FILO MINING

2021 YEAR END REPORT

Management's Discussion and Analysis
and
Consolidated Financial Statements

For the Twelve Months ended December 31, 2021
(AUDITED)

FILO MINING CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021
(Amounts in Canadian Dollars unless otherwise indicated)

The following management's discussion and analysis ("MD&A") of Filo Mining Corp. ("Filo Mining" or the "Company") should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021 and related notes therein. The financial information in this MD&A is reported in Canadian dollars unless otherwise indicated and is partly derived from the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The effective date of this MD&A is March 22, 2022. 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 ("Filo del Sol" or the "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 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 for the Filo del Sol Project 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 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. and 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 Filo del Sol Project continues to hold significant exploration potential, and drilling completed subsequent to the PFS has intersected long intervals of copper, gold and silver mineralization well outside of the resource envelope. Wide-spaced drilling over the past two years has discovered a higher-grade section of the mineralized structure, now called the Aurora Zone, which contains at least one section with elevated grades. The higher grade section identified to date has been named Breccia 41, after its discovery hole FSDH041, which returned 163m at 5.43% copper equivalent ("CuEq") (2.31% Cu; 2.07g/t Au; 183.0g/t Ag) from a depth of 780m within a broader interval of 858m at 1.80% CuEq (0.86% Cu; 0.70g/t Au; 48.1g/t Ag) from a depth of 188m. Hole FSDH054, collared 60m east of FSDH041, was also drilled in Breccia 41 and returned 172m at 3.22% CuEq (1.51% Cu; 1.42g/t Au; 75.9g/t Ag) from a depth of 830m within a broader interval of 1,224m at 1.26% CuEq (0.71% Cu; 0.54g/t Au; 18.0g/t Ag) from a depth of 146m. This mineralization has been transformative for the Filo del Sol Project, and further exploration thereof will be a strategic focus for the Company moving forward.

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 through further exploration, 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's common shares traded on the TSX Venture Exchange under the symbol "FIL" until September 30, 2021, at which point it was voluntarily delisted in order for the Company's common shares to trade on the Toronto Stock Exchange under the same symbol effective October 1, 2021.

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.

2021 OPERATING HIGHLIGHTS

Transformative 2020/2021 Program Discovers High-grade Breccia 41

The Company's 2020/2021 drill campaign at the Filo del Sol Project concluded in May 2021, with a total of 11,280m of drilling completed in 15 holes. The highlight of the program was the discovery of Breccia 41, which was intersected by hole FSDH041, returning 163m at 5.43% CuEq (2.31% Cu; 2.07g/t Au; 183.0g/t Ag) from 780m depth within a broader interval of 858m at 1.80% CuEq (0.86% Cu; 0.70g/t Au; 48.1g/t Ag) from 188m depth. Hole FSDH041 ended in mineralization at a depth of 1,046m, with the final 20m averaging 1.19% CuEq (0.65% Cu; 0.72g/t Au; 2.3g/t Ag).

Wide-spaced drilling over the past two years has discovered a higher-grade section of the deposit, the Aurora Zone, extending along a north-south length of at least 700m. Breccia 41 represents one section of elevated grades within this larger Aurora Zone. Both the Aurora Zone and Breccia 41 remain open along strike in both directions and their full depth extent and east-west lateral width also remain open.

Other highlights from the 2020/2021 drill program include:

- Hole FSDH046, which returned the longest mineralized intersection at the project to date, confirming strong mineralization to over 1,400m below surface. The hole returned 676m at 0.92% CuEq (0.57% Cu; 0.34g/t Au; 11.3g/t Ag) from a depth of 380m within a broader interval of 1,378m at 0.71% CuEq (0.45% Cu; 0.29g/t Au; 6.1g/t Ag) from a depth of 78m;

- Hole FSDH049 returned 425m at 1.55% CuEq (0.42% Cu; 0.44g/t Au; 91.5g/t Ag); included within the long intercept was the then highest-grade silver intersection on the project to date, with 4m at 5,045.0 g/t Ag from a depth of 236m contained within a broader silver interval of 56m at 629.1 g/t Ag from a depth of 228m; and

- Hole FSDH051, which is the most northerly hole drilled into the deposit to date, returned 344m at 0.50% CuEq (0.26% Cu; 0.21g/t Au; 9.4g/t Ag) from 246m, extending the mineralized zone by 750m to the north. Overall, the 2020/2021 drill program successfully extended the known continuous mineralization of the deposit over a distance of approximately 4,500m north-south, 1,000m east-west and almost 1,500m deep.

Complete assay results for the 2020/2021 drill program are summarized in the table below:

Hole-ID	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)	Ag (g/t)	CuEq[1] (%)
FSDH037	118.0	134.0	16.0	0.39	0.45	4.8	0.76
plus	208.0	240.0	32.0	0.25	0.21	0.6	0.40
plus	380.0	882.0	502.0	0.41	0.13	27.8	0.75
incl.	380.0	484.0	104.0	0.19	0.07	119.9	1.30
incl.	396.0	404.0	8.0	0.21	0.09	473.0	4.44
FSDH040	94.0	211.5	117.5	0.45	0.29	2.4	0.69
incl.	94.0	120.0	26.0	1.15	0.28	2.3	1.37
FSDH041	188.0	1,046.0	858.0	0.86	0.70	48.1	1.80
incl.	376.0	1,046.0	670.0	1.07	0.85	60.9	2.23
incl.	780.3	943.3	163.0	2.31	2.07	183.0	5.43
incl.	780.3	864.0	83.7	3.13	2.40	272.2	7.27
FSDH042	262.0	310.0	48.0	0.00	1.01	0.7	
FSDH043	300.0	1,068.0	768.0	0.29	0.10	2.0	0.39
incl.	774.3	1,068.0	293.7	0.47	0.16	2.6	0.61
incl.	980.0	1,068.0	88.0	0.61	0.19	3.3	0.78
FSDH044	58.0	1,000.0	942.0	0.42	0.32	2.2	0.67
incl.	350.0	1,000.0	650.0	0.51	0.37	2.5	0.80
FSDH045	118.0	142.0	24.0	0.19	0.35	6.8	0.50
plus	268.0	286.0	18.0	0.22	0.93	5.3	0.94
FSDH046	77.7	1,456.0	1,378.3	0.45	0.29	6.1	0.71
incl.	302.0	1,456.0	1,154.0	0.50	0.32	7.1	0.80
incl.	380.0	1,056.0	676.0	0.57	0.34	11.3	0.92
FSDH047	86.0	493.5	407.5	0.29	0.16	2.1	0.43
incl.	324.0	493.5	169.5	0.39	0.20	2.9	0.57
FSDH048	38.0	1,118.5	1,080.5	0.52	0.43	5.3	0.88
incl.	498.0	850.0	352.0	0.63	0.64	6.7	1.16
FSDH049	0.0	30.0	30.0	0.01	1.38	1.9	
plus	90.0	515.3	425.3	0.42	0.44	91.5	1.55
incl.	220.0	364.6	144.6	0.58	0.61	249.9	3.22
incl.	228.0	284.0	56.0	0.67	0.51	629.1	
incl.	236.0	240.0	4.0	0.57	0.36	5,045.0	
FSDH050	276.0	476.8	200.8	0.26	0.28	16.2	0.60
incl.	329.2	356.0	26.9	0.49	0.34	7.8	0.81
and incl.	424.0	476.8	52.8	0.36	0.40	48.8	1.08
FSDH051	246.0	590.0	344.0	0.26	0.21	9.4	0.50
incl.	280.0	316.0	36.0	0.16	0.91	50.5	1.26

and incl.	376.0	530.0	154.0	0.41	0.14	5.0	0.56

[1] CuEq for drill intersections is calculated based on US$3.00/lb Cu, US$1,500/oz Au and US$18/oz Ag, with 80% metallurgical recoveries assumed for all metals. The formula is: CuEq % = Cu % + (0.7292 * Au g/t) + (0.0088 * Ag g/t).

Exploration Success Continues with Ambitious 2021/2022 Drill Program

Following camp winterization and maintenance efforts undertaken from June through to early August 2021, the Company commenced its 2021/2022 drill campaign at Filo del Sol in late August 2021, marking the earliest launch to a drill campaign in the project's history. The program commenced with three rigs, and ramped up to five rigs prior to the end of the year, with the first holes focused around the Breccia 41 area.

