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

For the Six Month Period Ended June 30, 2019
(UNAUDITED)

FILO MINING CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE AND SIX MONTHS ENDED JUNE 30, 2019
(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, 2019 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 financing statements, including IAS 34, *Interim Financial Reporting*. The effective date of this MD&A is August 6, 2019. Additional information about the Company and its business activities is available on SEDAR at www.sedar.com and the Company's website www.filo-mining.com.

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

CORE BUSINESS

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

The Company has completed a pre-feasibility study ("PFS") on the Filo del Sol Project, effective as of January 13, 2019, which continues to illustrate the project's robust economic potential. The PFS, which was based only on the oxide portion of the current Mineral Resource and used a copper price of US$ 3.00/lb, 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 PFS also introduced an initial Probable Mineral Reserve estimate for the project, which, at a 0.01 US$/tonne Net Value per Tonne ("NVPT") cut-off, is comprised of 259.1 million tonnes at 0.39% copper, 0.33 g/t gold and 15.1 g/t silver, containing 2.2 billion pounds of copper, 2.8 million ounces of gold and 126.0 million ounces of silver.

The Company's most recent Mineral Resource estimate for the Filo del Sol Project, effective as of June 11, 2018, is comprised of 425.1 million tonnes at 0.33% copper, 0.32 g/t gold and 10.7 g/t silver, containing 3.1 billion pounds of copper, 4.4 million ounces of gold and 146.9 million ounces of silver in the Indicated category, and an Inferred Mineral Resource estimate of 175.1 million tonnes at 0.27% copper, 0.33 g/t gold and 6.2 g/t silver for 1.1 billion pounds of copper, 1.8 million ounces of gold and 34.8 million ounces of silver. Moreover, the Filo del Sol Project continues to hold significant exploration potential, with less than 20% of the project area explored to date.

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 completing engineering and other studies that are required to prepare the Filo del Sol Project for eventual development by the Company or by third parties.

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

SECOND QUARTER 2019 OPERATING HIGHLIGHTS

Filo Mining Confirms Further Porphyry Mineralization at Depth

During the 2018/2019 field season, the Company successfully completed a seven diamond hole, 4,747 metre drill campaign by the end of March 2019, which was designed to test the potential for a copper porphyry system below the current resource.

The final batch of assay results related to the 2018/2019 drill program were received in May 2019, which confirmed that the current Mineral Resource is underlain by a significant porphyry copper-gold system, extending to depths of over 1,000 metres below surface, 530 metres deeper than previously known, with six of the seven holes ending in mineralization. The assay results from the 2018/2019 drill campaign are summarized in the following table:

Hole-ID	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)	Ag (g/t)
FSDH025	0.0	1,025.0	1,025.0	0.30	0.22	1.6
incl.	334.0	466.0	132.0	0.48	0.30	1.2
FSDH026	0.0	613.9	613.9	0.39	0.34	1.6
incl.	14.0	474.0	460.0	0.45	0.34	1.6
and incl.	14.0	94.0	80.0	0.73	0.43	1.8
and incl.	228.0	316.0	88.0	0.50	0.33	1.4
and incl.	420.0	474.0	54.0	0.49	0.37	3.3
FSDH027	0.0	545.4	545.4	0.22	0.28	1.8
incl.	318.0	422.0	104.0	0.37	0.34	3.5
FSDH028	16.0	563.5	547.5	0.40	0.78	8.0
incl.	**155.0**	**164.0**	**9.0**	**0.18**	**22.04**	**15.2**
and incl.	390.0	563.5	173.5	0.55	0.54	12.9
incl.	**496.0**	**563.5**	**67.5**	**0.61**	**0.68**	**24.0**
FSDH029	0.0	800.1	800.1	0.24	0.26	1.8
incl.	6.0	42.0	36.0	0.78	0.20	3.1
FSDH030	134.0	512.0	378.0	0.44	0.89	42.5
incl.	190.0	244.0	54.0	1.05	0.83	1.4
and incl.	262.0	388.0	126.0	0.19	1.79	121.5
incl.	**262.0**	**274.0**	**12.0**	**0.54**	**12.60**	**260.1**
and incl.	388.0	512.0	124.0	0.49	0.40	2.6
FSDH031	212.0	216.0	4.0	0.08	3.18	10.5

These findings represent a step change in the Company's understanding of the deposit geology at the Filo del Sol Project, and continue to suggest that the current Mineral Resource is only a small portion of a much larger mineralization system. Through completion of the 2018/2019 field work, the Company has successfully demonstrated the significant untapped potential to increase the size of the Filo del Sol deposit beyond the current Mineral Resource, with continuous mineralization over a distance of 3 kilometres north-south and the deposit remaining open in both directions and at depth.

Identification of Water Source at Project

Also during the 2018/2019 field season, the Company completed a hydrogeological drill program, which successfully identified potential ground water sources to support the future development of the Filo del Sol Project. Although further testing will be required for production scale well development, the identification of a water source is an important achievement and continues to de-risk the project.

