December 31, 2016

FILO MINING CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016
(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 the year ended December 31, 2016 and related notes therein, which have been prepared under the continuity of interest basis of accounting as described in the section below. 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 28, 2017. Additional information about the Company and its business activities is available on SEDAR at www.sedar.com and the Company's website www.filo-mining.com.

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.

PLAN OF ARRANGEMENT AND CONTINUITY OF INTEREST

Filo Mining was incorporated on May 12, 2016 under the Canada Business Corporations Act as a wholly owned subsidiary of NGEx Resources Inc. ("NGEx"), for the purposes of completing a plan of arrangement under the Canada Business Corporations Act whereby NGEx transferred to Filo Mining its wholly-owned subsidiaries that directly or indirectly hold the Filo del Sol copper-gold-silver mineral exploration project ("Filo del Sol" or the "Filo del Sol Project"), along with $3.0 million in cash (the "Arrangement"). Under the terms of the Arrangement, which closed on August 16, 2016, NGEx distributed 100% of the Filo Mining common shares it received under the Arrangement to holders ("NGEx Shareholders") of common shares of NGEx (the "NGEx Common Shares") on a pro rata basis, such that NGEx Shareholders received one (1) common share of Filo Mining for every four (4) NGEx Common shares held as of August 23, 2016.

As NGEx Shareholders received the Filo Mining Common Shares in their respective, pre-arrangement proportionate interests, no change of control resulted in either the Company, or the underlying assets or business acquired. As such, the Arrangement is considered a capital reorganization and is excluded from the scope of IFRS 3, *Business Combinations*. Accordingly, the results up to August 16, 2016 have been presented in this MD&A, and in the consolidated financial statements for the year ended December 31, 2016, on a continuity of interest basis of accounting with financial positions prior to the Arrangement based on amounts related to the Filo del Sol Project previously recorded by NGEx. In addition, the information contained in the consolidated statements of comprehensive loss and consolidated statements of changes in equity have been derived from certain allocations from NGEx's financial statements, and management cautions readers of this MD&A that the allocation of expenses may not necessarily reflect, or be otherwise indicative of, the future financial performance of the Company.

CORE BUSINESS

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

The Filo del Sol Project has a current defined Inferred mineral resource estimate of 381 million tonnes at 0.39% copper, 0.33 g/t gold and 12.2 g/t silver containing 3.3 billion pounds of copper, 4 million ounces of gold and 150 million ounces of silver (effective date August 26, 2015), and significant exploration potential with less than 20% of the project area explored to date.

The Filo del Sol project and the resource estimate is described in a Technical Report titled "Geological Report for the Filo del Sol Property, Region III, Chile and San Juan Province, Argentina" dated June 10, 2016, which was prepared for Filo Mining by Fionnuala Devine, M. Sc., P.Geo., of Merlin Geosciences Inc., Diego Charchaflié, M. Sc., P.Geo. of LPF Consulting SRL, and James N. Gray, P.Geo. of Advantage Geoservices Ltd., all of whom are Qualified Persons as defined by NI-43-101 and are independent of Filo Mining. The Technical Report is available for review under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.filo-mining.com

The Company's strategy is to create value for its shareholders by expanding and increasing the quality of its resources and, if warranted, completing the engineering and other studies that are required to prepare its projects 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 and 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.

2016 OPERATING HIGHLIGHTS

Following the most recent update to the Filo del Sol mineral resource estimation in August 2015, the Company turned its focus towards understanding conceptual development options for the deposit, while continuing to evaluate the compelling exploration potential of the property.

The 2015/2016 field program, completed in March 2016, was successful in discovering a new area of hydrothermal alteration and anomalous surface samples, located 2.5 km to the northwest of the deposit area. The program also confirmed the presence of extensive mineralization at surface, 700 metres south of the existing resource, where historical shallow reverse circulation drilling intersected good oxide copper and gold values. Rock sampling in four roadcut trenches in 2016 returned intervals of 230 metres grading 0.36 g/t gold, 470 metres grading 0.30 g/t gold and 0.18% copper, 227 metres grading 0.45 g/t gold and 0.46% copper, and 90 metres grading 0.35 g/t gold. These trenches cover a strike distance of 660 metres. None of these trenches exposed the full width of the zone.

The 2016/2017 field program, which commenced in November 2016, has been successfully completed in March 2017. This program included the collection of representative sample material for ongoing metallurgical testing and approximately 8,600 metres of additional reverse circulation drilling. The objectives of the drill program included conversion of Inferred resources to the Indicated classification, expansion of the current resource, and testing a number of of high-quality exploration targets within 2 km of the Filo del Sol deposit. These new targets include:

- Filo North, which lies between 1 and 2 km north of the deposit in an area thought to host a potential feeder zone to the Filo del Sol deposit. Evidence for a potential feeder zone is provided by surface geochemistry, geophysics and detailed studies of the zonation of alteration minerals.

- The Filo South target, which lies 1,000 metres south of the deposit. Surface mapping and sampling in this area has defined a northwesterly-trending gold +/- copper bearing zone of strong silicification, quartz stockwork and breccia with minimum dimensions of 1,000 metres along strike by 200 metres wide. Wide-spaced historical drilling did not test this zone, however, surface trenching across it in 2016 returned 114 metres of 0.85% copper and 0.35 g/t gold.

