2020 SECOND QUARTER REPORT

Management's Discussion and Analysis
and
Condensed Interim Consolidated Financial Statements

For the Six Months Ended June 30, 2020
(UNAUDITED)

FILO MINING CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE AND SIX MONTHS ENDED JUNE 30, 2020
(Amounts in Canadian Dollars unless otherwise indicated)

The following management's discussion and analysis ("MD&A") of Filo Mining Corp. ("Filo Mining" or the "Company") should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2020 and related notes therein. The financial information in this MD&A is reported in Canadian dollars unless otherwise indicated and is partly derived from the Company's condensed interim consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The effective date of this MD&A is August 13, 2020. Additional information about the Company and its business activities is available on SEDAR at www.sedar.com and the Company's website www.filo-mining.com.

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

CORE BUSINESS

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

The Company has completed a pre-feasibility study ("PFS") on the Filo del Sol Project, with an effective date of January 13, 2019, which demonstrated the project's robust economic potential. The PFS, which was based only on the oxide portion of the current Mineral Resource and used prices of US$3.00/lb copper, US$1,300/oz gold, and US$20/oz silver, yielded an after-tax net present value ("NPV") of US$1.28 billion at a discount rate of 8%, and generated an internal rate of return ("IRR") of 23%. Positive valuations were also maintained across a wide range of sensitivities on key assumptions.

The Company's most recent Mineral Resource and Mineral Reserve statement is shown below.

Category	Tonnes (millions)	Cu (%)	Au (g/t)	Ag (g/t)	Lbs Cu (billions)	Oz Au (millions)	Oz Ag (millions)
Mineral Resource							
Indicated	425.1	0.33	0.32	10.7	3.1	4.4	146.9
Inferred	175.1	0.27	0.33	6.2	1.1	1.8	34.8
Mineral Reserve							
Proven	-	-	-	-	-	-	-
Probable	259.1	0.39	0.33	15.1	2.2	2.8	126.0

The Filo del Sol Project continues to hold significant exploration potential, with less than 20% of the project area explored to date. The Company's Mineral Resource estimate is inclusive of the Mineral Reserve estimate as set forth above.

The technical information relating to the PFS is based on a technical report titled "NI 43-101 Technical Report, Pre-feasibility Study for the Filo del Sol Project" dated February 22, 2019, with an effective date of January 13, 2019 (the "Technical Report"). The Technical Report was prepared for Filo Mining by Ausenco Engineering Canada Inc. ("Ausenco"). The Qualified Persons, as defined under NI 43-101, responsible for the Technical Report are Scott Elfen, P.E., Ausenco; Robin Kalanchey, P.Eng., Ausenco; Bruno Borntraeger, P.Eng., Knight Piesold Ltd.; Fionnuala Devine, P.Geo., Merlin Geosciences Inc.; Ian Stillwell, BGC Engineering Inc.; Neil Winkelmann, FAusIMM, SRK Consulting (Canada) Inc.; James N. Gray, P.Geo., Advantage Geoservices Limited; and Jay Melnyk, P.Eng., AGP Mining Consultants, all of whom are independent of Filo Mining. The Technical Report is available for review under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.filo-mining.com.

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

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

SECOND QUARTER 2020 OPERATING HIGHLIGHTS

Successful 2019/2020 Field Program Leads to Development of Sizeable Exploration Target

Final assay results from the 2019/2020 field season were received during the second quarter of 2020, and support the potential for considerable resource expansion at Filo del Sol. The two deep diamond drill holes completed during the recent field program, which concluded in March 2020, together with hole FSDH025 drilled during the preceding 2018/2019 campaign, confirmed that copper-gold-silver mineralization extends to depths of at least 700 vertical metres below the floor of the current Mineral Resource. Results from the two deep holes of the 2019/2020 campaign are summarized in the table below:

Hole-ID	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)	Ag (g/t)	CuEq[1] (%)
FSDH032	**132.0**	**1,141.0**	**1,009.0**	**0.57**	**0.39**	**11.1**	**0.95**
incl.	**378.3**	**1,141.0**	**762.7**	**0.68**	**0.43**	**13.2**	**1.10**
and incl.	492.0	702.8	210.8	0.90	0.54	19.5	1.46
FSDH034	**72.0**	**1,106.0**	**1,034.0**	**0.42**	**0.32**	**3.4**	**0.68**
incl.	**520.0**	**959.0**	**439.0**	**0.54**	**0.36**	**4.2**	**0.84**
incl.	676.0	732.0	56.0	0.74	0.60	8.5	1.25

[1] Copper Equivalent is calculated based on US$ 2.80/lb Cu, US$ 1,400/oz Au and US$ 16/oz Ag, with 80% metallurgical recoveries assumed for all metals. The formula is: CuEq % = Cu % + (0.7292 * Au g/t) + (0.0083 * Ag g/t). See the Company's News Releases dated April 20, 2020 for further details.

These assay results demonstrate that copper-gold-silver mineralization extends to substantial depths beyond the current Mineral Resource, with both holes ending in mineralization at depths of over 1 kilometre below surface. Mineralization also remains completely open to the north and south of the Mineral Resource, highlighting the significant potential for resource expansion at Filo del Sol.

During the second quarter of 2020, the Company developed an exploration target by modelling predicted volumes based on the east-west extents of the Mineral Resource, depths below surface drilled by the deeper diamond drill holes and the north-south extent drilled by these holes. Copper, gold and silver grades for these volumes were estimated by taking the average of all drill hole samples within them, a total of between 1,169 and 2,561 samples representing between 2,197 and 4,914 metres of drilling. This analysis resulted in an exploration target with dimensions of between 1,400 and 2,000 metres north-south, 450 metres east-west and 700 metres vertical underlying the Mineral Resource. This conceptual exploration target is summarized as follows:

Tonnage	**CuEq (%)**	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**
1.2 – 1.6 billion	0.7 - 1.0	0.4 - 0.6	0.3 – 0.4	6 - 10

The potential quantity and grade of this exploration target is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource in this area. It is uncertain if further exploration will result in the target being delineated as a Mineral Resource. This target is in addition to the current Mineral Resource at Filo del Sol and does not include prospective areas to the north and south of the deposit yet to be drilled. In addition, consistent with the geological model and the drill results to date, the Company anticipates that there could also be smaller zones of considerably higher-grade mineralization within this overall target.

The Company's next field campaign is planned to expand this target through step-out drilling to the north of it, and to begin to convert it to an Inferred Mineral Resource through infill drilling into the target volume.

CORPORATE UPDATE

Closing of Equity Financings for $41.7 Million

On July 30, 2020 the Company closed the sale of 6,325,000 common shares of the Company, including 825,000 common shares sold pursuant to the full exercise of an over-allotment option, on a bought deal basis to a syndicate of underwriters led by PI Financial Corp. and Canaccord Genuity Corp. (the "Underwriters"), at a price of $1.85 per share (the "Issue Price") for total gross proceeds of approximately $11.7 million (the "Offering").