Assay results received to date from the ongoing drill program continue to showcase the potential for world-class size and grades at Filo del Sol. Hole FSDH055A returned the best precious metal intersections on the project to date, with 64m at 1,213.8g/t Ag and 0.49g/t Au from a depth of 362m. In addition, hole FSDH054 was collared 60m east of, and drilled parallel to, FSDH041 and intersected 172m at 3.22% CuEq (1.51% Cu; 1.42g/t Au; 75.9g/t Ag) from 830m depth within a broader interval of 1,224m at 1.26% CuEq (0.71% Cu; 0.54g/t Au; 18.0g/t Ag) from a depth of 146m. The mineralization intersected by FSDH054 is completely outside of the current Mineral Resource, successfully extended Breccia 41, and remains open to the west, east, north and at depth.

Assay results to date from the 2021/2022 drill program are summarized in the table below:

Hole-ID	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)	Ag (g/t)	CuEq[1] (%)
FSDH054	146.0	1,369.5	1,223.5	0.71	0.54	18.0	1.26
plus	435.9	442.0	6.1	0.59	0.24	127.5	1.89
plus	498.0	1,090.0	592.0	1.15	0.84	31.9	2.04
incl.	830.0	1,001.5	171.5	1.51	1.42	75.9	3.22
FSDH055A	362.0	426.0	64.0	0.01	0.49	1,213.8	
incl.	374.4	402.0	27.6	0.01	0.50	2,439.2	
incl.	380.0	388.0	8.0	0.01	0.45	5,280.0	

[1] CuEq for drill intersections is calculated based on US$3.00/lb Cu, US$1,500/oz Au and US$18/oz Ag, with 80% metallurgical recoveries assumed for all metals. The formula is: CuEq % = Cu % + (0.7292 * Au g/t) + (0.0088 * Ag g/t).

CORPORATE UPDATE

$100 Million Strategic Investment by BHP

On March 11, 2022, the Company closed a non-brokered private placement of 6,270,000 common shares to BHP Western Mining Resources International Pty Ltd, a wholly owned subsidiary of BHP Group Limited (collectively, "BHP"), at a price of $15.95 per common share for total gross proceeds of $100 million (the "Private Placement"). No finder's fee or commissions were payable in connection with the Private Placement.

Upon closing of the Private Placement, BHP owned approximately 5% of the Company's issued and outstanding common shares on an undiluted basis. The common shares acquired by BHP pursuant to the Private Placement are subject to a statutory four-month hold period in accordance with applicable securities regulations.

In connection with the Private Placement, BHP has been granted certain participation and top-up rights, allowing BHP to maintain its ownership interest from time to time, provided that such participation rights will not apply to any portion of BHP's ownership interest in excess of a 9.9% undiluted ownership level in the Company. In addition, the Company and BHP have agreed to form a joint advisory committee to share expertise, exploration concepts, and discuss future project development.

The Company intends to use the proceeds of the Private Placement to advance exploration and development of the Company's Filo del Sol Project and for working capital and general corporate purposes.

OUTLOOK

The Company's 2021/2022 drill program is currently ongoing and is planned to continue year-round following camp winterization efforts completed in August 2021 and the replenishment of its treasury with the closing of the Private Placement on March 11, 2022. The program is currently operating with five diamond drill rigs, and the Company is in the process of adding two additional diamond drills and a reverse circulation ("RC") drill before the end of March 2022. The RC rig will be utilized to pre-collar some critical holes in order to increase overall drill productivity and reduce problems encountered in drilling through the intensely altered, near-surface rocks overlying Breccia 41.

The initial holes of the 2021/2022 drill program focus on the area around Breccia 41, and the broader Aurora Zone, and will seek to improve the Company's understanding of their geometry, extent and geological context. In addition, the Company has also planned step-out holes, the objective of which will be to find the edges of the deposit, which remains open to the north, south, east and at depth. The step-out drilling will be a combination of holes testing the sparsely drilled area north of FSDH037, the undrilled area north-east of FSDH051 and, eventually, the area south of the southern extent of the current Mineral Resource. Hole locations will be determined as the drill program progresses, guided by drill results, surface mapping, and geophysical interpretations. In particular, data collected from the drilling will be used to develop a comprehensive geological model which will guide further exploration and form the basis of eventual Mineral Resource estimates.

The Company also plans to undertake preliminary metallurgical testwork on the sulphide mineralization, as well as the continuation of environmental and social baseline data collection in support of future project permitting.

The Company's drilling plans have been developed to enable the Company to rapidly define the deposit and advance key exploration efforts, however the Company's plans and timelines are subject to equipment and staff availability, along with being able to operate safely and effectively in accordance with the Company's COVID-19 protocols. As a result of its current strategies, the Company is confident that it can safely and effectively carry out with its 2021/2022 field program, however, this expectation will be continuously evaluated as the situation with respect to the COVID-19 pandemic in Chile and Argentina develops.

RESULTS FROM OPERATIONS

Year Ended	Dec-21	Dec-20	Dec-19
Net loss ($000's)	32,419	18,879	28,571
Loss per share, basic and diluted ($)	0.29	0.19	0.37
Total assets ($000's)	30,660	47,663	23,750

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	Dec-21	Sep-21	Jun-21	Mar-21	Dec-20	Sep-20	Jun-20	Mar-20
Exploration costs ($000's)	10,328	8,696	9,358	12,519	4,214	969	1,932	11,940
Operating loss ($000's)	12,006	11,798	9,996	13,214	4,879	2,665	2,776	12,794
Net loss ($000's)	8,053	9,142	4,793	10,431	3,271	2,510	1,262	11,836
Net loss per share, basic and diluted ($)	0.07	0.08	0.04	0.09	0.03	0.02	0.01	0.13

Due to the geographic location of the Filo del Sol Project, the Company's business activities have historically fluctuated with the seasons, through increased drilling and other exploration activities during the summer months in South America. However, from June 2021 to early August 2021, the Company completed winterization preparations which have allowed it to commence its exploration program in August 2021, prior to the end of winter in South America. These winterization efforts may also enable the Company to undertake continuous, year-round field operations potentially reducing this seasonal fluctuation in exploration expenditures moving forward. 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, operating loss, and net loss in a particular period.

Filo Mining incurred a net loss of $32.4 million for the year ended December 31, 2021 (2020: $18.9 million), including an operating loss of $47.0 million (2020: $23.1 million). Exploration and project investigation costs are generally the most significant expenditures of the Company and for the year ended December 31, 2021, they accounted for approximately 87% of the operating loss for the year (2020: 82%). 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 year ended December 31, 2021 were $40.9 million (2020: $19.1 million), which increased relative to the prior year. The increase in the current exploration costs are primarily the result of the 2020/2021 drill program having been extended through to May 2021, the undertaking of winterization efforts from June through to early August 2021, and the 2021/2022 drill program commencing in late August 2021. By comparison, for 2020, the 2019/2020 field program was curtailed in March 2020 as a result of growing COVID-19 concerns in Chile and Argentina at the time, and no field activity was undertaken from then until November 2020 with the commencement of the 2020/2021 drill campaign. In addition, the year ended December 31, 2021 includes additional costs related to the implementation of the Company's COVID-19 operating protocol, which were not yet required in the prior year.

Detailed breakdowns of exploration costs for the periods presented are provided in the notes to the consolidated financial statements.

Excluding share-based compensation, administration costs for the year ended December 31, 2021 totalled $3.6 million (2020: $2.5 million). Share-based compensation, a non-cash cost, reflects the amortization of the estimated fair value of options over their vesting period and is based to a large degree on the Company's share price and its volatility. The actual future value to the option holders may differ materially from these estimates as it depends on the trading price of the Company's shares if and when the options are exercised. In addition, as the granting of options and their vesting is at the discretion of the Board, the related expense is unlikely to be uniform across quarters or financial years.

On an overall basis, administration costs for the year ended December 31, 2021, excluding share-based compensation, were higher than 2020. Most notably, the increases are due to larger incentive bonuses awarded by the Company to management and other key personnel during the year ended December 31, 2021, which have resulted in higher compensation costs.

During the year ended December 31, 2021, the Company recognized a net monetary gain of $34,814 (2020: $132,383) in relation to the application of hyperinflationary accounting for the Company's Argentine subsidiary, which began in 2018. The monetary gain recognized is the results of changes in the Argentine price indices and changes to the Company's net monetary position during 2021. Further discussion regarding the application of hyperinflationary accounting has been provided in the notes to the consolidated financial statements.