- The Cerro Vicuña target, a distinct conical hill located 1 km southeast of the deposit, and immediately to the east of the Filo South target. Surface mapping shows this hill to be underlain by a silicified and stockwork porphyry intrusive, the Vicuña Porphyry, with grab samples of up to 5 g/t gold collected from surface. The hill is covered by an extensive copper and gold surface geochemistry anomaly and is characterized by an alteration zonation and geophysical signature characteristic of porphyry deposits. This target had never been previously drilled.

Assay results from the 2016/2017 drill program have confirmed the presence of higher grade zones within the oxide gold zone of the current resource (see News Release dated February 15, 2017). The first set of assay results include intersects of 84 metres at 1.36 g/t gold and 78 metres at 1.02 g/t gold, respectively, representing the best and third best gold intersections in the Filo del Sol deposit to date (gold grade times width).

Metallurgical Test Work

In October 2016, the Company received the results of initial metallurgical testwork on samples of mineralized material from the Filo del Sol deposit (see News Release dated October 11, 2016). Testwork was completed by SGS Canada Inc. of Lakefield, Ontario.

Bottle-roll tests were completed on RC drill cuttings of three separate types of mineralization, representing three distinct zones within the deposit. The results are summarized below:

Zone	**Head Grade**	**Recovery**
Oxide Copper (CuOx)	0.33 g/t Au; 0.44% Cu	95.1% Copper
Oxide Gold (AuOx)	0.49 g/t Au; 0.02% Cu	93.2% Gold
Mixed Silver (M)	0.34 g/t Au; 0.29% Cu; 103 g/t Ag	88.6% Gold; 92.4% Copper; 92.7% Silver

The key conclusions from this initial test program were that the metallurgy of the oxide gold mineralization appears problem-free and that the oxide copper mineralization also appears straightforward, with copper being almost completely soluble. The metallurgy of the mixed silver mineralization indicates good extractions of silver, gold and copper by cyanidation, but at the expense of high cyanide and lime consumption. The mixed silver mineralization zone will require additional work to determine the optimum processing solution.

Bottle roll tests are used to determine whether metals can be recovered by heap leaching, and provide a good indication of maximum expected metal recoveries. Heap leaching is a widely-used processing method for recovering metals from oxidized mineralization and typically involves lower capital and operating costs than the flotation process that is used for sulfide material.

In addition to the tests above, a sequential leach test was done on the oxide copper sample. Sequential leach testing involves acid leaching of the material to recover copper, followed by thorough rinsing, neutralisation and cyanide leaching to recover gold. It offers the potential to recover both copper and gold from the oxide copper material. The sequential leach test provided 94% copper recovery and 87% gold recovery, indicating that it is a processing method that warrants additional testwork in order to determine if it might be applicable on a project scale.

CORPORATE UPDATE

The Company appointed Mr. Pablo Mir to the Company's Board of Directors effective as of November 28, 2016. Mr. Mir practices in the area of natural resources law with a focus on mining. He is a senior partner of the Chilean law firm Bofill Mir & Alvarez Jana, one of the largest in Chile, where he leads the natural resources practice. Mr. Mir has advised international mining companies on the exploration, development, financing, construction, and acquisitions of mining projects in Chile, Argentina and Ecuador. He has been recognized by specialized legal publications as one of the top mining lawyers in Latin America. Mr. Mir received his Law Degree from Universidad de Chile and was admitted to practice in 1989.

The Company appointed Mr. Jeff Yip as the Company's Chief Financial Officer effective as of November 28, 2016. Mr. Yip received his Bachelor of Commerce from the University of British Columbia and is a member of the Chartered Professional Accountants of British Columbia (CPA, CA). After three years at Ernst & Young LLP (Vancouver), Mr. Yip served as the Corporate Controller of Rusoro Mining Ltd., a junior gold producer with operations in Venezuela, and for RB Energy Inc., a TSX-listed iodine producer with assets in Chile and Canada. Mr. Yip also currently serves as the CFO of Orca Gold Inc., an Africa-focused gold exploration company listed on the TSX Venture Exchange. Mr. Yip replaces Ms. Joyce Ngo, the Company's former Interim Chief Financial Officer.

The Company appointed Mr. James Beck as the Company's Vice President, Corporate Development and Projects effective as of 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, an exploration company listed on the TSX and Nasdaq Stockholm. Prior to his appointment, Mr. Beck was the Company's Director, Corporate Development.

OUTLOOK

With an experienced board of directors and management team, and a treasury of approximately $19.5 million as at December 31, 2016, Filo Mining is well positioned to advance the Filo del Sol Project while also remaining flexible and responsive to continuing volatility in the resource sector.

The focus for the Company during the first quarter of 2017 has been the completion of a comprehensive field program, designed to collect data required for initial engineering studies. The program included approximately 8,600 metres of a mix of infill drilling, to update the current resource, and exploration drilling to test compelling new targets outside the current resource. The focus of the drilling was on the oxidized portion of the system and the program was completed in March, 2017.

The infill drill holes were intended to establish the internal grade continuity of the deposit and to begin to convert a portion of the Inferred resource to the Indicated category, while the objective of the step-out holes north and south of the current resource was the expansion of the current resource. The exploration holes at Filo North, Filo South and Cerro Vicuña will assist in evaluating these prospective targets, and have the potential to add satellite mineralization to the main Filo del Sol resource. Initial assay results of the drill program were released on February 15, 2017, and the remaining assay results are expected to be available in April, 2017. Upon receipt of complete results from the drill program, the Company plans to update the mineral resource estimate for the Filo del Sol Project.