CORPORATE UPDATE

Credit Facilities

On April 26, 2019, the Company obtained an unsecured US$ 4.0 million credit facility (the "April 2019 Facility") from Zebra Holdings and Investments S.à.r.l ("Zebra"), a related party of the Company by virtue of its shareholding in the Company in excess of 20%. Through the April 2019 Facility and two separate facilities entered into between January and February 2019 in the amount of US$ 5.0 million each (collectively, the "Facilities"), the Company now has access to US$ 14.0 million, which is being used, as necessary, to fund ongoing exploration at the Filo del Sol Project and for general corporate purposes. As consideration for the April 2019 Facility, Zebra received 6,000 common shares of the Company upon execution thereof, and will receive an additional 300 common shares each month, for every US$ 50,000 in principal outstanding on the facility, prorated accordingly for the number of days outstanding. The April 2019 Facility matures on April 26, 2020, and no interest is payable in cash during its term. As at June 30, 2019, US$ 13.35 million has been drawn against the Facilities.

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

OUTLOOK

While the Filo del Sol Project represents a compelling production case, as outlined in the PFS, with an after-tax NPV of US$ 1.28 billion at an 8% discount rate and an IRR of 23%, the exploration results arising out of the 2018/2019 drill program, as described above, highlight potentially transformative upside for the flagship asset's size, scope and economic potential. Accordingly, for its 2019/2020 field campaign, the Company is currently planning to further drill the copper-gold porphyry system underlying the current Mineral Resource, which it believes will unlock value at the project for its shareholders. The Company anticipates that this 2019/2020 drill program will commence around November or December 2019, with the first set of assay results available in early 2020.

Also during the 2019/2020 season, the Company plans to continue ongoing environmental baseline studies and related data collection, which will facilitate the undertaking of studies and permitting applications with respect to the Filo del Sol Project in the future.

The Company continues to review all financing options with respect to the planned 2019/2020 field program.

RESULTS FROM OPERATIONS

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

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

Three Months Ended	Jun-19	Mar-19	Dec-18	Sep-18	Jun-18	Mar-18	Dec-17	Sep-17
Exploration costs ($000's)	4,332	11,022	5,183	2,208	3,595	13,132	3,605	1,227
Operating loss ($000's)	5,243	12,030	6,201	3,816	4,433	14,626	4,564	2,538
Net loss ($000's)	5,336	12,092	6,191	3,865	4,446	14,389	4,580	2,549
Net loss per share, basic and diluted ($)	0.07	0.17	0.09	0.05	0.06	0.22	0.07	0.04

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 $5.3 million and $17.4 million (2018: $4.4 million and $18.8 million), respectively, for the three and six months ended June 30, 2019. Exploration and project investigation costs are the most significant expenditures of the Company and account for approximately 81% and 88% (2018: 81% and 89%) of the net losses, respectively, during the three and six months ended June 30, 2019. 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 months ended June 30, 2019 were $4.3 million, which increased relative to the comparative period (2018: $3.6 million). This increase is due primarily to the execution of a hydrogeological drill program during the three months ended June 30, 2019, to continue de-risking the project by identifying a source of industrial water. During the 2018 comparative period, only ongoing environmental baseline and data collection programs were being conducted.

Exploration and project investigation costs for the six months ended June 30, 2019 totalled $15.4 million, which decreased in comparison to the 2018 comparative period (2018: $16.7 million). This overall decrease is the result of the larger exploration program which was undertaken during the 2017/2018 field season, which ran from October 2017 to March 2018, to generate and collect data in support of the PFS on the Filo del Sol Project, and increased technical costs related to study, such as metallurgical testwork. By comparison, the 2018/2019 field campaign that was undertaken during the first half of 2019 was focused on deep, diamond drilling, and was a smaller program overall. Detailed breakdowns of exploration costs for the three and six months ended June 30, 2019 and 2018, 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, 2019 were $0.6 million and $1.2 million (2018: $0.5 million and $1.7 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 six months ended June 30, 2019 were lower compared to the 2018 comparative period due primarily to lower compensation costs. Specifically, compensation costs for the six months ended June 30, 2019, were reduced due to the payment of management incentive bonuses awarded in March 2018, whereas no such incentive awards have been granted in the during the first half of 2019. In addition, travel and promotion costs incurred during the six months ended June 30, 2019 were less than those incurred during the comparative period as a result of additional promotional activities undertaken in support of an equity financing, which closed in February 2018 and yielded aggregate gross proceeds of $25.5 million.

During the three and six months ended June 30, 2019, the Company reported financing costs of $490,000 and $692,000, respectively, which increased relative to the comparative periods (2018: $nil and $32,000). This increase is the result of the Company's heavier use of the Facilities, as extended by Zebra during the three and six months ended June 30, 2019, and the larger resulting number of shares issued and issuable to Zebra as a result thereof.

Also, during the three and six months ended June 30, 2019, the Company recognized a monetary loss of $52,000 and a gain of $104,000 (2018: $nil and $nil) in relation to the application of hyper-inflationary accounting for the Company's Argentine subsidiary, which began July 1, 2018. The monetary loss and gains 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 hyper-inflationary accounting has been provided in the notes to the condensed interim consolidated financial statements.