From time to time, the Company acquires and transfers marketable securities as a mechanism to facilitate intragroup funding transfers between its Canadian headquarters and its Argentine operating subsidiary. Accordingly, for the year ended December 31, 2021, the Company recognized a gain of $15.3 million (2020: $4.6 million) 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. The increase in the gain is the result of more funding provided to its Argentine subsidiary during the year ended December 31, 2021, compared to 2020, and an increase in the average spread that the Company is able to achieve through this funding mechanism.

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 loss of $722,469 for the year ended December 31, 2021 (2020: gain of $162,891) on translation of subsidiary company accounts from their respective functional currencies to the Canadian dollar presentation currency. For 2021, the foreign exchange translation loss is primarily the result of fluctuations of the Canadian dollar relative to the Chilean peso over the year. For the year ended December 31, 2021, the impacts of hyperinflation amounted to gains of $259,519 (2020: loss of $432,713) and consist of adjustments recognized on the continuing inflation of opening non-monetary balances during the year and the ongoing translation of the Company's Argentine subsidiary into the Canadian dollar presentation currency.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2021, the Company had cash of $19.4 million and net working capital of $13.1 million, compared to cash of $36.3 million and net working capital of $33.0 million as at December 31, 2020. The decrease in the Company's cash and net working capital is due primarily to funds used to advance exploration at the Filo del Sol Project, and to a lesser extent, funds spent for general corporate purposes. These decreases have been partially offset by $9.6 million in gross proceeds received by the Company in relation to the exercise of stock options during the year ended December 31, 2021. The Company will continue to deploy the majority of its treasury to fund ongoing advancement of the Filo del Sol Project.

Credit Facility

In July 2020, the Company obtained an unsecured US$5.0 million credit facility from Zebra Holdings and Investments S.à.r.l. ("Zebra') (the "July 2020 Facility"). Zebra and Lorito Holdings S.à.r.l. report their shareholding in the Company as joint actors, as 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%.

During the year ended December 31, 2021, the Company made no draws against the July 2020 Facility (2020: US$1,000,000), and it matured on July 12, 2021 with no amounts drawn or owing. No interest was payable in cash during its term.

Private Placement

On March 11, 2022, pursuant to the Private Placement, the Company issued 6,270,000 common shares to BHP at a price of $15.95 per common share for total gross proceeds of $100 million. The common shares acquired by BHP pursuant to the Private Placement are subject to a statutory four-month hold period in accordance with applicable securities regulations.

The Company intends to use the proceeds to advance exploration and development of the Company's Filo del Sol Project and for working capital and general corporate purposes. The foregoing notwithstanding, no portion of the proceeds from the Private Placement have yet to be used as at the date of this MD&A.

Use of Proceeds from 2020 Financing

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 for total gross proceeds of approximately $11.7 million (the "2020 Offering"). The Company also closed a concurrent private placement of 16,213,235 common shares at $1.85 per share for additional gross proceeds of approximately $30.0 million (together with the 2020 Offering, the "2020 Financing").

The following is a reconciliation of actual use of proceeds from the 2020 Financing to the estimates included in the Company's Short Form Prospectus dated July 22, 2020:

	Estimated	**Actual**
Net proceeds from 2020 Financing	40.5	40.5
Repayment of amounts owing pursuant to the July 2020 Facility	1.4	1.3
Filo del Sol Project		
• 2020/2021 field and drill program	22.9	32.1
• 2021/2022 field and drill program	14.4	3.7
Corporate, public company overheads and working capital purposes	1.8	3.4

The net proceeds used to fund the 2020/2021 field and drill program at the Filo del Sol Project exceeded previous estimates primarily due to changes to the size and the scope of the program. Most notably, the Company's original plans had considered a standard end to its field season in or around early April 2021, whereas the program was extended with drilling continuing through May 2021 and winterization efforts undertaken from July to August 2021 in preparation for an earlier start to the following campaign.

The increased use of proceeds for corporate overheads relate predominantly to incentive bonuses awarded by the Company to management and other key personnel during in August 2021 following the success of its 2020/2021 drill campaign. No incentive bonuses were contemplated or reflected in previous estimates.

These increases to the use of proceeds from the 2020 Financing ultimately reduced the funds available for future field and drill programs, namely the 2021/2022 drill program currently underway, which will be funded through to completion from the proceeds the Private Placement.

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 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, was 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:

		Year ended December 31,
	2021	**2020**
Management Services to Josemaria	281,813	943,427
Management Services to NGEx Minerals	549,787	433,148
Management Services from Josemaria	(99,869)	(314,419)
Management Services from NGEx Minerals	(591,415)	(500,101)
Legal services from BMJAL	-	(43,866)

Related party balances

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

	Related Party	**December 31, 2021**	**December 31, 2020**
Receivables and other assets	Josemaria	46,678	-
Receivables and other assets	NGEx Minerals	15,113	11,752
Accounts payable and accrued liabilities	Josemaria	(1,667)	-
Accounts payable and accrued liabilities	NGEx Minerals	(24,343)	(5,850)

Camp usage 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.

The agreement may be terminated with one year's prior notice by Josemaria, and the agreement may be renewed for another year at the Company's election. On April 27, 2021, Filo Mining provided formal notice of renewal to the Company for the period through April 1, 2022.

Key management compensation

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

		Year ended December 31,
	2021	**2020**
Salaries	965,333	762,667
Short-term employee benefits	28,107	22,447
Directors fees	162,004	108,495
Stock-based compensation	2,040,635	1,368,514
Incentive bonuses	1,030,000	540,000
	4,226,079	**2,802,123**

SIGNIFICANT ACCOUNTING POLICIES

The Company's significant account policies are described in Note 3 the consolidated financial statements for year ended December 31, 2021, as filed on SEDAR at www.sedar.com.

New Accounting Pronouncements

The IASB and/or the IFRS Interpretations Committee have issued new standards, amendments, or interpretations to existing standards, which were not yet in effect nor applied by the Company as at December 31, 2021, such as:

IAS 16, Property, plant and equipment

IAS 16 has been amended to provide clarity with respect to the treatment of net proceeds generated from selling any items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Specifically, the amendments prohibit entities from deducting amounts resulting from the selling of items produced during this phase from the cost of property, plant and equipment. Instead, an entity shall recognize such sales proceeds and related costs in profit or loss.

The amendments to IAS 16 are effective for annual reporting periods beginning on or after January 1, 2022, and are not expected to have an impact on the Company's financial results for the year ending December 31, 2022.

There are no other IFRS standards or International Financial Reporting Interpretations Committee interpretations that are not yet effective or early adopted that are expected to have any impact on the Company.

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the consolidated financial statements in accordance with IFRS, such as the underlying consolidated financial statements for the year ended December 31, 2021, requires management to make estimates, assumptions and judgements that affect the reported amounts of assets, liabilities and expenditures. These estimates, assumptions and judgements are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual results could differ and such differences could be material. Estimates, assumptions and judgements are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates, assumptions and judgements, and the resulting effects on the carrying amounts of the Company's assets and liabilities, are accounted for prospectively. Information about estimates, assumptions, judgements and other sources of estimation uncertainty as at December 31, 2020 that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year are provided below:

Valuation of mineral properties – The Company carries the acquisition costs of its mineral properties at cost less any provision for impairment. At each reporting date, the Company reviews its mineral properties for indicators of impairment, which requires the Company to exercise key judgements, including but not limited to, the Company's right to explore the mineral property, whether the Company has further plans or budgets for substantive expenditures for the ongoing exploration and evaluation of the mineral property, the impact of exploration and evaluation results to date with respect to the mineral property, and the likelihood that the carrying value of the mineral property will be recovered in the future through development or sale of the asset. If indicators of impairment are identified, the Company would further review the carrying values of the applicable mineral properties to determine if their carrying values may exceed their fair value, which also requires the Company to make significant judgments and estimates. The judgments and estimates mentioned above are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties.
The Company has determined that no indicators of impairment exist for its mineral properties as of December 31, 2021.

FINANCIAL INSTRUMENTS

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

As at December 31, 2021, 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.

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 December 31, 2021, are as follows:

	Total	Less than 1 year	1-5 years	More than 5 years
Accounts payable and accrued liabilities	7,062,830	7,062,830	-	-
Total	**7,062,830**	**7,062,830**	**-**	**-**

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

At December 31, 2021, the Company's largest foreign currency risk exposures existed at the level of its Canadian headquarters, where the Company held a net financial asset position denominated in US dollars having a Canadian dollar equivalent of approximately $1.2 million. A 10% change in the foreign exchange rate between the US dollar and the Canadian dollar, the functional currency of Filo Mining, would give rise to an increase/decrease of approximately $117,000 in financial position/comprehensive loss.