On July 30, 2020, the Company also closed a concurrent private placement of 16,213,235 common shares at the Issue Price for additional gross proceeds of approximately $30.0 million (the "Concurrent Private Placement"). The Concurrent Private Placement was to certain investors introduced to the Company by SpareBank 1 Markets AS ("SpareBank"), and to certain other investors, including Lorito Holdings S.à.r.l ("Lorito") and Zebra Holdings and Investments S.à.r.l ("Zebra" and together with Lorito, the "Significant Shareholders"). The Significant Shareholders each purchased 3,515,004 common shares in the Concurrent Private Placement to maintain their approximate combined pro rata interest in the Company. No commission or other fee was paid to the Underwriters in connection with the sale of common shares pursuant to the Concurrent Private Placement. The Company paid broker fees to SpareBank equal to 5% of the gross proceeds raised by investors in the Concurrent Private Placement introduced to the Company by SpareBank. No commission or other fee was paid to any party in connection with the sale of common shares under the Concurrent Private Placement to the Significant Shareholders. The common shares issued pursuant to the Concurrent Private Placement are subject to a statutory hold period in Canada expiring on December 1, 2020.

Zebra and Lorito report their shareholding in the Company as joint actors, as the term is defined by Canadian securities regulations, and are related parties of the Company by virtue of their combined shareholding in the Company in excess of 20%. Immediately following the close of the Offering and Concurrent Private Placement, Zebra and Lorito held 25.05% and 9.96%, respectively, of the then issued and outstanding common shares of the Company.

Following closing of the Offering and Concurrent Private Placement, approximately $1.3 million of the net proceeds was used by the Company to fully repay amounts drawn under the credit facility extended by Zebra. The Company plans to use the remaining net proceeds for exploration and development of the Filo del Sol Project, as well as for working capital, corporate overhead and general and administrative purposes.

Changes to Executive Management and Board

Effective June 19, 2020 the Company appointed Mr. Jamie Beck as the President and Chief Executive Officer ("CEO") and a director of the Company. Mr. Beck, who previously held the role of the President of the Company, replaces Mr. Adam Lundin, who resigned as CEO to transition to Chairman of the Board. As Chairman, Mr. A. Lundin takes over for Mr. Lukas Lundin, who will continue to serve as a director of the Company.

Mr. Beck previously held the role of President of the Company, and has been an integral member of the senior management team within the Lundin Group of Companies for over 10 years. With expertise in international project management and corporate development, Mr. Beck has most recently been guiding the Company's work programs and engineering studies. Prior to this, Mr. Beck worked in corporate development in various roles of increasing responsibility with Filo Mining, Lundin Mining Corp., and Josemaria Resources Inc. (formerly NGEx Resources Inc.). Mr. Beck is a registered Professional Engineer, holds a Bachelor of Applied Science from Queen's University, and an MBA from the University of British Columbia.

In addition, at the Annual General Meeting of Shareholders of the Company held on June 18, 2020 ("2020 AGM"), Ms. Erin Johnston was elected to the Board. Ms. Johnston also currently serves as the Managing Director of the Lundin Foundation, a corporate foundation that develops programs to maximize benefits to communities surrounding resource operations and advises companies on Environmental and Social Governance issues to reduce non-technical risks of resource development projects. Ms. Johnston brings over 15 years of experience in the private sector leading capacity building and resource governance projects in Latin America, Asia and Africa. She has a Master of Arts in International Leadership from Simon Fraser University. Ms. Johnston is also a director of Africa Oil Corporation.

Mr. Ashley Heppenstall and Mr. Pablo Mir did not stand for re-election at the 2020 AGM, but both will continue as advisors to the Board.

OUTLOOK AND CONTINUED RESPONSE TO COVID-19

Following the close of the Offering and Concurrent Private Placement on July 30, 2020, the Company is now well funded to undertake an extensive follow-up campaign at the Filo del Sol Project, focused on extending the aforementioned exploration target and beginning to convert it to an Inferred Mineral Resource.

The Company's plans include approximately 8,000 to 12,000 metres of diamond drilling which, if successful, would allow the Company to convert a portion of the exploration target to an Inferred Resource. This program will also test for potential deposit extensions to the north of hole FSDH032, where surface mapping demonstrates that the same intense hydrothermal alteration that overlies the deposit extends for an additional 1,700 metres towards a reverse circulation drill hole (VRC093, drilled in 2015), which ended with 166.0 m (from 284 m depth) at 0.42% CuEq (0.15% Cu, 0.24 g/t Au, 11.9 g/t Ag) including 42.0 m of 0.57% CuEq (0.40% Cu, 0.17 g/t Au, 6.1 g/t Ag) at the bottom of the hole. The Company is currently planning to conduct this follow-up program during the 2020/2021 field season, which is expected to commence around November 2020 and continue through April 2021, should conditions, such as those resulting from the ongoing COVID-19 pandemic, allow.

The Company continues to respond to the COVID-19 pandemic within the framework of internal protocols, and local and national health authority requirements and recommendations. The health and safety of the Company's employees, contractors, visitors, and stakeholders (collectively, "Stakeholders") remain Filo Mining's top priority. The Company's camp facilities and offices have implemented travel restrictions, surveillance, monitoring and response plans to reduce the risk of COVID-19 exposure and outbreak, including health screening of personnel when appropriate. All non-critical business travel has also been curtailed.

The Company is monitoring developments with respect to COVID-19, both globally and within its operating jurisdictions, and will implement any such changes to its business as may be deemed appropriate to mitigate any potential impacts to its business and its Stakeholders. Such changes, may include, but are not limited to, temporary closures of the Company's project site or offices, and deviations from the timing and nature of previous operating plans. Moreover, sustained COVID-19 outbreaks have resulted in operational and supply chain delays and disruption as a result of governmental regulation and preventative measures being implemented worldwide, including in Argentina. The Company could be required to close, curtail or otherwise limit its operating activities as a result of the implementation of any such governmental regulation or preventative measures in the jurisdictions in which the Company operates. Any such closures or curtailments could have an adverse impact on the business of the Company.

As of the date of this MD&A, the government of Argentina has implemented certain travel restrictions to limit the spread of COVID-19. Per the latest Argentine government policy, any foreigner who is not a resident in Argentina will not be permitted to enter Argentina. In addition, travel restrictions have been imposed by certain provincial authorities on inter-provincial travel within Argentina. In Chile, the government has declared a 90-day state of emergency, which took effect March 19, 2020, and was renewed on June 16, 2020 for an additional 90 days. Effective March 18, 2020, Chile's borders are closed for entry. Chilean citizens and permanent residents are exempted and may still enter Chile at this time. All foreigners and Chileans entering Chile are subject to a mandatory 14-day self-quarantine.