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

In other comprehensive income, the Company reported foreign exchange translation losses of $103,000 and $77,000 (2018: $532,000 and $313,000), respectively, for the three and six months ended June 30, 2019, 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, 2019, the foreign exchange translation gain is primarily the result of fluctuations of the Canadian dollar relative to the Chilean peso. In the comparative periods, the foreign exchange translation gain also incorporated the impacts of fluctuations of the Canadian dollar exchange rate relative to the Argentine peso, however this ceased on July 1, 2018, with the Company's application of hyper-inflation accounting for the Company's Argentine subsidiary. As a result, beginning July 1, 2018, the Company began recognizing the impact of hyperinflation within other comprehensive income. For the three and six months ended June 30, 2019, the impact of hyperinflation was a gain of $262,000 and loss of $334,000 million (2018: $nil and $nil), respectively, and consists 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 currency following July 1, 2018, as mentioned above.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2019, the Company had cash of $0.6 million and a net working capital deficit of $10.5 million, which includes $11.1 million drawn and outstanding against the Facilities, compared to cash of $2.4 million and a net working capital deficit of $0.6 million, as at December 31, 2018.

Based on Filo Mining's financial position at June 30, 2019, the Company anticipates the need for further funding to support a planned field program at its South American operations, and for general corporate and working capital purposes. The Company is currently evaluating potential additional sources of financing. Historically, capital requirements have been primarily funded through equity financing, joint ventures, disposition of mineral properties and investments, and the use of short-term credit facilities extended by Zebra, a related party by virtue of its shareholding in the Company in excess of 20%. While management is confident that additional sources of funding will be secured to fund planned expenditures for at least twelve months from June 30, 2019, factors that could affect the availability of financing include the progress and results of ongoing exploration at the Company's mineral properties, the state of international debt and equity markets, and investor perceptions and expectations of the global copper, gold, and/or silver markets. There can be no assurance that such financing will be available in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. If necessary, the Company may explore opportunities to revise the due dates of its liabilities, and/or settle its liabilities through the issuance of the common shares and other equity instruments. Based on the amount of funding raised, the Company's planned initiatives and other work programs may be postponed, or otherwise revised, as necessary.

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. ("NGEx")), a related party by way of directors, officers and shareholders in common, and Bofill Mir & Alvarez Jana Abogados Ltda. ("BMJAL"), a Chilean legal firm, of which a director of the Company is a partner.

Related party services

The Company has a cost sharing arrangement with Josemaria. Under the terms of this arrangement, the Company provides executive management, technical exploration and exploration support services to Josemaria, and Josemaria provides technical advisory and administrative services to the Company. 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,**	
	2019	**2018**	**2019**	**2018**
Executive management, technical exploration and exploration support services to Josemaria	374,353	160,608	669,372	333,125
Technical advisory and administrative services from Josemaria	(111,660)	(177,513)	(212,667)	(359,261)
Legal services from BMJAL	-	15,780	35,135	34,020

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, 2019**	**December 31, 2018**
Receivables and other assets	Josemaria	1,937,694	523,244
Accounts payable and accrued liabilities	Josemaria	(751,100)	(77,492)
Accounts payable and accrued liabilities	BMJAL	(12,147)	(15,463)

Extended Camp Use Agreement

On June 26, 2019, the Company, through its wholly-owned subsidiary, entered into a transaction with a wholly-owned subsidiary of Josemaria whereby the Company extended its right to use Josemaria's Batidero Camp in Argentina until at least April 1, 2021, being the end of the 2020/2021 field season, in exchange for a cash consideration of US$ 235,000, or approximately $331,000 (the "Extended Camp Use Agreement"). Accordingly, as at June 30, 2019, $331,000 has been recognized in prepaid expenses, which shall be amortized over the duration of the Company's aforementioned right to the Batidero facilities.

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,	
	2019	**2018**	**2019**	**2018**
Salaries	271,875	271,875	543,750	543,750
Short-term employee benefits	12,693	10,714	25,789	21,428
Directors fees	24,250	24,250	48,500	48,500
Stock-based compensation	322,528	280,096	645,068	560,209
Incentive bonuses	-	-	-	470,000
	631,346	**586,935**	**1,263,107**	**1,643,887**

SIGNIFICANT ACCOUNTING POLICIES

The Company continues to follow the accounting policies described in Notes 3, 4, and 5 of the Company's December 31, 2018 audited consolidated financial statements, as filed on SEDAR at www.sedar.com on March 19, 2019, except for the adoption of IFRS 16, *Leases,* effective January 1, 2019, as summarized below.

IFRS 16, *Leases*

On January 1, 2019, the Company adopted IFRS 16, *Leases*, which 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 almost all leases, unless the lease term is 12 months or less or the underlying asset has a low value.

The Company has adopted IFRS 16 retrospective from January 1, 2019, but has not restated the 2018 comparative periods presented, as permitted under the specific transitional provision in the standard. Accordingly, any adjustments arising from the new lease accounting rules have been recognized in the opening balance sheet on January 1, 2019.