In addition to the drilling, the Company is conducting a more extensive program of metallurgical testwork to follow up on the encouraging initial results received in October 2016. The Company plans to complete column leach tests which will provide information on the optimum fragment size for leaching and more information on how the mineralized material will behave on a leach pad. This information, together with an updated resource estimate, is expected to provide the information needed for a preliminary internal conceptual study of development options. This work is expected to allow the Company to decide whether to initiate a formal preliminary economic assessment ("PEA") of the project.

Lastly, Filo Mining is also actively evaluating other exploration and development assets with a view to building a robust and diversified South American focused mineral resource company. While at any given time discussions and activities may be in progress, the Company does not currently have any binding agreements or binding commitments to enter into any such transactions. There is no assurance that these corporate activities will ever progress to the stage where a potential transaction might be successfully completed.

RESULTS FROM OPERATIONS

Year Ended	Dec-16[1]	Dec-15[1]	Dec-14[1]
Net loss ($000's)	8,666	11,817	13,076
Loss per share, basic and diluted ($)	0.16	0.23	0.26
Total assets ($000's)	26,151	6,355	18,340

[1] Amounts presented in the table prior to the completion of the Arrangement on August 16, 2016 were carved out from figures previously reported by NGEx in accordance with the continuity of interest basis of accounting (see Plan of Arrangement and Continuity of Interest Section above

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. The higher costs in fiscal 2014 and 2015 are the result of extensive work done to prepare the initial mineral resource estimate and the subsequent update thereto, which included large drill programs.

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

Three Months Ended	Dec-16	Sep-16[1]	Jun-16[1]	Mar-16[1]	Dec-15[1]	Sep-15[1]	Jun-15[1]	Mar-15[1]
Exploration costs ($000's)	4,403	457	331	1,286	441	510	896	7,734
Operating loss ($000's)	5,379	858	634	1,789	507	822	1,159	8,504
Net loss ($000's)	5,297	860	647	1,862	1,197	826	1,159	8,635
Net loss per share, basic and diluted ($)	0.09	0.02	0.01	0.05	0.02	0.02	0.03	0.16

[1] Amounts presented in the table prior to the completion of the Arrangement on August 16, 2016 were carved out from figures previously reported by NGEx in accordance with the continuity of interest basis of accounting (see Plan of Arrangement and Continuity of Interest Section above).

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 the 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 $8.7 million (2015: $11.8 million) for the year ended December 31, 2016. Exploration and project investigation costs are the most significant expenditures of the Company and account for approximately 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, 2016 totaled $6.5 million, which were lower than the previous year (2015: $9.6 million). This decrease is due to the 2015 comparative period reflecting the execution of a larger exploration program (2014/2015 season) following the receipt of proceeds from a $35 million private placement by NGEx in 2014. By comparison, during the year ended December 31, 2016, the Company focused on completing the Arrangement (see Plan of Arrangement and Continuity of Interest Section above), and therefore exploration programs were kept to a minimum during the 2015/2016 season. Detailed breakdowns of exploration costs for the years ended December 31, 2016 and 2015, are provided in the notes to the consolidated financial statements.

Excluding share-based compensation, administration costs for the year ended December 31, 2016, were $1.3 million (2015: $1.1 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.

Administration costs, as reported for the years ended December 31, 2016 and 2015, include amounts which have been allocated from NGEx's pre-arrangement results of operations (see Plan of Arrangement and Continuity of Interest Section above). The higher compensation costs, professional fees and office expenses incurred during 2016 compared to 2015 reflect the additional legal and corporate costs associated with establishing a stand-alone public entity. This was partially offset by a decrease in travel and promotion expenses incurred during the year ended December 31, 2016.

No tax recovery is recognized as a result of the nature of activities and lack of expectations of taxable profits in the near term.

In other comprehensive income, the Company reported a foreign exchange translation gain of $0.01 million (2015: loss of $0.8 million), for the year ended December 31, 2016, 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, 2016, the Company had cash of $19.5 million and net working capital of $17.7 million, compared to cash of $0.3 million and net working capital of $0.2 million as at December 31, 2015. The increase in cash and net working capital is primarily the result of the receipt of $3.0 million in cash from NGEx pursuant to the Arrangement (see Plan of Arrangement and Continuity of Interest section above), and the receipt of $19.5 million in net proceeds upon completion of a private placement of 10,000,000 common shares of the Company at a price of $2.00 per share for gross proceeds of $20 million (the "Private Placement"). The Private Placement closed on November 16, 2016, and a finders' fee of $0.5 million was paid in connection with a portion thereof.

The Company's treasury will be used towards ongoing work programs in Chile and Argentina as well as for general corporate purposes. Other than for general corporate and administrative costs, the majority of funds held by Filo Mining are directed towards advancing the Filo del Sol Project.

Based on Filo Mining's financial position at December 31, 2016, the Company has a strong treasury to support its ongoing exploration initiatives and general corporate activities, while being able to exercise a high degree of flexibility in adapting its work programs and expenditures to changes in market conditions, as necessary.

RELATED PARTY TRANSACTIONS

Related party services

The Company has a cost sharing arrangement with NGEx, a related party by way of directors, officers and shareholders in common. Under the terms of this arrangement, the Company provided executive management services to NGEx, and NGEx provided financial management and administrative services to the Company. These transactions were incurred in the normal course of operations, and are summarized as follows:

		Year ended December 31,
	2016	**2015**
Executive management services provided to NGEx	325,188	-
Financial management and administrative services provided from NGEx	(58,131)	-

Since Filo Mining was not incorporated until May 12, 2016, and the Arrangement was not completed until August 16, 2016, there were no provision and sharing of management services between the related parties prior to that date.