The COVID-19-related health and safety regulations implemented by health officials in the Company's operating jurisdictions continue to evolve, and the Company has employed certain practices and procedures to stay abreast of, and remain adaptable to, the fluid situation. Such practices and procedures include, but are not limited to: analysis of alternate staffing schedules, rotations and accommodation arrangements; development of internal testing and quarantine protocols, including early identification of suitable quarantine locations; and regular dialogue with local government and health officials. As a result of its current strategies, the Company is confident that it can safely and effectively carry out the 2020/2021 field program, however, this expectation will be continuously evaluated as the situation with respect to the COVID-19 pandemic in South America develops.

RESULTS FROM OPERATIONS

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

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

Three Months Ended	**Jun-20**	**Mar-20**	**Dec-19**	**Sep-19**	**Jun-19**	**Mar-19**	**Dec-18**	**Sep-18**
Exploration costs ($000's)	1,932	11,940	5,759	1,895	4,332	11,022	5,183	2,208
Operating loss ($000's)	2,776	12,794	7,844	2,575	5,243	12,030	6,201	3,816
Net loss ($000's)	1,262	11,836	8,038	3,105	5,336	12,092	6,191	3,865
Net loss per share, basic and diluted ($)	0.01	0.13	0.09	0.04	0.07	0.17	0.09	0.05

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

Filo Mining incurred net losses of $1.3 million and $13.2 million (2019: $5.3 million and $17.4 million), respectively, for the three and six months ended June 30, 2020, including respective operating losses of $2.8 million and $15.6 million (2019: $5.2 million and $17.3 million). Exploration and project investigation costs were the most significant expenditures of the Company and account for approximately 70% and 89% (2019: 83% and 89%) of the respective operating losses during the three and six months ended June 30, 2020. This is reflective of the Company's accounting policy to expense its exploration costs through the consolidated statement of comprehensive loss, except for mineral property option payments and mineral property acquisition costs, which are capitalized.

Exploration and project investigation costs for the three and six months ended June 30, 2020 were $1.9 million and $13.9 million (2019: $4.3 million and $15.4 million), respectively, which decreased relative to the comparative 2019 periods. The decrease is largely the result of a significantly smaller environmental program pursued during the three and six months ended June 30, 2020. During the comparative 2019 periods the Company undertook initial hydrological studies with the objective of gathering data that would facilitate advancing the oxide resource of the Filo del Sol deposit through a feasibility study. However, following receipt and analysis of the exploration results from the 2018/2019 drill campaign, the Company has refocused around exploration, and accordingly it has reduced its environmental programs to baseline data collection only. In addition, the decrease in exploration costs for the three and six months ended June 30, 2020 is also due to the 2019 comparative periods including certain engineering and study costs related to the PFS, which was completed in early 2019. No such studies have been conducted thus far in 2020. Detailed breakdowns of exploration costs for the periods presented are provided in the notes to the condensed interim consolidated financial statements.

Excluding share-based compensation, administration costs for the three and six months ended June 30, 2020 were $0.5 million and $1.0 million (2019: $0.6 million and $1.2 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 for the three and six months ended June 30, 2020 were lower than the 2019 comparative periods due primarily to lower compensation costs. Specifically, compensation costs for the three and six months ended June 30, 2020, were reduced due to favourable changes to the allocation of certain corporate personnel pursuant to cost sharing arrangements (see Related Party Transactions section), which reduced the net cost related to their services to the Company. In addition, due to the Company's curtailment of all non-essential travel in response to the COVID-19 pandemic, travel costs for the three and six months ended June 30, 2020 are lower than their comparative 2019 periods. These reductions have been partially offset by an increase in investor relations and promotional activity for the three and six months ended June 30, 2020 compared to the 2019 comparative periods.

During the three and six months ended June 30, 2020, the Company reported financing costs of $6,428 and $8,388, respectively, which decreased relative to their respective comparative periods (2019: $490,188 and $691,538). This decrease is the result of the Company's heavier use of credit facilities during the first half of 2019, whereas during the six months ended June 30, 2020 no amounts were drawn against the credit facilities until June 2020.

Also, during the three and six months ended June 30, 2020, the Company recognized a net monetary loss of $80,819 and a net monetary gain of $143,933 (2019: loss of $52,379 and gain of $104,311), respectively, in relation to the application of hyperinflationary accounting for the Company's Argentine subsidiary, which began July 1, 2018. The monetary gains and losses recognized are the results of changes in the Argentine price indices and changes to the Company's net monetary position during the respective periods. Further discussion regarding the application of hyperinflationary accounting has been provided in the notes to the condensed interim consolidated financial statements.

In addition, during 2020, the Company began acquiring and transferring marketable securities as a mechanism to facilitate intragroup funding transfers between its Canadian parent and its Argentine operating subsidiary. Accordingly, for the three and six months ended June 30, 2020, the Company recognized gains of $1.8 million and $2.5 million (2019: $nil), respectively, on the use of marketable securities for the purposes of facilitating intragroup funding transfers, which represents the net benefit of having used this funding mechanism over traditional methods.

During the three and six months ended June 30, 2020, the Company recognized foreign exchange gains of $71,440 and $63,571 (2019: $449,479 and $432,619), respectively. The foreign exchange gains in the current periods are largely driven by a US$900,000 liability held by the Company's Chilean operating subsidiary, which is related to committed payments for the Tamberias property earn-in. By comparison, in the 2019 comparative periods, the larger foreign exchange gains are the result of larger US dollar denominated amounts drawn and outstanding against the Company's US dollar denominated credit facilities. As mentioned above, during the first half of 2019, the Company used the credit facilities extensively to fund ongoing operations, and accordingly, the magnitude of the foreign exchange impact was greater.

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

In other comprehensive income, the Company reported a foreign exchange translation gain of $5,092 for the three months ended June 30, 2020 and a loss of $140,435 for the six months ended June 30, 2020 (2019: losses of $103,381 and $76,710), on translation of subsidiary company accounts from their functional currency to the Canadian dollar presentation currency. For the three and six months ended June 30, 2020, the foreign exchange translation loss is primarily the result of fluctuations of the Canadian dollar relative to the Chilean peso over the period. For the three and six months ended June 30, 2020, the impacts of hyperinflation were gains of $63,637 and $46,284 (2019: gain of $262,219 and loss of $333,981), respectively, and consist of adjustments recognized on the continuing inflation of opening non-monetary balances during the respective periods and the ongoing translation of the Company's Argentine subsidiary into the Canadian dollar presentation.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2020, the Company had cash of $1.5 million and net working capital of $0.4 million, compared to cash of $13.8 million and net working capital of $12.7 million as at December 31, 2019. The decrease in the Company's cash and net working capital is due primarily to funds used in operations.