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases, which were previously classified as 'operating leases' under the principles of the predecessor standard, IAS 17, *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at January 1, 2019. The weighted average incremental borrowing rate used to measure the opening lease liability on January 1, 2019 was 12.6%. Accordingly, on January 1, 2019, the Company recognized a total lease liability in the amount of approximately $199,000.

On January 1, 2019, the Company did not have any leases, which were previously classified as finance leases under IAS 17.

A corresponding right-of-use asset has also been recognized on January 1, 2019, in relation to the leased properties, mainly offices and warehouses in South America, which was measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments recognized at the date of initial application, as applicable. The Company did not have any onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. Accordingly, on January 1, 2019, the Company recognized a total right-of-use asset in the amount of approximately $199,000.

In applying IFRS 16 for the first time, the Company used a practical expedient permitted by the standard, which allowed the Company to not reassess whether its contracts are, or contain, a lease at the date of initial application. Instead, pursuant to this practical expedient, for contracts entered into before the transition date, the Company was permitted to rely on its previous assessments made under IAS 17 and IFRIC 4, *Determining Whether an Arrangement Contains a Lease*.

Please refer to Note 3 to the Company's unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2019, for further details regarding the Company's adoption of IFRS 16.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRS, such as the underlying condensed interim consolidated financial statements for three months ended March 31, 2019, 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 2018 MD&A filed on SEDAR at www.sedar.com on March 19, 2019.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables and other assets, trade payables and accrued liabilities, and the 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, 2019, 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 and creditors, such as Zebra. The Company also closely monitors and reviews its costs to date and actual cash flows on a monthly basis.

    Based on Filo Mining's financial position at June 30, 2019, the Company anticipates the need for further funding to support a planned field program at its South American operations, and for general corporate and working capital purposes. Please refer to the discussion provided in the Liquidity and Capital Resources section above for further details.

The maturities of the Company's financial liabilities as at June 30, 2019, are as follows:

	Total	**Less than 1 year**	**1-5 years**	**More than 5 years**
Accounts payable and accrued liabilities	2,975,362	2,975,362	-	-
Amounts owing pursuant to the Facilities	17,660,039	11,114,839	6,545,200	
Lease liabilities	141,471	114,067	27,404	
Total	**20,776,872**	**14,204,268**	**6,572,604**	**-**

(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, 2019, the Company's largest foreign currency risk exposure existed at the level of its Canadian headquarters, Filo Mining Corp., where the Company held a net financial liability position denominated in US dollars having a Canadian dollar equivalent of approximately $17.4 million. A 10% change in the foreign exchange rate between the US dollar, and the Canadian dollar, Filo Mining Corp.'s functional currency, would give rise to increases/decreases of approximately $1.7 million in financial position/comprehensive loss.

OUTSTANDING SHARE DATA

As at August 6, 2019, the Company had 73,441,278 common shares outstanding and 5,929,167 share options outstanding under its share-based incentive plan.

FINANCIAL INFORMATION

The Company's next scheduled interim report will be for the three and nine months ended September 30, 2019, which is expected to be published on or around November 7, 2019.

RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business which includes the acquisition, financing, exploration, development and operation of 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 2018 MD&A, as filed on SEDAR at www.sedar.com on March 19, 2019.

QUALIFIED PERSON

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

The Company believes that the expectations reflected in the forward-looking statements and information included in this MD&A are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements and information should not be unduly relied upon. This statement and information is as of the date of the MD&A. In particular, this MD&A contains forward-looking statements or information pertaining to the assumptions used in the 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: the potential copper-gold porphyry system underlying the current Filo del Sol deposit and the undertaking of and timing for an exploration drill program to test the system, including the expected timing of results related thereto; the ability of the Company to satisfy the conditions of the Company's existing credit facilities, including repayment upon their maturity; the ability of the Company to secure additional financing and/or the quantum and terms thereof; exploration and development plans and expenditures; the timing and nature of studies and any potential development scenarios; opportunities to improve project economics; the success of future exploration activities; potential for resource expansion; potential for the discovery of new mineral deposits; ability to build shareholder value; expectations with regard to adding to mineral 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, 2019**	**December 31, 2018**
ASSETS			
Current assets:			
Cash		$ 568,485	$ 2,405,109
Receivables and other assets	*5*	3,126,654	2,414,486
		3,695,139	4,819,595
Non-current assets:			
Right-of-use asset		146,796	-
Mineral properties	*6*	7,725,685	7,118,233
		7,872,481	7,118,233
TOTAL ASSETS		11,567,620	11,937,828
LIABILITIES			
Current liabilities:			
Trade payables and accrued liabilities		2,975,362	3,218,576
Amounts owing pursuant to credit facility	*7*	11,114,839	2,202,548
Lease liabilities		114,067	-
		14,204,268	5,421,124
Non-current liabilities:			
Amounts owing pursuant to credit facility	*7*	6,545,200	-
Lease liabilities		27,404	-
		6,572,604	-
TOTAL LIABILITIES		20,776,872	5,421,124
SHAREHOLDERS' EQUITY			
Share capital	*8*	85,821,971	84,350,227
Contributed surplus		6,195,479	5,554,793
Deficit		(100,671,735)	(83,244,040)
Accumulated other comprehensive loss		(554,967)	(144,276)
TOTAL SHAREHOLDERS' EQUITY		(9,209,252)	6,516,704
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 11,567,620	$ 11,937,828