OUTSTANDING SHARE DATA

As at March 22, 2022, the Company had 121,428,938 common shares outstanding and 6,121,599 share options outstanding under its share-based incentive plan.

FINANCIAL INFORMATION

The Company's next scheduled financial report will be for the three months ended March 31, 2022, which is expected to be published on or around May 4, 2022.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures ("DC&P")

DC&P are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. They include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

There have not been any material changes in the Company's DC&P during the year ended December 31, 2021.

Internal controls over financial reporting ("ICFR")

The Company's ICFR are designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with IFRS. The Company's ICFR include policies and procedures that: pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS; that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Any system, no matter how well conceived or operated, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable, not absolute, assurance with respect to financial statement preparation and presentation and will not prevent all, or detect all, misstatements and frauds. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Management uses the Internal Control – Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organizations for the Treadway Commission (COSO) in order to assess the effectiveness of the Company's ICFR.

There have not been any material changes in the Company's internal controls during the year ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

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.

Significant risk factors have been identified by the Company and are listed below. Further discussion and additional risk factors are also available in the Company's most recent annual information form, as filed on SEDAR at www.sedar.com. The following information pertains to the outlook and conditions currently known to the Company that could have a material impact on the financial condition of the Company. Other factors may arise that are not currently foreseen by management of the Company that may present additional risks in the future. Current and prospective security holders of the Company should carefully consider these risk factors, as they could materially affect the Company's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Exploration and Development Risk

Mining exploration, development and operations generally involve a high degree of risk that cannot be eliminated, and which can adversely impact the Company's success and financial performance. Exploration for and development of mineral deposits involves a high degree of risk and few properties that are explored are ultimately developed into producing mines.

Discovery of mineral deposits is dependent upon a number of factors, not the least of which are the technical skills of the exploration personnel involved and the capital required for the programs. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. There is no assurance that the Company's mineral exploration activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that even if commercial quantities of ore are discovered that a new ore body would be developed and brought into commercial production. The commercial viability of a mineral deposit once discovered is dependent upon a number of factors, some of which are discussed separately in the subsequent sections, and include the particular attributes of the deposit (such as size, grade, metallurgy, expected recovery rates of metals from the ore and proximity to infrastructure and labour), the interpretation of geological data obtained from drilling and sampling; feasibility studies; the ability to acquire and access land; the availability and cost of water and power; anticipated climatic conditions; cyclical metal prices; fluctuations in inflation and currency exchange rates; higher input commodity and labour costs; commodity price fluctuations; government regulations, including regulations relating to prices, taxes, royalties, land tenure and use, allowable production, importing and exporting of minerals, and environmental protection. Most of the above factors are beyond the control of the Company. Development projects will also be subject to the successful completion of final feasibility studies, issuance of necessary permits and other governmental approvals and receipt of adequate financing, as major expenses are typically required to locate and establish Mineral Reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The exact effect of these factors cannot be accurately predicted, but the combination of any of these factors may adversely affect the Company's business.

The Company's operations are subject to all of the hazards and risks normally encountered in the exploration and development of copper, gold, and silver projects and properties, including unusual and unexpected geologic formations, seismic activity, rock slides, ground instabilities or failures, mechanical failures, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of facilities, damage to life or property, environmental damage and possible legal liability.

As appropriate, the Company may seek to mitigate its exploration risk by diversifying its portfolio, or through the establishment of joint ventures and option agreements with third parties.

Mineral Reserves and Mineral Resources Estimates

The Company's reported Mineral Reserves and Mineral Resources are estimations only. No assurance can be given that the estimated Mineral Reserves and Mineral Resources are accurate or that the indicated level of copper, gold, silver or any other mineral will be recovered or produced. Actual mineralization or formations may be different from those predicted. It may take many years from the initial phase of drilling before production is possible and during that time the economic feasibility of exploiting a discovery may change. Market price fluctuations of copper, gold and silver and certain other metals, as well as increased production and capital costs or reduced recovery rates, may render the Company's Mineral Reserves uneconomic to develop. Moreover, short-term operating factors relating to the Mineral Reserves, such as the need for the orderly development of ore bodies, the processing of new or different ore grades, the technical complexity of ore bodies, unusual or unexpected geological formations, ore dilution or varying metallurgical and other ore characteristics may cause Mineral Reserves to be reduced. Estimated Mineral Reserves may have to be recalculated based on fluctuations in the price of metals, or changes in other assumptions on which they are based. Any of these factors may require the Company to reduce its Mineral Reserves and Mineral Resources, which could have a negative impact on the Company's business.

Failure to obtain or maintain necessary permits or government approvals or changes to applicable legislation could also cause the Company to reduce its reserves. In addition, changes to mine plans could cause the Company to reduce its Mineral Reserves. There is also no assurance that the Company will achieve indicated levels of copper, gold or silver recovery or obtain the prices assumed in determining such Mineral Reserves.

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability and there is no assurance that they will ever be mined or processed profitably. Due to the uncertainty which may attach to Mineral Resources, there is no assurance that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves; and no assurance that all or any part of an Inferred Mineral Resources exists or is economically or legally mineable.

Permitting

The Company's development and exploration activities are subject to permitting requirements in both Argentina and Chile. In particular, comprehensive environmental assessments will be necessary for the Filo del Sol Project in Argentina in order to obtain the necessary approval for each of the Filo del Sol Project stages, which assessment will be conducted in compliance with Argentinian regulations. Project development will also require an environmental impact assessment study in Chile. Following the receipt of environmental approvals, additional permits, licences, authorizations, and certificates will be required to proceed to project construction, including, for example, mining water and fuel delivery, sewage water treatment, hazardous waste plans, drilling and closure plans. Failure to obtain required permits and/or to maintain compliance with permits once obtained could result in injunctions, fines, suspension or revocation of permits and other penalties.

There can be no assurance that the Company will obtain all such permits and/or achieve or maintain full compliance with such permits at all times. Activities required to obtain and/or achieve or maintain full compliance with such permits can be costly and involve extended timelines.

Previously issued permits may be suspended or revoked for a variety of reasons, including through government or court action. Failure to obtain and/or comply with required permits can have serious consequences, including: damage to the Company's reputation; stopping the Company from proceeding with the development of a project; negatively impacting further development of a mine; and increasing the costs of development and litigation or regulatory action against the Company, and may materially adversely affect the Company's business, results of operations or financial condition.

Economic and Political Instability in Argentina

The Filo del Sol Project is predominantly located in San Juan Province, Argentina. There are risks relating to an uncertain or unpredictable political and economic environment in Argentina, especially as there is social opposition to mining operations in certain parts of the country. During an economic crisis in 2001 to 2003 and again in 2014 and 2020, Argentina defaulted on foreign debt repayments and on the repayment on a number of official loans to multinational organizations. In addition, the government has renegotiated or defaulted on contractual arrangements. The current government, which took office in December 2019, has reinstated currency controls previously lifted by the opposition government, which, among other impacts, restricts the ability of companies and its citizens to obtain United States dollars, in each case requiring Central Bank approval (resulting in, at times, a limitation on the ability of multi-national companies to distribute dividends abroad in United States dollars).

While the political environment in Argentina continues to develop, and the status of currency controls and restrictions remains fluid, past actions indicate that the Argentinean government may from time to time alter or impose additional requirements or policies that may adversely affect the Company's activities in Argentina, or in its ability to attract joint venture partners or obtain financing for its projects in the future. In addition, economic instability in Argentina may negatively impact the timeliness or recoverability of amounts collectible from the government of Argentina.

The current government has also reversed corporate tax rate reductions previously introduced by the previous opposition government.

Environmental and Socio-Political Risks

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

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

In parts of Argentina, there is environmental opposition to both mineral exploration and mining. Accordingly, there may be a certain degree of anti-mining sentiment that could potentially affect the risk of successfully exploring and developing the Company's assets in those provinces.

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

In Chile, a newly elected government is discussing changes to its constitution which may include changes to the current environmental and socio-political landscape in that country. Additionally, the Chilean Congress is also considering legislation designed to protect the country's glaciers. No changes have yet been made to the constitution and any proposed legislation has not yet been approved; however, depending on its final language, these changes could affect the Company's ability to develop the Tamberias property.