In June 2020, the Company entered into an agreement with Zebra, to obtain an unsecured US$5.0 million credit facility, which became effective on July 12, 2020 (the "July 2020 Facility") and replaced an existing US$5.0 million credit facility also extended by Zebra and maturing on the same date. The outstanding balance owed under the existing facility was transferred into the July 2020 Facility. As consideration for the July 2020 Facility, Zebra will receive 480 common shares each month, for every US$50,000 in principal outstanding, prorated accordingly for the number of days outstanding. The July 2020 Facility matures on July 12, 2021, and no interest is payable in cash during its term. As at June 30, 2020, a total of US$800,000 had been drawn by the Company and remained outstanding.

On July 30, 2020, the Company closed the Offering and Concurrent Private Placement, selling a total 22,538,235 common shares of the Company for aggregate gross proceeds of $41.7 million. Share issuance costs related to the Financings are anticipated to total approximately $1.2 million, and included commissions, professional fees and regulatory fees.

RELATED PARTY TRANSACTIONS

Under the normal course of operations, the Company may undertake transactions or hold balances with related parties. Other than those related party transactions identified elsewhere in this MD&A, the Company also engages with Josemaria Resources Inc. ("Josemaria", formerly NGEx Resources Inc.) and NGEx Minerals Ltd. ("NGEx Minerals"), related parties by way of directors, officers and shareholders in common. Bofill Mir & Alvarez Jana Abogados Ltda. ("BMJAL"), a Chilean legal firm, is also considered a related party of the Company until June 18, 2020, as a named partner of BMJAL was also concurrently a director of the Company until such date.

Related party services

The Company has a cost sharing arrangement with Josemaria and NGEx Minerals. Under the terms of this arrangement, the Company provides management, technical, administrative and/or financial services (collectively, "Management Services") to Josemaria and NGEx Minerals, and vice versa. In addition, the Company engages BMJAL, as its legal counsel in Chile. These transactions were incurred in the normal course of operations, and are summarized as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	**2019**	**2020**	**2019**
Management Services to Josemaria	271,442	374,353	591,890	669,372
Management Services to NGEx Minerals	112,978	-	245,369	-
Management Services from Josemaria	(71,740)	(111,660)	(200,925)	(212,667)
Management Services from NGEx Minerals	(101,950)	-	(257,342)	-
Legal services from BMJAL	(14,302)	-	(38,676)	(35,135)

Related party balances

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

	Related Party	**June 30, 2020**	**December 31, 2019**
Receivables and other assets	Josemaria	334,995	196,489
Receivables and other assets	NGEx Minerals	32,779	64,222
Accounts payable and accrued liabilities	Josemaria	(93,503)	(220,366)
Accounts payable and accrued liabilities	NGEx Minerals	(33,873)	(57,490)
Accounts payable and accrued liabilities	BMJAL	-	(22,617)

Key management compensation

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

	Three months ended June 30, 2020	2019	Six months ended June 30, 2020	2019
Salaries	167,625	271,875	353,875	543,750
Short-term employee benefits	6,694	12,693	13,389	25,789
Directors fees	24,250	24,250	48,500	48,500
Stock-based compensation	315,936	322,528	631,859	645,068
	514,505	**631,346**	**1,047,623**	**1,263,107**

SIGNIFICANT ACCOUNTING POLICIES

The Company continues to follow the accounting policies described in Note 3 to the consolidated financial statements for the year ended December 31, 2019, as on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRS, such as the underlying condensed interim consolidated financial statements for the three and six months ended June 30, 2020, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenditures. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual results could differ from those estimates and such differences could be material. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. There have been no material changes to the critical accounting estimates discussed in the annual 2019 MD&A filed on SEDAR at www.sedar.com on March 19, 2020.

FINANCIAL INSTRUMENTS

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

As at June 30, 2020, 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 significant shareholders and creditors, such as Zebra. 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 June 30, 2020, are as follows:

	Total	Less than 1 year	1-5 years	More than 5 years
Accounts payable and accrued liabilities	2,931,183	2,931,183	-	-
Lease liabilities	24,806	22,498	2,308	
Amounts owing pursuant to credit facility	1,090,240	-	1,090,240	
Total	**4,046,229**	**2,953,681**	**1,092,548**	**-**

(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 June 30, 2020, the Company's largest foreign currency risk exposures existed at the level of its Canadian headquarters, Filo Mining Corp. and at its Chilean operating subsidiary, Frontera Chile Limitada, where the Company held a net financial liability positions denominated in US dollars having a Canadian dollar equivalent of approximately $1.0 million and $1.2 million, respectively. A 10% change in the foreign exchange rate between the US dollar and the Canadian dollar, the functional currency of Filo Mining Corp., or between the US dollar and the Chilean peso, the functional currency of Frontera Chile Limitada., would give rise to increases/decreases of approximately $101,000 and $122,000, respectively, in financial position/comprehensive loss.

OUTSTANDING SHARE DATA

As at August 13, 2020, the Company had 110,767,673 common shares outstanding and 8,079,167 share options outstanding under its share-based incentive plan.

FINANCIAL INFORMATION

The Company's next scheduled financial report will be for the three and nine months ending September 30, 2020, which is expected to be published on or around November 12, 2020.

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 mineral and mining properties. There are a number of factors that could negatively affect the Company's business and the value of its common shares, and these risk factors could materially affect the Company's future operations and financial position and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. There have been no material changes in the risks and uncertainties affecting the Company that were discussed in the Company's annual 2019 annual information from, as filed on SEDAR at www.sedar.com on July 10, 2020.

QUALIFIED PERSON

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

The Company believes that the expectations reflected in the forward-looking statements and information included in this MD&A are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements and information should not be unduly relied upon. This statement and information is as of the date of the MD&A. In particular, this MD&A contains forward-looking statements or information pertaining to the assumptions used in the PFS for the Filo del Sol Project, the assumptions used in the Mineral Reserves and Resources estimates for the Filo del Sol Project, including, but not limited to, geological interpretation, grades, metal price assumptions, metallurgical and mining recovery rates, geotechnical and hydrogeological conditions, as applicable; ability to develop infrastructure; assumptions made in the interpretation of drill results, geology, grade and continuity of mineral deposits; expectations regarding access and demand for equipment, skilled labour and services needed for exploration and development of mineral properties; and that activities will not be adversely disrupted or impeded by exploration, development, operating, regulatory, political, community, economic and/or environmental risks. In addition, this MD&A may contain forward-looking statements or information pertaining to: potential exploration upside at the Filo del Sol Project, including the extent and significance of the porphyry copper-gold system underlying the current Mineral Resource and the prospectivity of exploration targets; exploration and development plans and expenditures; opportunities to improve project economics; the success of future exploration activities; potential for resource expansion; potential for the discovery of new mineral deposits; ability to build shareholder value; expectations with regard to adding to Mineral Reserves or Resources through exploration; expectations with respect to the conversion of inferred resources to an indicated resources classification; ability to execute the planned work programs; estimation of commodity prices, Mineral Reserves and Resources, estimations of costs, and permitting time lines; ability to obtain surface rights and property interests; currency exchange rate fluctuations; requirements for additional capital; government regulation of mining activities; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; and other risks and uncertainties.