Nature of Operations and Liquidity (Note 1)
Commitments (Note 13)

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

On behalf of the Board:

/s/Alessandro Bitelli
Director

/s/Adam I. Lundin
Director

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

	Note	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Expenses					
Exploration and project investigation	*10*	$ 4,331,599	$ 3,595,476	$ 15,353,327	$ 16,727,769
General and administration:					
Salaries and benefits		300,915	276,062	619,726	1,090,665
Share-based compensation	*9c*	344,103	297,780	688,225	595,587
Management fees		59,025	55,075	118,050	108,175
Professional fees		37,520	22,585	98,468	70,149
Travel		47,242	40,090	82,050	119,433
Promotion and public relations		69,121	101,860	149,150	236,340
Office and general		53,270	43,705	164,091	110,729
Operating loss		5,242,795	4,432,633	17,273,087	19,058,847
Other expenses					
Financing costs	*3,7*	490,188	-	691,538	31,980
Foreign exchange loss (gain)		(449,479)	13,223	(432,619)	166,519
Net monetary loss	*4*	52,379	-	(104,311)	-
Gain on disposal of mineral properties		-	-	-	(422,635)
Net loss		5,335,883	4,445,856	17,427,695	18,834,711
Other comprehensive loss					
Items that may be reclassified subsequently to net loss:					
Foreign currency translation adjustment		103,381	532,066	76,710	313,336
Impact of hyperinflation	*4*	(262,219)	-	333,981	-
Comprehensive loss		$ 5,177,045	$ 4,977,922	$ 17,838,386	$ 19,148,047
Basic and diluted loss per common share		$ 0.07	$ 0.06	$ 0.24	$ 0.27
Weighted average common shares outstanding		73,131,302	72,326,730	72,950,131	69,079,112

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, 2019	2018
Cash flows used in operating activities			
Net loss for the period		$ (17,427,695)	$ (18,834,711)
Items not involving cash:			
Share-based compensation	*9c*	891,284	743,260
Financing costs	*3,7*	691,538	31,980
Net monetary loss		321,415	-
Unrealized foreign exchange gain		(454,021)	-
Gain on disposal of mineral properties		-	(422,635)
Net changes in working capital items:			
Receivables and other		(934,293)	425,229
Trade payables and accrued liabilities		79,776	(300,273)
		(16,831,996)	(18,357,150)
Cash flows from financing activities			
Drawdown of credit facility, net		15,748,895	-
Proceeds from exercise of share options		702,557	358,693
Repayment of lease liabilities		(51,704)	-
Proceeds from the equity financings, net		-	24,384,864
		16,399,748	24,743,557
Cash flows used in investing activities			
Mineral properties and related expenditures	*6*	(654,579)	(528,895)
Proceeds from disposal of mineral properties		-	64,919
		(654,579)	(463,976)
Effect of exchange rate change on cash		(749,797)	(218,707)
Increase (decrease) in cash during the period		(1,836,624)	5,703,724
Cash, beginning of period		$ 2,405,109	$ 2,417,407
Cash, end of period		$ 568,485	$ 8,121,131

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, 2018		62,268,450	$ 59,481,338	$ 2,877,642	$ (54,352,813)	$ (65,235)	$ 7,940,932
Share-based compensation		-	-	743,260	-	-	743,260
Shares issued pursuant to the equity financings		9,823,195	25,540,307	-	-	-	25,540,307
Share issuance costs		-	(1,155,443)	-	-	-	(1,155,443)
Shares issued pursuant to credit facility		12,300	31,980	-	-	-	31,980
Exercise of options		429,584	387,873	(29,180)	-	-	358,693
Net loss and other comprehensive income		-	-	-	(18,834,711)	(313,336)	(19,148,047)
Balance, June 30, 2018		**72,533,529**	**$ 84,286,055**	**$ 3,591,722**	**$(73,187,524)**	**$ (378,571)**	**$ 14,311,682**
Balance, January 1, 2019		72,575,195	$ 84,350,227	$ 5,554,793	$ (83,244,040)	$ (144,276)	$ 6,516,704
Share-based compensation	*9c*	-	-	891,284	-	-	891,284
Shares issued pursuant to credit facility		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)**

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

1. NATURE OF OPERATIONS AND LIQUIDITY

Filo Mining Corp. (the "Company" or "Filo Mining") was incorporated on May 12, 2016 under the Canada Business Corporations Act in connection with the plan of arrangement to reorganize Josemarie 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 Exchange under the symbol "FIL".