Related party balances

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

	December 31, 2016	**December 31, 2015**
Receivables and other assets	222,556	-
Accounts payable and accrued liabilities	(56,025)	-

Key management compensation

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

		Year ended December 31,
	2016	**2015**
Salaries	268,500	-
Short-term employee benefits	10,044	-
Directors fees	25,973	-
Stock-based compensation	459,587	-
	764,104	**-**

From the Company's incorporation on May 12, 2016, up until the completion of the NGEx Arrangement on August 16, 2016, no compensation was paid to its officers or directors. The compensation costs reported for key management personnel therefore only reflect compensation costs incurred after 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, 2016, 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.

Carve-out basis of accounting – The preparation of these consolidated financial statements pursuant to the carve-out basis of accounting, as described in Note 2 to the consolidated financial statements for the year ended December 31, 2016, requires the identification and allocation of pre-arrangement assets, liabilities, results from operations and cash flows of NGEx, which are deemed to be attributable to the Company. As common expenses have been allocated on a pro-rata basis based on the level of exploration expenditures incurred for the relevant periods, management is required to make estimates and judgements in performing the allocation.

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 4 of the audited consolidated financial statements for the year ended December 31, 2016, as filed on SEDAR at www.sedar.com.

New Accounting Pronouncements

The IASB has issued a number of new and revised International Accounting Standards, IFRS amendments and related interpretations which are effective for the Company 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 standard includes: (i) a third measurement category for financial assets – fair value through other comprehensive income and (ii) a single, forward-looking 'expected loss' impairment model.	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.	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.	Required to be applied for years beginning on or after January 1, 2019.

Management is currently assessing whether these new standards and interpretations would have a material impact on the future financial position and results of the Company.

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, 2016, 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 December 31, 2016 are as follows:

In thousands of dollars

	Total	**Less than 1 year**	**1-5 years**	**More than 5 years**
Accounts payable and accrued liabilities	2,407	2,407	-	-
	2,407	**2,407**	**-**	**-**

(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, 2016, the Company's only material foreign currency risk exposure existed at the Canadian head office level, which holds a net financial asset position denominated in US dollars. The estimated impact of relative currency rate fluctuations between US dollar and the Canadian dollar, the functional currency, based on this foreign currency exposure is as follows:

	Foreign currency cash held (in source currency)	Net financial asset (liability) position	Change in net financial position from a 10% variation in exchange rates
US dollar	1,063,100	1,422,187	142,219

OUTSTANDING SHARE DATA

As at March 28, 2017, the Company had 61,399,700 common shares outstanding and 3,905,000 share options outstanding under its share-based incentive plan and no share purchase warrants outstanding.

RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business which includes the acquisition, financing, exploration, development and operation of mining properties. These risk factors could materially affect the Company's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. The more significant risks include:

Exploration and Development Risk

The Company's properties are in the early exploration stage and are without a known body of commercial ore. Exploration for Mineral Resources involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The risks and uncertainties inherent in exploration activities include but are not limited to: legal and political risk arising from operating in certain developing countries, civil unrest, general economic, market and business conditions, the regulatory process and actions, failure to obtain necessary permits and approvals, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and management's capacity to execute and implement its future plans. Discovery of mineral deposits is dependent upon a number of factors, not the least of which are the technical skills of the exploration personnel involved and the capital required for the programs. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. There is no assurance that the 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.

Dependence on Single Project

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

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). Market fluctuations in the price of metals, as well as increases in estimated production costs or reductions in estimated recovery rates, may render certain Mineral Resources uneconomic and may ultimately result in a restatement of Mineral Resource estimations.

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; and no assurance that all or any part of an Inferred Mineral Resources exists, or is economically or legally mineable.

Environmental and Socio-Political Risks

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

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

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

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

Indigenous Peoples

The Company operates in some areas including parts of the Tamberias area presently or previously inhabited or used by indigenous peoples. Various international and national laws, codes, resolutions, conventions, guidelines, and other material relate to the rights of indigenous peoples. Many of these materials impose obligations on government to respect the rights of indigenous people. Some mandate that government consult with indigenous people regarding government actions, which may affect indigenous people, including actions to approve or grant mining rights or permits. ILO Convention 169, which has been ratified by Argentina and Chile, is an example of such an international convention. The obligations of government and private parties under the various international and national materials pertaining to indigenous people continue to evolve and be defined. Examples of recent developments in this area include the United Nations Declaration of the Rights of Indigenous People and the International Finance Corporation's revised Performance Standard 7, which requires governments to obtain the free, prior, and informed consent of indigenous peoples who may be affected by government action, such as the granting of mining concessions or approval of mine permits. The Company's current and future operations are subject to a risk that one or more groups of indigenous people may oppose continued operation, further development, or new development of the Company's projects or operations. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations such as protests, roadblocks or other forms of public expression against the Company's activities. Opposition by indigenous people to the Company's operations may require modification of, or preclude operation or development of, the Company's projects or may require the Company to enter into agreements with indigenous people with respect to the Company's projects.

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.