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

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

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

	Note	**June 30, 2020**	**December 31, 2019**
ASSETS			
Current assets:			
Cash		$ 1,506,217	$ 13,753,440
Receivables and other assets	*4*	1,823,548	2,595,966
		3,329,765	16,349,406
Non-current assets:			
Right-of-use asset		24,299	88,832
Mineral properties	*5*	8,508,437	7,312,220
		8,532,736	7,401,052
TOTAL ASSETS		11,862,501	23,750,458
LIABILITIES			
Current liabilities:			
Trade payables and accrued liabilities		2,931,183	3,553,545
Lease liabilities		22,498	60,658
		2,953,681	3,614,203
Non-current liabilities:			
Amounts owing pursuant to credit facility	*6*	1,090,240	-
Lease liabilities		2,308	12,145
		1,092,548	12,145
TOTAL LIABILITIES		4,046,229	3,626,348
SHAREHOLDERS' EQUITY			
Share capital	*7*	125,577,816	125,577,816
Contributed surplus		8,613,438	7,729,168
Deficit		(124,912,598)	(111,814,641)
Accumulated other comprehensive loss		(1,462,384)	(1,368,233)
TOTAL SHAREHOLDERS' EQUITY		7,816,272	20,124,110
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 11,862,501	$ 23,750,458

Commitments (Note 13)
COVID-19 Impact and Response (Note 14)
Subsequent Equity Financing (Note 15)

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

On behalf of the Board:

/s/Alessandro Bitelli
Director

/s/James A. Beck
Director

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

	Note	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Expenses					
Exploration and project investigation	*9*	$ 1,932,294	$ 4,331,599	$ 13,872,404	$ 15,353,327
General and administration:					
Salaries and benefits		193,746	300,915	468,118	619,726
Share-based compensation	*8c*	339,955	344,103	683,486	688,225
Management fees		50,100	59,025	100,200	118,050
Professional fees		16,978	37,520	76,112	98,468
Travel		786	47,242	12,992	82,050
Promotion and public relations		184,566	69,121	261,901	149,150
Office and general		57,820	53,270	94,955	164,091
Operating loss		2,776,245	5,242,795	15,570,168	17,273,087
Other expenses					
Financing costs		6,428	490,188	8,388	691,538
Net monetary loss (gain)	*3*	80,819	52,379	(143,993)	(104,311)
Gain on use of marketable securities	*12*	(1,783,579)	-	(2,526,769)	-
Other foreign exchange gain		(71,440)	(449,479)	(63,571)	(432,619)
Other expenses		253,734	-	253,734	-
Net loss		1,262,207	5,335,883	13,097,957	17,427,695
Other comprehensive loss					
Items that may be reclassified subsequently to net loss:					
Foreign currency translation adjustment		(5,092)	103,381	140,435	76,710
Impact of hyperinflation	*3*	(63,637)	(262,219)	(46,284)	333,981
Comprehensive loss		$ 1,193,478	$ 5,177,045	$ 13,192,108	$ 17,838,386
Basic and diluted loss per common share		$ 0.01	$ 0.07	$ 0.15	$ 0.24
Weighted average common shares outstanding		88,218,451	73,131,302	88,218,451	72,950,131

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

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

	Note	Six months ended June 30, 2020	2019
Cash flows used in operating activities			
Net loss for the period		$ (13,097,957)	$ (17,427,695)
Items not involving cash:			
Share-based compensation	*8c*	884,270	891,284
Financing costs		8,388	691,538
Net monetary loss		71,939	321,415
Unrealized foreign exchange gain		(81,375)	(454,021)
Net changes in working capital items:			
Receivables and other		611,648	(934,293)
Trade payables and accrued liabilities		(1,589,103)	79,776
		(13,192,190)	(16,831,996)
Cash flows from (for) financing activities			
Drawdown of credit facilities		1,079,240	15,748,895
Proceeds from exercise of share options		-	702,557
Repayment of lease liabilities		(46,927)	(51,704)
		1,032,313	16,399,748
Cash flows for investing activities			
Mineral properties and related expenditures	*5*	(207,501)	(654,579)
		(207,501)	(654,579)
Effect of exchange rate change on cash		120,155	(749,797)
Decrease in cash during the period		(12,247,223)	(1,836,624)
Cash, beginning of period		$ 13,753,440	$ 2,405,109
Cash, end of period		$ 1,506,217	$ 568,485

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

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

	Note	**Number of Shares**	**Share Capital**	**Contributed Surplus**	**Deficit**	**Accumulated Other Comprehensive Income (Loss)**	**Total Shareholders' Equity**
Balance, January 1, 2019		72,575,195	$ 84,350,227	$ 5,554,793	$ (83,244,040)	$ (144,276)	$ 6,516,704
Share-based compensation		-	-	891,284	-	-	891,284
Shares issued pursuant to credit facilities		229,380	518,589	-	-	-	518,589
Exercise of options		558,333	953,155	(250,598)	-	-	702,557
Net loss and other comprehensive loss		-	-	-	(17,427,695)	(410,691)	(17,838,386)
Balance, June 30, 2019		**73,362,908**	**$ 85,821,971**	**$ 6,195,479**	**$ (100,671,735)**	**$ (554,967)**	**$ (9,209,252)**
Balance, January 1, 2020		88,218,451	$ 125,577,816	$ 7,729,168	$ (111,814,641)	$ (1,368,233)	$ 20,124,110
Share-based compensation	*8c*	-	-	884,270	-	-	884,270
Net loss and other comprehensive loss		-	-	-	(13,097,957)	(94,151)	(13,192,108)
Balance, June 30, 2020		**88,218,451**	**$ 125,577,816**	**$ 8,613,438**	**$(124,912,598)**	**$ (1,462,384)**	**$ 7,816,272**

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

1. NATURE OF OPERATIONS

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

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

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including IAS 34, *Interim Financing Reporting*. Accordingly, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted, and these condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019. In preparation of these condensed interim consolidated financial statements, the Company has consistently applied the same accounting policies as disclosed in Note 3 to the audited consolidated financial statements for the year ended December 31, 2019.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on August 13, 2020.

3. HYPERINFLATION

Argentina was designated a hyper-inflationary economy as of July 1, 2018 for accounting purposes.

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

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

(Expressed in Canadian Dollars, unless otherwise stated)

The Company recognized gains of $63,637 and $46,284, respectively, for the three and six months ended June 30, 2020 (2019: gain of $262,219 and loss of $333,981, respectively) in relation to the impact of hyperinflation within other comprehensive income, which is primarily the result of depreciation of the Argentine Peso relative to the Canadian dollar from the time that funding was provided to the Argentine operating subsidiary during the three and six months ended June 30, 2020 to the end of the period.