While these condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that it will be able to meet its existing obligations and commitments and fund ongoing operations in the normal course of business for at least twelve months from June 30, 2019, the Company anticipates the need for further funding to support its South American operations, and for general corporate and working capital purposes. The Company is currently evaluating potential additional sources of financing. Historically, capital requirements have been primarily funded through equity financing, joint ventures, disposition of mineral properties and investments, and the use of short-term credit facilities extended by Zebra Holdings and Investments S.à.r.l ("Zebra"), a related party by virtue of its shareholding in the Company in excess of 20%. While management is confident that additional sources of funding will be secured to fund planned expenditures for at least twelve months from June 30, 2019, factors that could affect the availability of financing include the progress and results of ongoing exploration at the Company's mineral properties, the state of international debt and equity markets, and investor perceptions and expectations of the global copper, gold, and/or silver markets. There can be no assurance that such financing will be available in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. If necessary, the Company may explore opportunities to revise the due dates of its liabilities, and/or settle its liabilities through the issuance of the common shares and other equity instruments. Based on the amount of funding raised, the Company's planned initiatives and other work programs may be postponed, or otherwise revised, as necessary.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. As such, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2018. In preparation of these condensed interim consolidated financial statements, the Company has consistently applied the same accounting policies as disclosed in Notes 3, 4 and 5 to the audited consolidated financial statements for the year ended December 31, 2018, except for the newly adopted accounting policy as noted in Note 3 below.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on August 6, 2019.

3. ADOPTION OF NEW ACCOUNTING POLICY: LEASES

On January 1, 2019, the Company adopted IFRS 16, *Leases*, which 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 almost all leases, unless the lease term is 12 months or less or the underlying asset has a low value, in which case, lease payments are recognized as an expense on a straight-line basis over the lease term or another systematic basis, if deemed more representative.

The Company has adopted IFRS 16 retrospective from January 1, 2019, but has not restated the 2018 comparative periods presented, as permitted under the specific transitional provision in the standard. Accordingly, any adjustments arising from the new lease accounting rules have been recognized in the opening balance sheet on January 1, 2019.

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases, which were previously classified as 'operating leases' under the principles of the predecessor standard, IAS 17, *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at January 1, 2019. The weighted average incremental borrowing rate used to measure the opening lease liability on January 1, 2019 was 12.6%. Accordingly, on January 1, 2019, the Company recognized a total lease liability in the amount of approximately $199,000.

On January 1, 2019, the Company did not have any leases, which were previously classified as finance leases under IAS 17.

A corresponding right-of-use asset has also been recognized on January 1, 2019, in relation to the leased properties, mainly offices and warehouses in South America, which was measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments recognized at the date of initial application, as applicable. The Company did not have any onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. Accordingly, on January 1, 2019, the Company recognized a total right-of-use asset in the amount of approximately $199,000.

In applying IFRS 16 for the first time, the Company used a practical expedient permitted by the standard, which allowed the Company to not reassess whether its contracts are, or contain, a lease at the date of initial application. Instead, pursuant to this practical expedient, for contracts entered into before the transition date, the Company was permitted to rely on its previous assessments made under IAS 17 and IFRIC 4, *Determining Whether an Arrangement Contains a Lease*.

As a result of adopting IFRS 16, the Company recognized accretion on the lease liability in the amount of approximately $5,000 and $10,000 respectively for the three and six months ended June 30, 2019, as financing costs in the consolidated statement of loss. The Company also recognized approximately $26,000 and $52,000 respectively for the three and six months ended June 30, 2019, in amortization of the right-of-use asset through exploration and project investigation costs.

4. 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 ("FACPCE").

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

The Company recognized a gain of approximately $262,000 for the three months ended June 30, 2019 (2018: $nil), in relation to the impact of hyperinflation within other comprehensive income, which is primarily the result of appreciation of the Argentine Peso relative to the Canadian dollar during the period. However, during the six months ended June 30, 2019, the Argentine Peso experienced an overall devaluation, resulting in a loss of approximately $334,000 (2018: $nil).

As a result of changes in the IPC and changes to the Company's net monetary position during the three and six months ended June 30, 2019, the Company recognized a net monetary loss of approximately $52,000 during the three months ended June 30, 2019 (2018: $nil), and a net monetary gain of approximately $104,000 during the six months ended June 30, 2019 (2018: $nil), to adjust transactions recorded during the respective periods into a measuring unit current as of June 30, 2019.

The level of the IPC at June 30, 2019 was 225.5 (December 31, 2018: 184.2), which represents an increase of 22% over the IPC at December 31, 2018, and an approximate 10% increase over the average level of the IPC during the six months ended June 30, 2019.