Dependence on Key Personnel

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

No Operating History

Exploration projects have no operating history upon which to base estimates of future cash flows. Substantial expenditures are required to develop mineral projects. It is possible that actual costs and future economic returns may differ materially from Filo Mining's estimates. There can be no assurance that the underlying assumed levels of expenses for any project will prove to be accurate. Further, it is not unusual in the mining industry for new mining operations to experience unexpected problems during start-up, resulting in delays and requiring more capital than anticipated. There can be no assurance that Filo Mining's projects will move beyond the exploration stage and be put into production, achieve commercial production or that Filo Mining will produce revenue, operate profitably or provide a return on investment in the future. Mineral exploration involves considerable financial and technical risk. There can be no assurance that the funds required for exploration and future development can be obtained on a timely basis. There can be no assurance that Filo Mining will not suffer significant losses in the near future or that Filo Mining will ever be profitable.

Surface Access

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

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

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

Conflicts of Interest

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

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 Company's existing assets and operations. Real and perceived political risk may also affect Company'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.

Market Price of Shares

Securities of mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic conditions in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Company's securities is also likely to be significantly affected by short-term changes in commodity prices, other mineral prices, currency exchange fluctuation, or in its financial condition or results of exploration on its projects. Other factors unrelated to the performance of the Company that may have an effect on the price of the securities of the Company include the following: the extent of analytical coverage available to investors concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of securities of the Company; the size of the Company's public float and its inclusion in market indices may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the securities of the Company that persists for a significant period of time could cause the Company's securities to be delisted from an exchange, further reducing market liquidity. If an active market for the securities of the Company does not continue, the liquidity of an investor's investment may be limited and the price of the securities of the Company may decline. If an active market does not exist, investors may lose their entire investment in the Company. As a result of any of these factors, the market price of the securities of the Company at any given point in time may not accurately reflect the long-term value of the Company. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

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.

Infrastructure

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

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

Current Global Financial Condition

Market events and conditions have caused significant volatility to commodity prices. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. Increased levels of volatility can adversely affect the Company's operations and the value and price of the Filo Mining Common Shares. The Company is dependent on the equity markets as its main source of operating working capital and the Company's capital resources are largely determined by the strength of the resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects. Access to public financing has been negatively impacted by concerns over global growth rates and conditions. Consequently, equity financing may not be available to the Company in the amount required at any time or for any period or, if available, it may not be obtained on terms satisfactory to the Company.

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

All statements other than statements of historical fact may be forward-looking statements. Forward-looking information is necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks and uncertainties relating to, among other things, the inherent uncertainties regarding cost estimates, changes in commodity prices, currency fluctuation, financing, 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. uncertainties and other factors, including, without limitation, those referred to in the "Risks and Uncertainties" section of the MD&A, 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 speaks as of the date of the MD&A. In particular, this MD&A contains forward-looking statements or information pertaining to the Company's assumptions used in the updated mineral resources estimates for the Filo del Sol project; exploration and development expenditures; the timing and nature of any potential development scenarios; opportunities to improve project economics; estimation of commodity prices, mineral resources, costs and the success of exploration activities; expectations with regard to adding to mineral resources through exploration; 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 28, 2017

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, 2016 and December 31, 2015 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, 2016 and December 31, 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without modifying our opinion, we draw attention the fact that, as described in note 3 to the consolidated financial statements, Filo Mining Corp. did not operate as a separate entity prior to the reorganization on August 16, 2016. The carve-out financial statements for the period up to August 16, 2016 are, therefore, not necessarily indicative of results that would have occurred if Filo Mining Corp. had been a separate stand-alone entity during the years presented or of future results of Filo Mining Corp.

(signed) “PricewaterhouseCoopers LLP”

Chartered Professional Accountants

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

	Note	**December 31, 2016**	**December 31, 2015**
ASSETS			
Current assets:			
Cash		$ 19,464,829	$ 271,228
Receivables and other assets		595,274	132,503
		20,060,103	403,731
Mineral properties	*5*	6,091,311	5,950,829
TOTAL ASSETS		26,151,414	6,354,560
LIABILITIES			
Current liabilities:			
Trade payables and accrued liabilities		2,407,145	243,179
SHAREHOLDERS' EQUITY			
Share capital	*6*	58,511,463	-
Contributed surplus		766,535	
Other capital reserves		-	39,752,747
Deficit		(35,657,695)	(33,753,049)
Accumulated other comprehensive income		123,966	111,683
TOTAL SHAREHOLDERS' EQUITY		23,744,269	6,111,381
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 26,151,414	$ 6,354,560

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		**Year ended December 31, 2016**	**2015**
Expenses				
Exploration and project investigation	*8*	$	6,477,057	$ 9,581,054
General and administration:				
Salaries and benefits			514,894	365,177
Share-based compensation	*7c*		872,484	344,140
Management fees			166,590	196,449
Professional fees			194,994	148,079
Travel			50,664	83,073
Promotion and public relations			111,689	118,917
Office and general			271,819	155,172
Operating loss			8,660,191	10,992,061
Other expenses				
Foreign exchange loss			5,835	731,273
Other expenses			-	93,419
Net loss			8,666,026	11,816,753
Other comprehensive loss (gain)				
Items that may be reclassified subsequently to net loss:				
Foreign currency translation adjustment			(12,283)	775,323
Comprehensive loss			$ 8,653,743	$ 12,592,076
Basic and diluted loss per common share			$ 0.16	$ 0.23
Weighted average common shares outstanding	*6*		52,549,338	51,270,950

