149,161	354,843	482,286	1,074,831
Technical advisory and administrative services from NGEx	(87,156)	(19,648)	(446,417)	(40,261)
Legal services from BMJAL	11,781	25,442	45,801	57,138

b) Related party balances

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

	Related Party	**September 30, 2018**	**December 31, 2017**
Receivables and other assets	NGEx	132,366	366,435
Accounts payable and accrued liabilities	NGEx	(181,403)	(93,617)
Accounts payable and accrued liabilities	BMJAL	-	(23,135)

c) Disposal of mineral properties

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

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

(Expressed in Canadian Dollars, unless otherwise stated)

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

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

d) Key management compensation

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

	Three months ended September 30,		**Nine months ended September 30,**	
	2018	**2017**	**2018**	**2017**
Salaries	271,875	290,081	815,625	858,081
Short-term employee benefits	11,912	11,338	33,415	31,330
Directors fees	24,250	20,500	72,750	61,500
Stock-based compensation	1,059,577	840,304	1,619,786	1,190,475
Incentive bonuses	-	-	470,000	207,000
	1,367,614	**1,162,223**	**3,011,576**	**2,348,386**

11. SEGMENTED INFORMATION

The Company is principally engaged in the acquisition, exploration and development of mineral properties in South America. The information regarding mineral properties and exploration and project investigation costs presented in Notes 5 and 9, respectively, represent the manner in which management reviews its business performance. Materially all of the Company's mineral properties and exploration and project investigation costs relate to the Filo del Sol Project, which straddles the border between the San Juan Province, Argentina and Region III, Chile and is comprised of the Filo del Sol Property and the Tamberias Property. Materially all of the Company's administrative costs are incurred by the Canadian parent, where materially all of the Company's cash is held in the normal course of business until it is required to be deployed to the Company's South American subsidiaries in support of ongoing and planned work programs.

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

(Expressed in Canadian Dollars, unless otherwise stated)

		Filo del Sol Project	Other	Corporate	Total
September 30, 2018	Current assets	3,416,275	-	2,599,130	6,015,405
	Mineral properties	6,993,312	-	-	6,993,312
	Total Assets	10,409,587	-	2,599,130	13,008,717
	Current liabilities	624,332	-	536,824	1,161,156
December 31, 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

(Expressed in Canadian Dollars, unless otherwise stated)

Three months ended September 30,		**Filo del Sol Project**	**Other**	**Corporate**	**Total**
2018	Exploration and project investigation	2,189,203	18,498	-	2,207,701
	General and administration and other items	32,184	-	1,624,666	1,656,850
	Net loss	2,221,387	18,498	1,624,666	3,864,551
2017	Exploration and project investigation	1,140,813	86,158	-	1,226,971
	General and administration and other items	-	-	1,322,211	1,322,211
	Net loss	1,140,813	86,158	1,322,211	2,549,182

Nine months ended September 30,		**Filo del Sol Project**	**Other**	**Corporate**	**Total**
2018	Exploration and project investigation	18,857,341	78,129	-	18,935,470
	General and administration and other items	32,184	-	3,731,608	3,763,792
	Net loss	18,889,525	78,129	3,731,608	22,699,262
2017	Exploration and project investigation	10,902,921	511,371	-	11,414,292
	General and administration and other items	-	-	2,700,928	2,700,928
	Net loss	10,902,921	511,371	2,700,928	14,115,220

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

FILO MINING

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

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Alessandro Bitelli
C. Ashley Heppenstall
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ISIN: CA31730E1016