Uncertainty of Long-term Funding and Dilution of Shareholders' Interests in the Company

The exploration and development of mineral properties requires a substantial amount of capital and may depend on the Company's ability to obtain financing through joint ventures, debt financing, equity financing or other means. Notwithstanding the Private Placement which closed on March 11 ,2022, general market conditions which may be impacted by geopolitics or international conflict, volatile metals prices, a claim against the Company, a significant disruption to the Company's business, or other factors may make it difficult to secure the necessary financing in the long term. There is no assurance that the Company will be successful in obtaining required financing as and when needed on acceptable terms. Failure to obtain any necessary additional financing may result in delaying or indefinite postponement of exploration or development or even a loss of property interest. If the Company needs to raise additional funds, such financing may substantially dilute the economic and voting rights of the Company's shareholders and reduce the value of their investment. Since the Company's capital needs depend on market conditions and other factors beyond its control, it cannot predict or estimate the amount, timing or nature of any such future offering of securities. Thus, holders of common shares of the Company bear the risk of any future offerings reducing the market price of the common shares and diluting their shareholdings in the Company.

Metal Price Risk

The Company's portfolio of properties and investments have exposure to predominantly copper, gold, and silver. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control, such as the sale or purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major metals-producing and metals-consuming countries throughout the world. The prices of these metals greatly affect the value of the Company, the price of the common shares of the Company and the potential value of its properties and investments. This, in turn, greatly affects its ability to form joint ventures, option agreements and the structure of any joint ventures formed. This is due, at least in part, to the underlying value of the Company's assets at different metals prices.

Title Risk

The Company has investigated its right to explore and exploit its properties and, to the best of its knowledge, those rights are in good standing. The results of the Company's investigations should not be construed as a guarantee of title. Other parties may dispute the title to a property, or the property may be subject to prior unregistered agreements or liens and transfers or land claims by aboriginal, native, or indigenous peoples. The title may be affected by undetected encumbrances or defects or governmental actions. The Company has not conducted surveys of all its properties, and the precise area and location of claims or the properties may be challenged and no assurances can be given that there are no title defects affecting such properties. The rules governing mining concessions in Chile and Argentina are complex and any failure by the Company to meet requirements would have a material adverse effect on the Company. Any defects in the title to the Company's properties could have a material and adverse effect on the Company.

No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining authorizations nor that such exploration and mining authorizations will not be challenged or impugned by third parties. Although the Company has not had any problem renewing its licenses in the past there is no guarantee that it will always be able to do so. Inability to renew a license could result in the loss of any project located within that license.

The Company is earning an interest in the Tamberias property through an option agreement requiring property payments and acquisition of title to the properties is completed only when the option conditions have been met.

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

Ability to Achieve Year-round Operations

Between June and August 2021, the Company undertook winterization efforts to prepare its camp and facilities for year-round operations at the Filo del Sol Project moving forward. The ability to conduct year-round operations will allow the Company to better achieve its strategic objectives at Filo del Sol and/or achieve these objectives on an expedited basis.

To date the Company has not yet attempted to conduct field or drill programs through the South American winter, and there can be no assurances that the Company's preparation and winterization efforts have adequately anticipated, and safeguarded against, all the challenges of conducting exploration programs through winter in the high Andes. Risks and uncertainties associated with the Company's ability to achieve year-round operations include, but are not limited to, the nature, duration or extent of weather and other natural events and the availability of personnel, logistical support and key contractors to provide services in challenging winter conditions.

COVID-19

The COVID-19 pandemic has negatively impacted and increased volatility of global financial markets and may continue to do so. The economic viability of the Company's long-term business plan is impacted by its ability to obtain financing, and global economic conditions impact the general availability of financing through public and private debt and equity markets, as well as through other avenues.

The health and safety of the Company's employees, contractors, visitors, and stakeholders (collectively, "Stakeholders") remain the Company's priority, and pursuant to its COVID-19 operating protocol, 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.

As the Company continues to monitor developments with respect to COVID-19, both globally and within its operating jurisdictions, it will remain adaptive and will implement any such changes to its COVID-19 protocol, or its business in general, 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, reduced operations, 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 also 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, or as a result of sustained COVID-19 outbreaks at its project site or facilities. Any such closures or curtailments could have an adverse impact on the business of the Company.

Dependence on Single Project

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

Negative Operating Cash Flow

The Company is an exploration stage company and has not generated cash flow from operations. The Company is devoting significant resources to the development and acquisition of its properties, however there can be no assurance that it will generate positive cash flow from operations in the future. The Company expects to continue to incur negative consolidated operating cash flow and losses until such time as it achieves commercial production at a particular project. The Company currently has negative cash flow from operating activities.

OFF-BALANCE SHEET ARRANGEMENTS

During the year ended December 31, 2021, there were no material off-balance sheet transactions which have not been recorded in the Company's consolidated financial statements. The Company has not entered into any specialized financial arrangement to minimize its currency risk.

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 Chief Executive Officer 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 exploration results or anticipated outcomes of infill or step-out drilling planned at Filo del Sol; exploration and development plans and expenditures, including but not limited to its plans to add rigs to the 2021/2022 drill campaign, the sequencing or prioritization of drill targets, the impact of reverse circulation drilling for the purposes of pre-collaring, and a transition to year-round operations; the ability of the Company's COVID-19 operating protocol to continue to meet government mandated health and safety guidelines enabling it to conduct its field programs as planned; the ultimate size and scope of its field programs and the Company's ability to achieve the objectives thereof; the size and scope of its field programs and the Company's ability to achieve the objectives thereof; the impact of the Company's winterization efforts at Filo del Sol, and whether such efforts will enable year-round operations and have adequately anticipated the challenges of winter operation, including but not limited to weather and potential supply chain disruptions; the anticipated use of proceeds from the Private Placement; the timing or results of an upgrade to the Mineral Resources estimate at Filo del Sol, including the inputs used therein; 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 timelines; 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.

Independent auditor's report

To the Shareholders of Filo Mining Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Filo Mining Corp. and its subsidiaries (together, the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and,
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators of mineral properties *Refer to note 3(b) – Critical accounting estimates, assumptions and judgements, note 3(d) – Mineral properties and exploration expenditure, note 3(f) – Impairment of non-financial assets and note 7 – Mineral properties to the consolidated financial statements.* The total book value of mineral properties amounted to $8.1 million as at December 31, 2021. At each reporting period, management applies judgement in assessing whether there are any indicators of impairment relating to mineral properties. If any such indicator exists, then an impairment test is performed by management. Information considered by management in assessing indicators of impairment may include (i) the period for which the entity has the right to conduct its exploration and project investigation activities, including expected renewals, (ii) whether substantive expenditure on further exploration and project investigation of mineral properties is budgeted, (iii) the evaluation of the results of exploration and project investigation activities up to the reporting date and (iv) other information that may indicate that the carrying value of mineral properties may not be recovered in full from successful development or sale of the asset. No	Our approach to addressing the matter included the following procedures, among others: • Evaluated the reasonableness of management's assessment of impairment indicators, which included the following: – Assessed the period for which the entity has the right to conduct its exploration and project investigation activities, including expected renewals, by agreeing the Company's list of mining titles and title expiration dates to government agency websites, and other regulatory bodies, as applicable. – Assessed whether substantive expenditure on further exploration and project investigation of mineral properties is budgeted by considering the results of current year work programs and management's long term plans, the Board of Directors' minutes and approved budgets. – Assessed the evaluation of the results of exploration and project investigation activities up to the reporting date by considering the results of the current year work programs and considering evidence obtained in other areas of the audit.

impairment indicators were identified by management as at December 31, 2021.

We considered this a key audit matter due to (i) the significance of the mineral properties balance and (ii) the subjectivity in performing audit procedures to evaluate management's indicators of impairment assessment, which required management judgement.