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	2016	Year ended December 31, 2015
Cash flows used in operating activities			
Net loss for the year		$ (8,666,026)	$ (11,816,753)
Items not involving cash:			
Depreciation		7,432	11,214
Share-based compensation	*7c*	1,174,488	458,298
Foreign exchange loss		-	730,638
Net changes in working capital items:			
Receivables and other		(488,347)	196,027
Trade payables and accrued liabilities		2,453,752	(2,403,465)
		(5,518,701)	(12,824,041)
Cash flows from financing activities			
Cash received pursuant to private placement	*6*	19,468,716	-
Cash received pursuant to the NGEx Arrangement	*2*	3,000,000	-
Funding received from NGEx Resources Inc. ("NGEx") for operations	*2*	2,718,336	5,650,426
Proceeds from exercise of share options		76,825	-
		25,263,877	5,650,426
Cash flows used in investing activities			
Mineral properties and related expenditures		(756,519)	(304,581)
		(756,519)	(304,581)
Effect of exchange rate change on cash		204,944	78,380
Increase (decrease) in cash during the year		19,193,601	(7,399,816)
Cash, beginning of year		$ 271,228	$ 7,671,044
Cash, end of year		$ 19,464,829	$ 271,228

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	Total Shareholders' Equity
Balance, January 1, 2015		-	$ -	$ -	$ 36,525,881	$ (21,936,296)	$ 887,006	$ 15,476,591
Funding and expenses paid by NGEx		-	-	-	2,768,568	-	-	2,768,568
Share-based compensation		-	-	-	458,298	-	-	458,298
Net loss and other comprehensive loss		-	-	-	-	(11,816,753)	(775,323)	(12,592,076)
Balance, December 31, 2015		**-**	**$ -**	**$ -**	**$ 39,752,747**	**$(33,753,049)**	**$ 111,683**	**$ 6,111,381**

	Note	Number of Shares	Share Capital	Contributed Surplus	Other Capital Reserves	Deficit	Accumulated Other Comprehensive Income	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	*7c*	-	-	766,535	407,953	-	-	1,174,488
Cash contributed by NGEx pursuant to the NGEx Arrangement	*2*	-	-	-	3,000,000	-	-	3,000,000
Shares issued pursuant to the NGEx Arrangement	*2 & 6*	51,270,950	38,965,922	-	(38,965,922)	-	-	-
Adjustment for shares issued in connection with the NGEx Arrangement	*2*	-	-	-	(6,761,380)	6,761,380	-	-
Exercise of options		117,500	76,825	-	-	-	-	76,825
Shares issued pursuant to private placement	*6*	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**

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

1. NATURE OF OPERATIONS

Filo Mining Corp. (the "Company" or "Filo Mining") was incorporated on May 12, 2016 under the laws of the Canada Business Corporations Act in connection the plan of arrangement to reorganize NGEx Resources Inc. ("NGEx"), which was completed on August 16, 2016 (see Note 2). The Company's principal business activities are the acquisition, exploration and development of mineral properties located in South America.

The Company's registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada. The Company's common shares commenced trading on the TSX Venture Exchange (the "TSXV") and the NASDAQ First North Exchange under the symbol "FIL" on August 26, 2016 and September 6, 2016, respectively.

2. PLAN OF ARRANGEMENT

On August 16, 2016, NGEx completed a plan of arrangement (the "NGEx Arrangement") pursuant to which NGEx transferred $3,000,000 in cash, and its wholly owned subsidiaries that directly or indirectly hold the Filo del Sol property in Argentina (the "Filo del Sol Property") and the Tamberias property in Chile (the "Tamberias Property"), including an additional $48,613 in cash, to the Company in exchange for 51,270,950 common shares of the Company. NGEx subsequently distributed the shares to the shareholders of NGEx as a return of capital.

As the shareholders of NGEx continued to hold their respective interests in Filo Mining, there was no resultant change of control in either the Company, or the underlying assets and business acquired. As such, the NGEx Arrangement is considered a capital reorganization and is excluded from the scope of IFRS 3, *Business Combinations*.

Under the continuity of interest basis of accounting, the assets and liabilities transferred are recorded at their pre-arrangement carrying values. The statements of comprehensive loss include the allocated expenditures from the business acquired for the period up to August 16, 2016. Accordingly, the exploration expenditures related to the Filo del Sol Property and Tamberias Property have been allocated directly from NGEx and all remaining expenses have been allocated on a pro-rata basis based on the level of exploration activities. The carve-out entity did not operate as a separate legal entity and as such, the financial statements do not necessarily reflect what its results of operations, financial position and cash flows would have been had the carve-out entity operated as an independent entity during the years presented.

(Expressed in Canadian Dollars, unless otherwise stated)

The carrying value of the net assets received pursuant to the NGEx Arrangement, as at August 16, 2016 are as follows:

Assets:		
Cash	$	3,048,612
Receivables and other assets		100,980
Mineral properties		6,009,567
Total assets		9,159,159
Liabilities:		
Trade payables and accrued liabilities		(207,175)
Carrying value of net assets		**8,951,984**
Accumulated losses		36,775,318
Subtotal		45,727,302
Shares issued pursuant to the NGEx Arrangement		38,965,922
Adjustment for shares issued in connection with the NGEx Arrangement	**$**	**6,761,380**

An adjustment of $6,761,380 was made through accumulated deficit to reconcile: i) the carrying values of the net assets contributed and recorded under the continuity of interest basis of accounting, to the fair value of the common shares issued upon closing of the NGEx Arrangement; and ii) the allocated NGEx accumulated losses which amounted to $36,775,318 up to the close of the NGEx Arrangement.