As a result of changes in the IPC and changes to the Company's net monetary position, the Company recognized a net monetary loss of $80,819 during the three months ended June 30, 2020 (2019: $52,379), and a net monetary gain of $143,993 during the six months ended June 30, 2020 (2019: $104,311), to adjust transactions recorded during the period into a measuring unit current as of June 30, 2020.

The level of the IPC at June 30, 2020 was 322.0 (December 31, 2019: 283.4), which represents an increase of approximately 14% over the IPC at December 31, 2019, and an approximate 5% increase over the average level of the IPC during the six months ended June 30, 2020.

4. RECEIVABLES AND OTHER ASSETS

	June 30, 2020	**December 31, 2019**
Taxes receivable	1,002,916	1,060,702
Other receivables	634,577	968,536
Prepaid expenses and deposits	186,055	566,728
	1,823,548	**2,595,966**

5. MINERAL PROPERTIES

	Filo del Sol	**Tamberias**	**Total**
January 1, 2019	**$ 3,450,982**	**$ 3,667,251**	**$ 7,118,233**
Additions	-	654,579	654,579
Adjustment for the impacts of hyperinflation	(40,255)	-	(40,255)
Effect of foreign currency translation	-	(420,337)	(420,337)
December 31, 2019	**$ 3,410,727**	**$ 3,901,493**	**$ 7,312,220**
Additions	-	1,465,136	1,465,136
Adjustment for the impacts of hyperinflation	6,350	-	6,350
Effect of foreign currency translation	-	(275,269)	(275,269)
June 30, 2020	**$ 3,417,077**	**$ 5,091,360**	**$ 8,508,437**

(Expressed in Canadian Dollars, unless otherwise stated)

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

Filo del Sol Property (San Juan Province, Argentina)

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

Tamberias Property (Region III, Chile)

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

Pursuant to a series of amendments to the terms of the remaining option payments payable under the option agreement with Tamberias SCM, the last of which was executed on May 13, 2020 (the "Option Amendments"), the remaining option payments as at June 30, 2020, which were scheduled through to June 30, 2023 and totaled US$16.2 million, were rescheduled and extended through to June 30, 2026.

As at June 30, 2020, following a payment of US$150,000 pursuant to the Option Amendments, the Company's total remaining payments were as follows:

Payment by:	**Amount (US$)**
January 18, 2021*	150,000
June 30, 2021*	750,000
June 30, 2022	500,000
June 30, 2023	750,000
June 30, 2024	950,000
June 30, 2025	1,050,000
June 30, 2026	12,000,000
	16,150,000

* Pursuant to the Option Amendments, the Company has irrevocably committed to make these indicated payments. Accordingly, as at June 30, 2020, a corresponding amount has been recognized as an addition to mineral properties, with a corresponding amount recorded within trade payables and accrued liabilities. Payment of all subsequent amounts remain at the Company's sole option and discretion.

6. CREDIT FACILITIES

On January 12, 2019, the Company obtained an unsecured US$5.0 million credit facility (the "January 2019 Facility") from Zebra, a related party of the Company by virtue of its shareholding in the Company in excess of 20%, to provide additional financial flexibility to fund ongoing exploration at the Filo del Sol Project and for general corporate purposes. Zebra reports its security holdings in the Company as a joint actor, as the term is defined by Canadian securities regulations, with Lorito Holdings S.à.r.l. ("Lorito"), and at the time of entering into the January 2019 Facility they collectively held more than 20% of the Company's issued and outstanding common shares. The January 2019 Facility matured on July 12, 2020, and no interest was payable in cash during its term. As consideration for the January 2019 Facility, Zebra received 300 common shares each month, for every US$50,000 in principal outstanding, prorated accordingly for the number of days outstanding.

In June 2020, the Company entered into an agreement with Zebra, to obtain an additional unsecured US$5.0 million credit facility, which became accessible by the Company on July 12, 2020 (the "July 2020 Facility") and replaced the January 2019 Facility. The outstanding balance owed under the January 2019 Facility was transferred into the July 12, 2020 Facility. As consideration for the July 2020 Facility, Zebra will receive 480 common shares each month, for every US$50,000 in principal outstanding, prorated accordingly for the number of days outstanding. The July 2020 Facility matures on July 12, 2021, and no interest is payable in cash during its term.

As at June 30, 2020, a total of US$800,000 had been drawn and remained outstanding against the January 2019 Facility. During the three and six months ended June 30, 2020, no common shares were issued to Zebra pursuant to the credit facilities, however 2,780 common shares were issuable as at June 30, 2020, resulting in approximately $5,000 (2019: $485,000 and $681,000, respectively) in financing costs recognized through the consolidated statement of loss.

All common shares issued in conjunction with the facilities are subject to a four-month hold period under applicable securities laws.

7. SHARE CAPITAL

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

8. SHARE OPTIONS

a) Share option plan

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

b) Share option outstanding

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

(Expressed in Canadian Dollars, unless otherwise stated)

	Number of shares issuable pursuant to share options	**Weighted average exercise price per share**
Balance at January 1, 2019	6,647,500	$ 2.13
Options granted	2,395,000	2.75
Exercised	(598,333)	1.32
Expired or forfeited	(176,666)	2.19
Balance at December 31, 2019	8,267,501	$ 2.37
Expired or forfeited	(138,334)	2.37
Balance at June 30, 2020	8,129,167	$ 2.37

The following table details the share options outstanding and exercisable as at June 30, 2020:

	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
$2.00	1,950,000	1.43	$2.00	1,950,000	1.43	$2.00
$2.20	2,286,667	3.12	$2.20	1,501,667	3.12	$2.20
$2.50	1,547,500	2.21	$2.50	1,547,500	2.21	$2.50
$2.75	2,345,000	4.28	$2.75	798,334	4.28	$2.75
	8,129,167	2.88	$2.37	5,797,501	2.47	$2.29

c) Share-based compensation

	Three months ended June 30,		**Six months ended June 30,**	
	2020	**2019**	**2020**	**2019**
Exploration and project investigation	83,952	101,529	200,784	203,059
General and administration	339,955	344,103	683,486	688,225
	423,907	**445,632**	**884,270**	**891,284**

9. EXPLORATION AND PROJECT INVESTIGATION

Due to the geographic location of the Filo del Sol Project, the Company's business activities fluctuate with the seasons, through increased drilling and other exploration activities during the summer months in South America. As a result, a general recurring trend is the increase in exploration expenditures, and therefore net losses, for the fourth quarter and first quarter of a fiscal year, relative to the second and third quarters.