- Assessed whether there is other information that may indicate that the carrying value may not be recovered from successful development or sale of the asset, by considering evidence obtained in other areas of the audit.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kevin Bromley.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 22, 2022

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

	Note	**December 31, 2021**	**December 31, 2020**
ASSETS			
Current assets:			
Cash		$ 19,416,984	$ 36,326,118
Receivables and other assets	*5*	697,660	810,243
		20,114,644	37,136,361
Non-current assets:			
Equipment and facilities	*6*	168,347	-
Right-of-use asset		-	12,275
Taxes receivable	*5*	2,314,091	1,656,495
Mineral properties	*7*	8,062,918	8,857,401
		10,545,356	10,526,171
TOTAL ASSETS		30,660,000	47,662,532
LIABILITIES			
Current liabilities:			
Trade payables and accrued liabilities		7,062,830	4,097,835
Lease liabilities		-	13,013
TOTAL LIABILITIES		7,062,830	4,110,848
SHAREHOLDERS' EQUITY			
Share capital	*9*	180,266,718	166,119,611
Contributed surplus		8,544,029	9,763,491
Deficit		(163,112,572)	(130,693,363)
Accumulated other comprehensive loss		(2,101,005)	(1,638,055)
TOTAL SHAREHOLDERS' EQUITY		23,597,170	43,551,684
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 30,660,000	$ 47,662,532

Subsequent event (Note 18)

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

On behalf of the Board:

/s/Alessandro Bitelli
Director

/s/James Beck
Director

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

	Note	2021	Year ended December 31, 2020
Expenses			
Exploration and project investigation	*11*	$ 40,901,439	$ 19,055,232
General and administration:			
Salaries and benefits		2,386,974	1,519,194
Share-based compensation	*10c*	2,486,014	1,605,500
Management fees		128,100	169,180
Professional fees		236,521	185,770
Travel		21,826	13,221
Promotion and public relations		309,748	377,608
Office and general		543,845	188,794
Operating loss		47,014,467	23,114,499
Other expenses			
Financing costs		330	31,005
Net monetary gain	*4*	(34,814)	(132,383)
Gain on use of marketable securities	*15*	(15,281,148)	(4,602,750)
Other foreign exchange loss (gain)		128,821	(99,200)
Argentina wealth tax		591,553	567,551
Net loss		32,419,209	18,878,722
Other comprehensive loss (gain)			
Items that may be reclassified subsequently to net loss:			
Foreign currency translation adjustment		722,469	(162,891)
Impact of hyperinflation	*4*	(259,519)	432,713
Comprehensive loss		$ 32,882,159	$ 19,148,544
Basic and diluted loss per common share		$ 0.29	$ 0.19
Weighted average common shares outstanding		112,765,794	97,769,050

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

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

	Note	**2021**	**Year ended December 31, 2020**
Cash flows used in operating activities			
Net loss for the year		$ (32,419,209)	$ (18,878,722)
Items not involving cash:			
Share-based compensation	*10c*	3,301,123	2,034,323
Financing costs		330	31,005
Net monetary loss		739,682	136,292
Unrealized foreign exchange loss (gain)		27,525	(162,835)
Net changes in working capital and other items:			
Receivables and other		(928,417)	(719,388)
Trade payables and accrued liabilities		4,887,150	469,778
		(24,391,816)	(17,089,547)
Cash flows from (for) financing activities			
Proceeds from equity financings, net		-	40,514,416
Drawdown of credit facilities		-	1,350,960
Repayment of credit facilities		-	(1,349,900)
Proceeds from option exercises		9,626,522	-
Repayment of lease liabilities		(12,411)	(60,665)
		9,614,111	40,454,811
Cash flows for investing activities			
Acquisition of equipment and facilities	*6*	(165,698)	-
Mineral properties and related expenditures		(1,114,460)	(207,501)
		(1,280,158)	(207,501)
Effect of exchange rate change on cash		(851,271)	(585,085)
Increase (decrease) in cash during the year		(16,909,134)	22,572,678
Cash, beginning of the year		$ 36,326,118	$ 13,753,440
Cash, end of the year		$ 19,416,984	$ 36,326,118

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

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

	Note	Number of Shares	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
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		-	-	2,034,323	-	-	2,034,323
Shares issued pursuant to the equity financings		22,538,235	41,695,735	-	-	-	41,695,735
Share issuance costs		-	(1,181,319)	-	-	-	(1,181,319)
Shares issued pursuant to credit facilities		14,084	27,379	-	-	-	27,379
Net loss and other comprehensive loss		-	-	-	(18,878,722)	(269,822)	(19,148,544)
Balance, December 31, 2020		**110,770,770**	**$ 166,119,611**	**$ 9,763,491**	**$(130,693,363)**	**$ (1,638,055)**	**$ 43,551,684**
Balance, January 1, 2021		110,770,770	$ 166,119,611	$ 9,763,491	$(130,693,363)	$ (1,638,055)	$ 43,551,684
Share-based compensation	*10c*	-	-	3,301,123	-	-	3,301,123
Shares issued pursuant to stock option exercises	*10b*	4,272,169	14,147,107	(4,520,585)	-	-	9,626,522
Net loss and other comprehensive loss		-	-	-	(32,419,209)	(462,950)	(32,882,159)
Balance, December 31, 2021		**115,042,939**	**$ 180,266,718**	**$ 8,544,029**	**$(163,112,572)**	**$ (2,101,005)**	**$ 23,597,170**

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

1. NATURE OF OPERATIONS

Filo Mining Corp. (the "Company" or "Filo Mining") was incorporated on May 12, 2016 under the Canada Business Corporations Act in connection with the plan of arrangement to reorganize Josemaria Resources Inc. ("Josemaria", formerly NGEx Resources Inc.), 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 San Juan Province, Argentina and Region III, Chile. Its registered office is located at Suite 2000, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada. The Company's common shares trade on the Toronto Stock Exchange under the symbol "FIL". In addition, the Company's common shares trade on the NASDAQ First North Growth Market under the symbol "FIL" and on the OTCQX under the symbol "FLMMF".

2. BASIS OF PRESENTATION

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

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on March 22, 2022.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Consolidation

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

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

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

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

b) Critical accounting estimates, assumptions and judgements

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgements that affect the reported amounts of assets, liabilities and expenditures on the financial statements. These estimates, assumptions and judgements are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual results could differ and such differences could be material. Estimates, assumptions and judgements are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates, assumptions and judgements, and the resulting effects on the carrying amounts of the Company's assets and liabilities, are accounted for prospectively. Information about estimates, assumptions, judgments and other sources of estimation uncertainty as at December 31, 2021 that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year are provided below:

Valuation of mineral properties – The Company carries the acquisition costs of its mineral properties at cost less any provision for impairment. At each reporting date, the Company a reviews its mineral properties for indicators of impairment, which requires the Company to exercise key judgements, including but not limited to, the Company's right to explore the mineral property, whether the Company has further plans or budgets for substantive expenditures for the ongoing exploration and evaluation of the mineral property, the impact of exploration and evaluation results to date with respect to the mineral property, and the likelihood that the carrying value of the mineral property will be recovered in the future through development or sale of the asset. If indicators of impairment are identified, the Company would further review the carrying values of the applicable mineral properties to determine if their carrying values may exceed their fair value, which also requires the Company to make significant judgments and estimates. The judgments and estimates mentioned above are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties.

The Company has determined that no indicators of impairment exist for its mineral properties as of December 31, 2021.

c) Foreign currency translation

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

For the Company's Argentine subsidiary, which is affected by hyperinflationary accounting as described in Notes 3o) and 4 below, and uses the Argentine peso as its functional currency, the results and financial position of this subsidiary are translated into the presentation currency using the exchange rate prevailing at the date of the statement of financial position.

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

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

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

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

d) Mineral properties and exploration expenditure

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

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

e) Equipment and facilities

Equipment and facilities are carried at cost less accumulated depreciation and impairment losses. The cost of an asset consists of its purchase price, any directly attributable costs of bringing the asset to the working condition and location of its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation of each asset is calculated using the straight-line method to allocate its cost less its residual value over its estimated useful life. Depreciation of an asset begins when it is available for use at the location, and in the condition, as intended by management.

The assets' residual values, depreciation methods, and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

When an asset is disposed of, the difference between the net sale proceeds and its carrying amount is recognized as a gain or loss within net loss in the consolidated statement of comprehensive loss.

f) Impairment of non-financial assets

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

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

g) Financial instruments

(i) Recognition

The Company measures and classifies its financial assets based on its business model for managing its financial assets and the contractual cash flow characteristics of those financial assets. Financial assets are classified into three measurement categories on initial recognition: those measured at fair value through profit or loss, those measured at fair value through other comprehensive income ("OCI") and those measured at amortized cost.

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

Investments in marketable securities, such as equity instruments of publicly listed entities, are required to be measured at fair value through profit or loss, unless the Company makes an irrevocable election to present subsequent changes in the fair value of such instruments through OCI. The Company has not elected to measure any of its marketable securities through OCI.