The consolidated statement of changes in equity includes $3,000,000 of cash that was transferred by NGEx to the Company pursuant to the NGEx Arrangement. Other assets have been reflected in these consolidated financial statements at earlier dates in accordance with the continuity of interest basis of accounting.

3. 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"), and on a continuity of interest basis of accounting following the NGEx Arrangement, which requires that prior to the August 16, 2016 effective date thereof, the assets, liabilities, 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.

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

4. 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.

Carve-out basis of accounting – The preparation of these consolidated financial statements pursuant to the carve-out basis of accounting, as described in Note 2 above, requires the identification and allocation of pre-arrangement assets, liabilities, results from operations and cash flows of NGEx, which are deemed to be attributable to the Company. As common expenses have been allocated on a pro-rata basis based on the level of exploration expenditures incurred for the relevant periods, management is required to make estimates and judgements in performing the allocation.

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.

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 charge 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.

(Expressed in Canadian Dollars, unless otherwise stated)

o) New accounting pronouncements

The IASB has 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, 2016, 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 standard includes: (i) a third measurement category for financial assets – fair value through other comprehensive income and (ii) a single, forward-looking 'expected loss' impairment model.	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.	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.	Required to be applied for years beginning on or after January 1, 2019.

Management is currently assessing whether these new standards and interpretations would have a material impact on the future financial position and results of the Company.

5. MINERAL PROPERTIES

	Filo del Sol	Tamberias	Total
January 1, 2015	**$ 8,724,353**	**$ 1,667,092**	**$10,391,445**
Additions	-	304,581	304,581
Adjustments to acquisition cost of Filo del Sol	(2,881,858)	-	(2,881,858)
Effect of foreign currency translation	(1,890,576)	27,237	(1,863,339)
December 31, 2015	**$ 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**

The Company's primary mineral property assets are the Filo del Sol and Tamberias Properties (together, the "Filo del Sol Project"), which are comprised of adjacent mineral titles in Chile and the San Juan Province in Argentina, and are 100% controlled by Filo Mining either through direct ownership or option agreements, which were acquired pursuant to the NGEx Arrangement (see Note 2).

Filo del Sol Property (San Juan Province, Argentina)

Sole ownership of the Filo del Sol Property was acquired by NGEx in October 2014, through the acquisition of its then joint exploration partner's, Pan Pacific Copper Co. ("PPC"), 40% interest in the property in exchange for cash (US$3.5 million) and the assumption of an obligation to fund PPC's proportionate share of future exploration activities on other properties, on which PPC and NGEx continued to be joint venture partners, up to a maximum of US$3.5 million (the "Filo Buy-Out").

In fiscal 2015, an adjustment was recorded against the Filo del Sol Property to reduce the carrying value of the consideration paid for the Filo Buy-Out. This reduction was the result of the carrying-value of the payable to PPC, which was recorded at amortized cost, being adjusted for changes in the expected timing of settlement of the remaining obligation. Subsequent to completion of the NGEx Arrangement, any remaining obligations outstanding to PPC in relation to the Filo Buy-Out resides with NGEx.

Tamberias Property (Region III, Chile)

On March 25, 2011 the Company entered into an option agreement with Compania Minera Tamberias SCM ("Tamberias SCM") whereby it can earn a 100% interest in the Tamberias Property by making option payments totaling US$20 million on or before June 30, 2023. In addition, Tamberias SCM will retain a 1.5% net smelter royalty, which will be paid only after the Company has recovered all of its exploration and development costs. The Company's total remaining option payments as at December 31, 2016 were US$17.5 million.

6. SHARE CAPITAL AND OTHER CAPITAL RESERVES

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

Pursuant to the NGEx Arrangement, the Company issued 51,270,950 shares in exchange for certain net assets received from NGEx (see Note 2). The balance of share capital immediately following the close of the NGEx Arrangement was $38,965,922. This amount was determined to be the fair market value attributed to the net assets received from NGEx pursuant the NGEx Arrangement.

On November 16, 2016, the Company completed a private placement of 10,000,000 common shares of the Company for gross proceeds of $20 million. Share issuance costs totaling $0.5 million were paid in relation to the private placement. The net proceeds received by the Company upon completion of the private placement totaled $19.5 million.

Loss per share information in these consolidated financial statements has been presented as if the common shares issued in connection with the closing of the NGEx Arrangement had been issued and outstanding from the start of all years presented.

(Expressed in Canadian Dollars, unless otherwise stated)

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

Pursuant to the NGEx Arrangement, 1,746,875 share options were issued to individuals which held issued and outstanding NGEx share options at closing. In exchange for each NGEx share option, the holder was issued one fully vested NGEx replacement option and 0.25 fully vested option of Filo Mining (the "Filo Options"). The exercise prices assigned to the Filo Options reflect the allocation of the original exercise price of the original NGEx share option between the replacement options issued, based on the relative market value of the Company and NGEx following completion of the NGEx Arrangement.