5. RECEIVABLES AND OTHER ASSETS

	June 30, 2019	**December 31, 2018**
Taxes receivable	584,578	660,881
Related party receivables (Note 11b)	1,937,694	523,202
Other receivables	15,485	541,044
Prepaid expenses and deposits	588,897	689,359
	3,126,654	**2,414,486**

(Expressed in Canadian Dollars, unless otherwise stated)

6. MINERAL PROPERTIES

	Filo del Sol	Tamberias	Total
January 1, 2018	**$ 3,177,844**	**$ 3,301,500**	**$ 6,479,344**
Additions	-	528,895	528,895
Adjustment for the impacts of hyperinflation	357,961	-	357,961
Effect of foreign currency translation	(84,823)	(163,144)	(247,967)
December 31, 2018	**$ 3,450,982**	**$ 3,667,251**	**$ 7,118,233**
Additions	-	654,579	654,579
Adjustment for the impacts of hyperinflation	21,243	-	21,243
Effect of foreign currency translation	-	(68,370)	(68,370)
June 30, 2019	**$ 3,472,225**	**$ 4,253,460**	**$ 7,725,685**

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

Filo del Sol Property (San Juan Province, Argentina)

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

Tamberias Property (Region III, Chile)

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

The Company's total remaining option payments as at June 30, 2019 were US$16.3 million, with the next option payment being US$1,000,000, payable in June 2020.

(Expressed in Canadian Dollars, unless otherwise stated)

7. CREDIT FACILITIES

	June 30, 2019	December 31, 2018
Current		
Amounts owing pursuant to credit facilities	11,114,839	2,202,548
Non-current		
Amounts owing pursuant to credit facilities	6,545,200	-
Total	**17,660,039**	**2,202,548**

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 with Lorito Holdings S.à.r.l., 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 replaced an existing US$ 2.0 million facility from Zebra, which matured on January 12, 2019, and into which the outstanding balance owed thereunder was transferred. As consideration for the January 2019 Facility, Zebra will receive 300 common shares each month, for every US$ 50,000 in principal outstanding, prorated accordingly for the number of days outstanding. The January 2019 Facility matures on July 12, 2020, and no interest is payable in cash during its term.

On February 28, 2019, the Company obtained an additional unsecured US$ 5.0 million short-term credit facility (the "February 2019 Facility") from Zebra. As consideration for the February 2019 Facility, Zebra received 6,000 common shares of the Company upon respective thereof, and shall receive an additional 300 common shares each month, for every US$ 50,000 in principal outstanding on the facility, prorated accordingly for the number of days outstanding. The February 2019 Facility matures on February 28, 2020, and no interest is payable in cash during its term.

On April 26, 2019, the Company obtained an additional unsecured US$ 4.0 million short-term credit facility (the "April 2019 Facility") from Zebra. As consideration for the April 2019 Facility, Zebra received 6,000 common shares of the Company upon respective thereof, and shall receive an additional 300 common shares each month, for every US$ 50,000 in principal outstanding on the facility, prorated accordingly for the number of days outstanding. The April 2019 Facility matures on April 26, 2020, and no interest is payable in cash during its term.

As at June 30, 2019, a total of US$ 13.35 million had been drawn and remained outstanding against the facilities, US$ 5.0 million against the January 2019 Facility, US$ 5.0 million against the February 2019 Facility, and US$ 3.35 million against the April 2019 Facility. During the three and six months ended June 30, 2019, 174,145 and 229,380 common shares were issued to Zebra in connection with the credit facilities, respectively, with an additional 78,370 common shares issuable, resulting in approximately $485,000 (2018: $32,000) and $681,000 (2018: $32,000), 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.

(Expressed in Canadian Dollars, unless otherwise stated)

8. SHARE CAPITAL

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

9. SHARE OPTIONS

a) Share option plan

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

b) Share 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, 2018	4,618,750	$ 1.96
Options granted	2,500,000	2.20
Exercised	(471,250)	0.87
Balance at December 31, 2018	6,647,500	$ 2.13
Exercised	(558,333)	1.26
Balance at June 30, 2019	6,089,167	$ 2.21

The weighted average share price on the exercise date for the share options exercised during the six months ended June 30, 2019 was $2.48.

The following table details the share options outstanding and exercisable as at June 30, 2019:

	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	2,035,000	2.44	$2.00	2,035,000	2.44	$2.00
$2.20	2,471,667	4.13	$2.20	805,000	4.13	$2.20
$2.50	1,582,500	3.21	$2.50	1,055,000	3.21	$2.50
	6,089,167	3.32	$2.21	3,895,000	2.99	$2.18

(Expressed in Canadian Dollars, unless otherwise stated)

c) Share-based compensation

	Three months ended	June 30,	Six months ended	June 30,
	2019	**2018**	**2019**	**2018**
Exploration and project investigation	101,529	73,827	203,059	147,673
General and administration	344,103	297,780	688,225	595,587
	445,632	**371,607**	**891,284**	**743,260**

10. 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, 2019 and 2018:

Three months ended June 30,		**Filo del Sol Project**	**Other**	**Total**
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**
2018	Land holding and access costs	155,184	14,193	169,377
	Drilling, fuel, camp costs and field supplies	406,526	-	406,526
	Roadwork, travel and transport	589,747	89	589,836
	Engineering and conceptual studies	454,093	-	454,093
	Consultants, geochemistry and geophysics	539,041	-	539,041
	Environmental and community relations	670,285	-	670,285
	VAT and other taxes	259,971	34,042	294,013
	Office, field and administrative salaries, overhead and other administrative costs	397,353	1,125	398,478
	Share-based compensation	73,356	471	73,827
	Total	**3,545,556**	**49,920**	**3,595,476**