(ii) Derecognition

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

(iii) Impairment

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

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

h) Cash

Cash includes cash on hand, and deposits held with financial institutions with a fixed deposit term of three months or less, net of bank overdrafts.

i) Current and deferred income tax

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

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

j) Share capital

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

k) Share-based compensation

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

l) Provisions

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

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

m) Leases

The Company recognizes a right-of-use asset, and corresponding lease liability, 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.

n) Segment reporting

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

o) Hyperinflation

The Company applies IAS 29, *Financial Reporting in Hyperinflationary Economies*, which outlines the use of the hyperinflationary accounting, to consolidate and report its Argentine operating subsidiary.

The application of hyperinflationary accounting requires restatement of the 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.

p) New accounting pronouncements

The IASB and/or the IFRS Interpretations Committee have issued new standards and amendments, or interpretations to existing standards, which were not yet effective and not applied by the Company as at December 31, 2021. The Company continues to evaluate these changes to determine their impact, if any.

IAS 16, Property, plant and equipment

IAS 16 has been amended to provide clarity with respect to the treatment of net proceeds generated from selling any items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Specifically, the amendments prohibit entities from deducting amounts resulting from the selling of items produced during this phase from the cost of property, plant and equipment. Instead, an entity shall recognize such sales proceeds and related costs in profit or loss.

The amendments to IAS 16 are effective for annual reporting periods beginning on or after January 1, 2022 and are not expected to have an impact on the Company's financial results for the year ended December 31, 2022.

There are no other IFRS standards or International Financial Reporting Interpretations Committee interpretations that are not yet effective or early adopted that are expected to have any impact on the Company.

4. HYPERINFLATION

Argentina was designated a hyperinflationary economy as of July 1, 2018 for accounting purposes.

The Company recognized a gain of $259,519 for the year ended December 31, 2021 (2020: loss of $432,713) in relation to the impact of hyperinflation within other comprehensive income, which is primarily the result of continued inflation during the year and the resulting adjustments recognized on the net asset position of held by the Company's Argentine operating subsidiary.

As a result of changes in the IPC and changes to the Company's net monetary position, the Company recognized a net monetary gain of $34,814 for the year ended December 31, 2021 (2020: $132,383), to adjust transactions recorded during the year into a measuring unit current as of December 31, 2021.

The level of the IPC at December 31, 2021 was 582.5 (December 31, 2020: 385.9), which represents an increase of approximately 51% over the IPC at December 31, 2020, and an approximate 19% increase over the average level of the IPC during the year ended December 31, 2021.

(Expressed in Canadian Dollars, unless otherwise stated)

5. RECEIVABLES AND OTHER ASSETS

	December 31, 2021	December 31, 2020
Current		
Taxes receivable	59,150	165,043
Other receivables	237,238	347,870
Prepaid expenses and deposits	401,272	297,330
	697,660	**810,243**
Non-current		
Taxes receivable	2,314,091	1,656,495
	2,314,091	**1,656,495**

Pursuant to regulations, the Company is entitled to a refund of certain value added taxes ("VAT") paid in Argentina. While the Company continues to expect full payment of the amounts claimed, the timing of receipt of the refunds has become increasingly uncertain. Accordingly, the corresponding taxes receivable balance has been classified as non-current.

6. EQUIPMENT AND FACILITIES

The Company's equipment and facilities relate to mobile equipment and modular field facilities acquired for its Filo del Sol property in Argentina.

	Works in progress		
	Equipment	Facilities	Total
Cost			
January 1, 2021	**$ -**	**$ -**	**$ -**
Additions	32,309	133,389	165,698
Adjustment for the impacts of hyperinflation	(529)	3,178	2,649
December 31, 2021	**$ 31,780**	**$ 136,567**	**$ 168,347**
Net Book Value			
December 31, 2021	**$ 31,780**	**$ 136,567**	**$ 168,347**

(Expressed in Canadian Dollars, unless otherwise stated)

7. MINERAL PROPERTIES

	Filo del Sol	Tamberias	Total
January 1, 2020	**$ 3,410,727**	**$ 3,901,493**	**$ 7,312,220**
Additions	-	1,465,136	1,465,136
Adjustment for the impacts of hyperinflation	(25,196)	-	(25,196)
Effect of foreign currency translation	-	105,241	105,241
December 31, 2020	**$ 3,385,531**	**$ 5,471,870**	**$ 8,857,401**
Adjustment for the impacts of hyperinflation	108,294	-	108,294
Effect of foreign currency translation	-	(902,777)	(902,777)
December 31, 2021	**$ 3,493,825**	**$ 4,569,093**	**$ 8,062,918**

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 San Juan Province, Argentina and Region III, 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 were rescheduled and extended through to June 30, 2026.

During the year ended December 31, 2021, the Company made payments totaling US$900,000 pursuant to the Option Amendments. As at December 31, 2021, the Company's total remaining option payments were as follows:

(Expressed in Canadian Dollars, unless otherwise stated)

Payment by:	**Amount (US$)**
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
	15,250,000

8. CREDIT FACILITIES

In July 2020, the Company obtained an unsecured US$5.0 million credit facility (the "July 2020 Facility") from Zebra Holdings and Investments S.à.r.l ("Zebra"). Zebra reports its security holdings in the Company as a joint actor, as defined by Canadian securities regulations, with Lorito Holdings S.à.r.l. ("Lorito"), and at the time of entering into the July 2020 Facility they collectively held more than 20% of the Company's issued and outstanding common shares. Accordingly, Zebra and Lorito are considered to be related parties of the Company.

As consideration for the July 2020 Facility, Zebra received 480 common shares each month, for every US$50,000 in principal outstanding, prorated accordingly for the number of days outstanding.

During the year ended December 31, 2021, the Company made no draws against this facility (2020: US$1,000,000) and it matured on July 12, 2021 with no amounts drawn or owing. No interest was payable in cash during its term.

9. SHARE CAPITAL

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

10. 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.

(Expressed in Canadian Dollars, unless otherwise stated)

b) Share options outstanding

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

	Number of shares issuable pursuant to share options	Weighted average exercise price per share
Balance at January 1, 2020	8,267,501	$ 2.37
Options granted	1,450,000	1.91
Expired or forfeited	(261,667)	2.53
Balance at December 31, 2020	9,455,834	$ 2.29
Options granted	1,082,600	9.04
Exercised	(4,272,169)	2.25
Expired or forfeited	(28,667)	6.49
Balance at December 31, 2021	6,237,598	$ 3.47

The weighted average share price on the exercise date for the share options exercised during the year ended December 31, 2021 was $8.72.

On June 7, 2021, the Company granted a total of 15,000 share options to a newly appointed officer of the Company at an exercise price of $11.00 per share. In addition, on August 18, 2021, the Company granted a total of 1,052,000 share options to the officers, employees, directors and other eligible persons at an exercise price of $8.95 per share. Furthermore, on November 17, 2021, the Company granted a total of 15,600 share options to a recently appointed director of the Company at an exercise price of $12.90 per share.

The Company uses the Black-Scholes option pricing model to estimate the fair value for all options granted and the resulting stock-based compensation. The weighted average assumptions used in this pricing model, and the resulting fair values per option, for the 1,082,600 share options granted during the year ended December 31, 2021, were as follows:

(i)	Risk-free interest rate:	0.72%
(ii)	Expected life:	4.0 years
(iii)	Expected volatility:	61.03%
(iv)	Expected dividends:	nil
(v)	Fair value per option:	$4.22

(Expressed in Canadian Dollars, unless otherwise stated)

The following table details the share options outstanding and exercisable as at December 31, 2021:

	Outstanding options			Exercisable options		
Exercise price	Options outstanding	Weighted average remaining contractual life (Years)	Weighted average exercise price	Options exercisable	Weighted average remaining contractual life (Years)	Weighted average exercise price
$1.91	1,223,333	3.63	$1.91	775,001	3.63	$1.91
$2.20	1,365,000	1.62	$2.20	1,365,000	1.62	$2.20
$2.50	1,070,000	0.70	$2.50	1,070,000	0.70	$2.50
$2.75	1,538,332	2.78	$2.75	1,538,332	2.78	$2.75
$8.95	1,010,333	4.63	$8.95	343,001	4.63	$8.95
$11.00	15,000	4.44	$11.00	5,000	4.44	$11.00
$12.90	15,600	4.88	$12.90	5,200	4.88	$12.90
	6,237,598	2.65	$3.47	5,101,534	2.29	$2.86

c) Share-based compensation

	Year ended December 31, 2021	Year ended December 31, 2020
Exploration and project investigation	815,109	428,823
General and administration	2,486,014	1,605,500
	3,301,123	**2,034,323**

(Expressed in Canadian Dollars, unless otherwise stated)

11. EXPLORATION AND PROJECT INVESTIGATION

All exploration and project investigation costs are related to the Filo del Sol Project. Due to the geographic location of the Filo del Sol Project, the Company's business activities have historically fluctuated with the seasons, through increased drilling and other exploration activities during the summer months in South America. However, commencing in June 2021, the Company has undertaken winterization efforts which may allow for continuous, year-round field operations potentially reducing this seasonal fluctuation in exploration expenditures moving forward.