(Expressed in Canadian Dollars, unless otherwise stated)

The Company expensed the following exploration and project investigation costs, all incurred in South America, for the three and six months ended June 30, 2020 and 2019:

Three months ended June 30,		**Filo del Sol Project**	**Other**	**Total**
2020	Land holding and access costs	7,088	-	7,088
	Drilling, fuel, camp costs and field supplies	557,805	-	557,805
	Roadwork, travel and transport	182,788	-	182,788
	Consultants, geochemistry and geophysics	208,014	-	208,014
	Environmental and community relations	124,668	-	124,668
	VAT and other taxes	251,870	-	251,870
	Office, field and administrative salaries, overhead and other administrative costs	516,109	-	516,109
	Share-based compensation	83,952	-	83,952
	Total	**1,932,294**	**-**	**1,932,294**
2019	Land holding and access costs	326,286	1,155	327,441
	Drilling, fuel, camp costs and field supplies	675,055	-	675,055
	Roadwork, travel and transport	437,019	186	437,205
	Engineering and conceptual studies	198,794	-	198,794
	Consultants, geochemistry and geophysics	282,214	-	282,214
	Environmental and community relations	1,111,688	-	1,111,688
	VAT and other taxes	581,086	3,927	585,013
	Office, field and administrative salaries, overhead and other administrative costs	611,748	912	612,660
	Share-based compensation	100,950	579	101,529
	Total	**4,324,840**	**6,759**	**4,331,599**

(Expressed in Canadian Dollars, unless otherwise stated)

Six months ended June 30,		Filo del Sol Project	Other	Total
2020	Land holding and access costs	18,092	-	18,092
	Drilling, fuel, camp costs and field supplies	7,289,363	-	7,289,363
	Roadwork, travel and transport	1,693,805	-	1,693,805
	Consultants, geochemistry and geophysics	779,884	-	779,884
	Environmental and community relations	361,562	-	361,562
	VAT and other taxes	2,378,814	-	2,378,814
	Office, field and administrative salaries, overhead and other administrative costs	1,150,100	-	1,150,100
	Share-based compensation	200,784	-	200,784
	Total	**13,872,404**	**-**	**13,872,404**
2019	Land holding and access costs	399,067	54,348	453,415
	Drilling, fuel, camp costs and field supplies	6,268,563	-	6,268,563
	Roadwork, travel and transport	1,845,318	241	1,845,559
	Engineering and conceptual studies	309,794	-	309,794
	Consultants, geochemistry and geophysics	454,828	-	454,828
	Environmental and community relations	1,999,161	-	1,999,161
	VAT and other taxes	2,401,974	70,053	2,472,027
	Office, field and administrative salaries, overhead and other administrative costs	1,344,565	2,356	1,346,921
	Share-based compensation	201,357	1,702	203,059
	Total	**15,224,627**	**128,700**	**15,353,327**

(Expressed in Canadian Dollars, unless otherwise stated)

10. RELATED PARTY TRANSACTIONS

Under the normal course of operations, the Company may undertake transactions or hold balances with related parties. Other than those related party transactions identified elsewhere in these condensed interim consolidated financial statements, the Company also engages with Josemaria and NGEx Minerals Ltd. ("NGEx Minerals"), related parties by way of directors, officers and shareholders in common. Bofill Mir & Alvarez Jana Abogados Ltda. ("BMJAL"), a Chilean legal firm, is also considered a related party of the Company until June 18, 2020, as a named partner of BMJAL was also concurrently a director of the Company until such date.

a) Related party services

The Company has a cost sharing arrangement with Josemaria and NGEx Minerals. Under the terms of this arrangement, the Company provides management, technical, administrative and/or financial services (collectively, "Management Services") to Josemaria and NGEx Minerals, and vice versa. In addition, the Company engages BMJAL, as its legal counsel in Chile. These transactions were incurred in the normal course of operations, and are summarized as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	**2019**	**2020**	**2019**
Management Services to Josemaria	271,442	374,353	591,890	669,372
Management Services to NGEx Minerals	112,978	-	245,369	-
Management Services from Josemaria	(71,740)	(111,660)	(200,925)	(212,667)
Management Services from NGEx Minerals	(101,950)	-	(257,342)	-
Legal services from BMJAL	(14,302)	-	(38,676)	(35,135)

b) Related party balances

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

	Related Party	**June 30, 2020**	**December 31, 2019**
Receivables and other assets	Josemaria	334,995	196,489
Receivables and other assets	NGEx Minerals	32,779	64,222
Accounts payable and accrued liabilities	Josemaria	(93,503)	(220,366)
Accounts payable and accrued liabilities	NGEx Minerals	(33,873)	(57,490)
Accounts payable and accrued liabilities	BMJAL	-	(22,617)

(Expressed in Canadian Dollars, unless otherwise stated)

c) Key management compensation

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

	Three months ended June 30,		Six months ended June 30,	
	2020	**2019**	**2020**	**2019**
Salaries	167,625	271,875	353,875	543,750
Short-term employee benefits	6,694	12,693	13,389	25,789
Directors fees	24,250	24,250	48,500	48,500
Stock-based compensation	315,936	322,528	631,859	645,068
	514,505	**631,346**	**1,047,623**	**1,263,107**

11. SEGMENTED INFORMATION

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

(Expressed in Canadian Dollars, unless otherwise stated)

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

As at		Filo del Sol Project	Other	Corporate	Total
June 30, 2020	Current assets	3,086,658	-	243,107	3,329,765
	Right-of-use asset	24,299	-	-	24,299
	Mineral properties	8,508,437	-	-	8,508,437
	Total assets	11,619,394	-	243,107	11,862,501
	Current liabilities	2,519,825	-	433,856	2,953,681
	Amounts owing pursuant to credit facility	-	-	1,090,240	1,090,240
	Lease liabilities	2,308	-	-	2,308
	Total liabilities	2,522,133	-	1,524,096	4,046,229
December 31, 2019	Current assets	6,509,343	-	9,840,063	16,349,406
	Right-of-use asset	88,832	-	-	88,832
	Mineral properties	7,312,220	-	-	7,312,220
	Total assets	13,910,395	-	9,840,063	23,750,458
	Current liabilities	3,233,542	-	380,661	3,614,203
	Lease liabilities	12,145	-	-	12,145
	Total liabilities	3,245,687	-	380,661	3,626,348

(Expressed in Canadian Dollars, unless otherwise stated)

Three months ended June 30,		**Filo del Sol Project**	**Other**	**Corporate**	**Total**
2020	Exploration and project investigation	1,932,294	-	-	1,932,294
	General and administration and other items	(1,794,156)	-	1,124,069	(670,087)
	Net loss	138,138	-	1,124,069	1,262,207
2019	Exploration and project investigation	4,324,840	6,759	-	4,331,599
	General and administration and other items	57,245	-	947,039	1,004,284
	Net loss	4,382,085	6,759	947,039	5,335,883

Six months ended June 30,		**Filo del Sol Project**	**Other**	**Corporate**	**Total**
2020	Exploration and project investigation	13,872,404	-	-	13,872,404
	General and administration and other items	(2,760,199)	-	1,985,752	(774,447)
	Net loss	11,112,205	-	1,985,752	13,097,957
2019	Exploration and project investigation	15,224,627	128,700	-	15,353,327
	General and administration and other items	(93,977)	-	2,168,345	2,074,368
	Net loss	15,130,650	128,700	2,168,345	17,427,695

12. USE OF MARKETABLE SECURITIES

From time to time, the Company may acquire and transfer marketable securities to facilitate intragroup funding transfers between the Canadian parent and its Argentine operating subsidiary.