(Expressed in Canadian Dollars, unless otherwise stated)

Six months ended June 30,		Filo del Sol Project	Other	Total
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**
2018	Land holding and access costs	406,869	17,902	424,771
	Drilling, fuel, camp costs and field supplies	7,175,841	-	7,175,841
	Roadwork, travel and transport	2,211,267	97	2,211,364
	Engineering and conceptual studies	718,034	-	718,034
	Consultants, geochemistry and geophysics	935,925	-	935,925
	Environmental and community relations	970,654	-	970,654
	VAT and other taxes	2,154,573	39,796	2,194,369
	Office, field and administrative salaries, overhead and other administrative costs	1,947,828	1,310	1,949,138
	Share-based compensation	147,147	526	147,673
	Total	**16,668,138**	**59,631**	**16,727,769**

(Expressed in Canadian Dollars, unless otherwise stated)

11. 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, a related party by way of directors, officers and shareholders in common, and Bofill Mir & Alvarez Jana Abogados Ltda. ("BMJAL"), a Chilean legal firm, of which a director of the Company is a partner.

a) Related party services

The Company has a cost sharing arrangement with Josemaria. Under the terms of this arrangement, the Company provides executive management, technical exploration and exploration support services to Josemaria, and Josemaria provides technical advisory and administrative services to the Company. 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,
	2019	2018	2019	2018
Executive management, technical exploration and exploration support services to Josemaria	374,353	160,608	669,372	333,125
Technical advisory and administrative services from Josemaria	(111,660)	(177,513)	(212,667)	(359,261)
Legal services from BMJAL	-	15,780	35,135	34,020

b) Related party balances

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

	Related Party	June 30, 2019	December 31, 2018
Receivables and other assets	Josemaria	1,937,694	523,244
Accounts payable and accrued liabilities	Josemaria	(751,100)	(77,492)
Accounts payable and accrued liabilities	BMJAL	(12,147)	(15,463)

c) Extended Camp Use Agreement

On June 26, 2019, the Company, through its wholly-owned subsidiary, entered into a transaction with a wholly-owned subsidiary of Josemaria whereby the Company extended its right to use Josemaria's Batidero Camp in Argentina until at least April 1, 2021, being the end of the 2020/2021 field season, in exchange for a cash consideration of US$ 235,000, or approximately $331,000 (the "Extended Camp Use Agreement"). Accordingly, as at June 30, 2019, $331,000 has been recognized in prepaid expenses (Note 5), which shall be amortized over the duration of the Company's aforementioned right to the Batidero facilities.

(Expressed in Canadian Dollars, unless otherwise stated)

d) Key management compensation

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

	Three months ended June 30,		Six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Salaries	271,875	271,875	543,750	543,750
Short-term employee benefits	12,693	10,714	25,789	21,428
Directors fees	24,250	24,250	48,500	48,500
Stock-based compensation	322,528	280,096	645,068	560,209
Incentive bonuses	-	-	-	470,000
	631,346	**586,935**	**1,263,107**	**1,643,887**

12. 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 6 and 10, 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:

		Filo del Sol Project	Other	Corporate	Total
June 30, 2019	Current assets	3,353,943	-	341,196	3,695,139
	Right-of-use asset	146,796	-	-	146,796
	Mineral properties	7,725,685	-	-	7,725,685
	Total assets	11,226,424	-	341,196	11,567,620
	Current liabilities	2,407,959	-	11,796,309	14,204,268
	Amounts owing pursuant to credit facilities	-	-	6,545,200	6,545,200
	Lease liabilities	27,404	-	-	27,404
	Total liabilities	2,435,363	-	18,341,509	20,776,872
December 31, 2018	Current assets	4,516,473	-	303,122	4,819,595
	Mineral properties	7,118,233	-	-	7,118,233
	Total assets	11,634,706	-	303,122	11,937,828
	Current liabilities	2,472,242	-	746,334	3,218,576

(Expressed in Canadian Dollars, unless otherwise stated)

Three months ended June 30,		**Filo del Sol Project**	**Other**	**Corporate**	**Total**
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
2018	Exploration and project investigation	3,545,556	49,920	-	3,595,476
	General and administration and other items	-	-	850,380	850,380
	Net loss	3,545,556	49,920	850,380	4,445,856

Six months ended June 30,		**Filo del Sol Project**	**Other**	**Corporate**	**Total**
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
2018	Exploration and project investigation	16,668,138	59,631	-	16,727,769
	General and administration and other items	-	-	2,106,942	2,106,942
	Net loss	16,668,138	59,631	2,106,942	18,834,711

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, 2019, the Company has two remaining payments of US$ 315,875 each, which are payable in November 2019 and 2020.

CORPORATE DIRECTORY

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

DIRECTORS
Lukas H. Lundin, Chairman (non-executive)
Alessandro Bitelli
C. Ashley Heppenstall
Adam I. Lundin
Paul McRae
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Nasdaq First North Exchange
Symbol: FIL
CUSIP No.: 31730E101
ISIN: CA31730E1016