The Company expensed the following exploration and project investigation costs, all incurred in relation to the Filo del Sol Project:

		Year ended December 31,
	2021	**2020**
Land holding and access costs	610,952	515,701
Drilling, fuel, camp costs and field supplies	20,624,075	9,310,843
Roadwork, travel and transport	5,762,367	2,478,956
Consultants, geochemistry and geophysics	1,043,631	964,632
Environmental and community relations	751,171	489,547
VAT and other taxes	5,555,377	1,869,125
Office, field and administrative salaries, overhead and other administrative costs	3,719,574	2,447,112
COVID-19-related health and safety	2,019,183	550,493
Share-based compensation	815,109	428,823
	40,901,439	**19,055,232**

12. 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 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, was 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.

(Expressed in Canadian Dollars, unless otherwise stated)

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. These transactions were incurred in the normal course of operations, and are summarized as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Management Services to Josemaria	281,813	943,427
Management Services to NGEx Minerals	549,787	433,148
Management Services from Josemaria	(99,869)	(314,419)
Management Services from NGEx Minerals	(591,415)	(500,101)
Legal services from BMJAL	-	(43,866)

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	December 31, 2021	December 31, 2020
Receivables and other assets	Josemaria	46,678	-
Receivables and other assets	NGEx Minerals	15,113	11,752
Accounts payable and accrued liabilities	Josemaria	(1,667)	-
Accounts payable and accrued liabilities	NGEx Minerals	(24,343)	(5,850)

c) Camp usage 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.

The agreement may be terminated with one year's prior notice by Josemaria, and the agreement may be renewed for another year at the Company's election. On April 27, 2021, Filo Mining provided formal notice of renewal to the Company for the period through April 1, 2022.

(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:

		Year ended December 31,
	2021	**2020**
Salaries	965,333	762,667
Short-term employee benefits	28,107	22,447
Directors fees	162,004	108,495
Stock-based compensation	2,040,635	1,368,514
Incentive bonuses	1,030,000	540,000
	4,226,079	**2,802,123**

13. INCOME TAXES

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

		Year ended December 31,
	2021	**2020**
Loss before taxes	32,419,209	18,878,722
Combined Canadian federal and provincial statutory income tax rates	27.00%	27.00%
Income tax recovery based on the above rate	8,753,186	5,097,255
Income tax benefits that have not been recognized and other temporary differences	(9,703,799)	(3,256,439)
Non-deductible expense	(111,588)	(900,389)
Other permanent differences	6,325,850	1,878,319
Impacts of changes in foreign tax and currency rates	(7,021,540)	(3,090,555)
Differences between Canadian and foreign tax rates	1,757,891	271,809
Total income tax recovery	-	-

(Expressed in Canadian Dollars, unless otherwise stated)

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

	December 31, 2021	December 31, 2020
Non-capital losses carried forward	6,442,468	3,968,318
Mineral properties and related expenditures	16,543,307	10,620,277
Other	1,066,502	996,792
	24,052,277	**15,585,387**

As at December 31, 2021, the non-capital loss carry-forwards and their respective expiration dates are as follows:

Year	Canada	Argentina	Other	Total
2022	-	77,039	26,903	103,942
2023	-	4,420	11,943	16,363
2024	-	123,728	-	123,728
2025	-	323,580	239,088	562,668
2026 and onwards	19,428,070	3,972,696	8,158	23,408,924
	19,428,070	**4,501,463**	**286,092**	**24,215,625**

14. SEGMENTED INFORMATION

The Company is principally engaged in the acquisition, exploration and development of mineral properties in South America. The information regarding equipment and facilities, mineral properties and exploration and project investigation costs presented in Notes 6, 7, and 11, respectively, represent the manner in which management reviews its business performance. All the Company's equipment and facilities, 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. The net gains on the use of marketable securities are allocated to the Filo del Sol Project, as they are the result of funding provided to the Company's Argentine subsidiary in support of the project. Materially all 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 December 31,		**Filo del Sol Project**	**Corporate**	**Total**
2021	Current assets	6,524,265	13,590,379	20,114,644
	Equipment and facilities	168,347	-	168,347
	Taxes receivable	2,314,091	-	2,314,091
	Mineral properties	8,062,918	-	8,062,918
	Total assets	17,069,621	13,590,379	30,660,000
	Current liabilities	6,628,841	433,989	7,062,830
2020	Current assets	3,397,742	33,738,619	37,136,361
	Right-of-use asset	12,275	-	12,275
	Taxes receivable	1,656,495	-	1,656,495
	Mineral properties	8,857,401	-	8,857,401
	Total assets	13,923,913	33,738,619	47,662,532
	Current liabilities	3,854,243	256,605	4,110,848

(Expressed in Canadian Dollars, unless otherwise stated)

Year ended December 31,		**Filo del Sol Project**	**Corporate**	**Total**
2021	Exploration and project investigation	40,901,439	-	40,901,439
	Gain on use of marketable securities	(15,281,148)	-	(15,281,148)
	General and administration and other items	(34,814)	6,833,732	6,798,918
	Net loss	25,585,477	6,833,732	32,419,209
2020	Exploration and project investigation	19,055,232	-	19,055,232
	Gain on use of marketable securities	(4,602,750)	-	(4,602,750)
	General and administration and other items	(291,593)	4,717,833	4,426,240
	Net loss	14,160,889	4,717,833	18,878,722

15. 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, 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 several days, some fluctuations are unavoidable.

As the marketable securities are acquired with the intention of a near term sale, they are considered financial instruments that are held for trading. 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 year ended December 31, 2021, the Company realized a net gain of $15,281,148 (2020: $4,602,750). The net gain for the year ended December 31, 2021 was comprised of a favorable foreign currency impact of $18,425,317 (2020: $5,514,960) and a trading loss of $3,144,170 (2020: $912,211), including the impact of fees and commissions.

16. CAPITAL MANAGEMENT

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

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

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

17. FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISKS

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

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

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

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

As at December 31, 2021, the Company's financial instruments are exposed to the following financial risks, including credit, liquidity and currency risks:

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

(ii) Liquidity risks associated with the inability to meet obligations as they become due is minimized through the management of its capital structure as explained on Note 16 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 December 31, 2021 are as follows:

	Total	**Less than 1 year**	**1-5 years**	**More than 5 years**
Accounts payable and accrued liabilities	7,062,830	7,062,830	-	-
Total	**7,062,830**	**7,062,830**	**-**	**-**

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

At December 31, 2021, the Company's largest foreign currency risk exposures existed at the level of its Canadian headquarters, where the Company held a net financial asset position denominated in US dollars having a Canadian dollar equivalent of approximately $1.2 million. A 10% change in the foreign exchange rate between the US dollar and the Canadian dollar, the functional currency of Filo Mining, would give rise to an increase/decrease of approximately $117,000 in financial position/comprehensive loss.

18. SUBSEQUENT EVENT

On March 11, 2022, the Company closed a non-brokered private placement of 6,270,000 common shares to BHP Western Mining Resources International Pty Ltd, a wholly owned subsidiary of BHP Group Limited (collectively, "BHP"), at a price of $15.95 per common share for total proceeds of $100 million (the "Private Placement"). No finder's fee or commissions were payable in connection with this Private Placement.

Upon closing of the Private Placement, BHP owned approximately 5% of the Company's issued and outstanding common shares on an undiluted basis. The common shares acquired by BHP pursuant to the Private Placement are subject to a statutory four-month hold period in accordance with applicable securities regulations.

In connection with the Private Placement, BHP has been granted certain participation and top-up rights, allowing BHP to maintain its ownership interest from time to time, provided that such participation rights will not apply to any portion of BHP's ownership interest in excess of a 9.9% undiluted ownership level in the Company. In addition, the Company and BHP have agreed to form a joint advisory committee to share expertise, exploration concepts, and discuss future project development.

The Company intends to use the proceeds of the Private Placement to advance exploration and development of the Company's Filo del Sol Project and for working capital and general corporate purposes.

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  VP Exploration
Trevor D'Sa
  VP Corporate Development & IR
Jeffrey Yip
  Chief Financial Officer

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