The Company does not acquire marketable securities or engage in these transactions for speculative purposes. In this regard, under this strategy, the Company generally uses marketable securities of large and well established companies, with high trading volumes and low volatility. Nonetheless, as the process to acquire, transfer and ultimately sell the marketable securities occurs over approximately several days, some fluctuations are unavoidable.

As the marketable securities are acquired with the intention of a near term sale, they are considered financial instrument that are held for trading in accordance with IFRS 9, *Financial Instruments*. Accordingly, all changes in the fair value of the instruments, between acquisition and disposition, are recognized through profit or loss.

As a result of having utilized this mechanism for intragroup funding for the three and six months ended June 30, 2020, the Company realized net gains of respectively $1,783,579 and $2,526,769, (2019: $nil). For the three months ended June 30, 2020, the net gain was comprised of a favorable foreign currency impact of $2,032,760 (2019: $nil) and an incidental trading loss of $249,182 (2019: $nil). For the six months ended June 30, 2020, the net gain was comprised of a favorable foreign currency impact of $2,863,345 (2019: $nil) and an incidental trading loss of $336,576 (2019: $nil).

13. COMMITMENTS

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

As of June 30, 2020, the Company has one remaining payment of US$315,875, which is payable in November 2020.

14. COVID-19 IMPACT AND RESPONSE

On March 11, 2020, the World Health Organization officially declared the global outbreak of the novel coronavirus, COVID-19, a pandemic. The impacts of COVID-19 on global commerce and financial markets to date have been broad and significant.

The Company continues to respond to the COVID-19 pandemic within the framework of internal protocols, and local and national health authority requirements and recommendations. The health and safety of the Company's employees, contractors, visitors, and stakeholders (collectively, "Stakeholders") remain Filo Mining's top priority. The Company's camp facilities and offices have implemented travel restrictions, surveillance, monitoring and response plans to reduce the risk of COVID-19 exposure and outbreak, including health screening of personnel when appropriate. All non-critical business travel has also been curtailed.

The Company is monitoring developments with respect to COVID-19, both globally and within its operating jurisdictions, and will implement any such changes to its business as may be deemed appropriate to mitigate any potential impacts to its business and its Stakeholders. Such changes, may include, but are not limited to, temporary closures of the Company's project site or offices, and deviations from the timing and nature of previous operating plans. Moreover, sustained COVID-19 outbreaks have resulted in operational and supply chain delays and disruption as a result of governmental regulation and preventative measures being implemented worldwide, including in Argentina. The Company could be required to close, curtail or otherwise limit its operating activities as a result of the implementation of any such governmental regulation or preventative measures in the jurisdictions in which the Company operates. Any such closures or curtailments could have an adverse impact on the business of the Company.

As of the date of these condensed interim consolidated financial statements, the government of Argentina has implemented certain travel restrictions to limit the spread of COVID-19. Per the latest Argentine government policy, any foreigner who is not a resident in Argentina will not be permitted to enter Argentina. In addition, travel restrictions have been imposed by certain provincial authorities on inter-provincial travel within Argentina. In Chile, the government has declared a 90-day state of emergency, which took effect March 19, 2020, and was renewed on June 16, 2020 for an additional 90 days. Effective March 18, 2020, Chile's borders are closed for entry. Chilean citizens and permanent residents are exempted and may still enter Chile at this time. All foreigners and Chileans entering Chile are subject to a mandatory 14-day self-quarantine.

The COVID-19-related health and safety regulations implemented by health officials in the Company's operating jurisdictions continue to evolve, and the Company has employed certain practices and procedures to stay abreast of, and remain adaptable to, the fluid situation. Such practices and procedures include, but are not limited to: analysis of alternate staffing schedules, rotations and accommodation arrangements; development of internal testing and quarantine protocols, including early identification of suitable quarantine locations; and regular dialogue with local government and health officials. As a result of its current strategies, the Company is confident that it can safely and effectively carry out a 2020/2021 field program, however, this expectation will be continuously evaluated as the situation with respect to the COVID-19 pandemic in South America develops.

As of the date of these condensed interim consolidated financial statements, the Company cannot yet determine the impact of the COVID-19 pandemic on its financial position, results of operations and cash flows for the year ending December 31, 2020 and beyond.
On July 30, 2020, the Company completed an equity financing with gross proceeds totaling $41.7 million (Note 15), however its near term plans to deploy this capital to advance its exploration assets are contingent upon its ability to access its properties and facilities and move employees, equipment and contractors to and from the project site. Should COVID-19 related travel restrictions remain unchanged, particularly in Chile and Argentina, it is anticipated that the Company's cash expenditures, exploration costs and resulting net losses will be reduced.

In addition, the Company's longer term business plans remain dependent on its ability to obtain additional financing through global financial markets. It is anticipated that should the COVID-19 pandemic and/or the general depression of financial markets persist in the longer term, the Company's ability to access financing on favorable terms may be negatively impacted.

15. SUBSEQUENT EQUITY FINANCING

On July 30, 2020, the Company closed a bought deal offering of common shares and a concurrent non-brokered private placement of common shares (the "Financings"). In aggregate, 22,538,235 common shares of the Company were sold at a price of $1.85 per common share (the "Price"), generating aggregate gross proceeds of $41.7 million. Share issuance costs related to the Financings are anticipated to total approximately $1.2 million, and included commissions, professional fees and regulatory fees.

Zebra and Lorito, which report their shareholding in the Company as joint actors, as the term is defined by Canadian securities regulations, and are related parties of the Company by virtue of their combined shareholding in the Company in excess of 20%, acquired 7,030,008 common shares of the Company through the Financings, for gross proceeds of $13.0 million. Zebra and Lorito each subscribed to 3,515,004 common shares pursuant to the concurrent non-brokered private placement of common shares. On July 30, 2020, following the close of the Financings, Zebra and Lorito held 25.05% and 9.96%, respectively, of the then issued and outstanding common shares of the Company.

Following closing of the Financings, approximately $1.3 million of the net proceeds was used by the Company to fully repay amounts drawn under the credit facility extended by Zebra. The Company plans to use the remaining net proceeds for exploration and development of the Filo del Sol Project, as well as for working capital, corporate overhead and general and administrative purposes.

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VP Exploration
Jeffrey Yip
Chief Financial Officer
Brenda Nowak
Corporate Secretary

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