On December 5, 2016, the Company granted a total of 2,335,000 share options to officers, employees, directors and other eligible persons at an exercise price of $2.00 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 2,335,000 share options granted during the year ended December 31, 2016, are as follows:

(i)	Risk-free interest rate:	0.92%
(ii)	Expected life:	5 years
(iii)	Expected volatility:	63.34%
(iv)	Expected dividends:	nil
(v)	Fair value per option:	$0.88

(Expressed in Canadian Dollars, unless otherwise stated)

The weighted average share price on the exercise date for the share options exercised during the year ended December 31, 2016 was $1.65.

The following table details the share options outstanding and exercisable as at December 31, 2016:

	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	490,000	1.79	$0.51	490,000	1.79	$0.51
$0.74	608,750	1.18	$0.74	608,750	1.18	$0.74
$1.49	482,500	0.35	$1.49	482,500	0.35	$1.49
$2.00	2,335,000	4.93	$2.00	778,333	4.93	$2.00
	3,916,250	3.39	$1.55	2,359,583	2.37	$1.26

c) Share-based compensation

	Year ended December 31,	
	2016	**2015**
Exploration and project investigation	302,003	114,158
General and administration	872,485	344,140
	1,174,488	**458,298**

For the year ended December 31, 2016, share-based compensation as presented in the consolidated statement of comprehensive loss includes $407,953 (2015: $458,298) recognized pursuant to the continuity of interest accounting, relating to the share options previously granted and vested under NGEx prior to the Arrangement.

(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, 2016 and 2015:

Year ended December 31,		Filo del Sol Property	Tamberias Property	Other	Total
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
	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-shared compensation	254,729	15,655	31,619	302,003
	Total	**5,463,169**	**335,744**	**678,144**	**6,477,057**
2015	Land holding and access costs	94,497	193,231	-	287,728
	Drilling, fuel, camp costs and field supplies	3,330,737	524,529	-	3,855,266
	Roadwork, travel and transport	899,676	251,570	-	1,151,246
	Consultants, geochemistry and geophysics	224,108	105,998	-	330,106
	Environmental and community relations	119,101	27,217	-	146,318
	VAT and other taxes	1,364,247	205,869	-	1,570,116
	Office, field and administrative salaries, overhead and other administrative costs	1,944,112	182,004	-	2,126,116
	Share-shared compensation	86,053	28,105	-	114,158
	Total	**8,062,531**	**1,518,523**	**-**	**9,581,054**

Costs incurred prior to the completion of the NGEx Arrangement on August 16, 2016 were carved out from figures previously reported by NGEx as described on Notes 2 and 3.

(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 provided executive management services to NGEx, and NGEx provided financial management and administrative services to the Company. These transactions were incurred in the normal course of operations, and are summarized as follows:

		Year ended December 31,
	2016	**2015**
Executive management services to NGEx	325,188	-
Financial management and administrative services from NGEx	(58,131)	-

Related party balances

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

	December 31, 2016	**December 31, 2015**
Receivables and other assets	222,556	-
Accounts payable and accrued liabilities	(56,025)	-

Key management compensation

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

(Expressed in Canadian Dollars, unless otherwise stated)

	2016	**Year ended December 31, 2015**
Salaries	268,500	-
Short-term employee benefits	10,044	-
Directors fees	25,973	-
Stock-based compensation	459,587	-
	764,104	**-**

From the Company's incorporation on May 12, 2016, up until the completion of the NGEx Arrangement on August 16, 2016, no compensation was paid it its officers or directors. The compensation costs reported for key management personnel therefore only reflect compensation costs incurred after 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, 2016	**Year ended December 31, 2015**
Loss before taxes	8,666,027	11,816,753
Combined Canadian federal and provincial statutory income tax rates	26.00%	26.00%
Income tax recovery based on the above rate	2,253,167	3,072,355
Income tax benefits not been recognized and other items	(2,607,900)	(2,917,886)
Impacts of changes in income tax rates	77,087	-
Differences between Canadian and foreign tax rates	477,778	82,640
Non-deductible expenses	(200,132)	(237,109)
Total income tax recovery	**-**	**-**

(Expressed in Canadian Dollars, unless otherwise stated)

The following are temporary differences for which benefits have not been recognized:

	December 31, 2016	**December 31, 2015**
Non-capital losses carried forward	1,467,504	981,606
Mineral properties and related expenditures	18,732,948	5,516,758
Other	425,027	-
	20,625,479	**6,498,364**

As at December 31, 2016, 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	-	800	5,879	6,679
2020	-	315	14,420	14,735
Subsequent to 2021	885,419	552,634	5,101	1,443,154
	885,419	**553,749**	**28,336**	**1,467,504**

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, whereas materially all of the Company's cash and general and administrative costs are held and incurred by the Canadian parent.

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.

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.

(Expressed in Canadian Dollars, unless otherwise stated)

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, 2016, 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.

The maturities of the Company's financial liabilities as at December 31, 2016 are as follows:

	Total	**Less than 1 year**	**1-5 years**	**More than 5 years**
Accounts payable and accrued liabilities	2,407,145	2,407,145	-	-
Total	**2,407,145**	**2,407,145**	**-**	**-**

(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, 2016, the Company's only material foreign currency risk exposure existed at the Canadian head office level, which holds a net financial asset position denominated in US dollars. The estimated impact of relative currency rate fluctuations between US dollar and the Canadian dollar, the functional currency, based on this foreign currency exposure is as follows:

	Foreign currency cash held (in source currency)	**Net financial asset (liability) position**	**Change in net financial position and net loss from a 10% variation in exchange rates**
US dollar	1,063,100	1,422,187	142,219

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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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ISIN: CA31730E1016