

# Filo Mining Reports Q1 2018 Results

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VANCOUVER, May 10, 2018 /CNW/ - [Filo Mining Corp.](#) (TSX-V:FIL) (Nasdaq First North:FIL) ("Filo Mining" or the "Company") is pleased to announce its results for three months ended March 31, 2018.

## HIGHLIGHTS

Building on a strong 2017, which culminated in the completion of a preliminary economic assessment ("PEA") on the Filo del Sol Project in November 2017, the Company continued its forward momentum into Q1 2018 with the undertaking and completion of an extensive 2017/2018 field program, which was designed to support a Preliminary Feasibility Study ("PFS"). The PFS will explore various opportunities to enhance the value at the flagship Filo del Sol Project for the Company's shareholders, as identified in the PEA, which includes analysis of lower capital cost processing options and optimization of mine planning and scheduling. Ausenco Engineering Canada Inc. has been engaged to lead the PFS, which is expected to be completed by the first quarter of 2019.

During the 2017/2018 field program, sample material in excess of 4.5 tonnes was collected for metallurgical, geotechnical, and environmental testwork in support of the PFS. In addition, 9,411 metres of drilling in 31 reverse circulation ("RC") and 9 diamond drill holes were also completed, the results of which will be used as the basis for an update to the Mineral Resource estimate, scheduled for the third quarter, 2018. The main goals of the drill program included conversion of Inferred oxide material to the Indicated category, while also extending mineralization beyond the current limits of the Mineral Resource, both of which are expected to be achieved based on the first batch of assay results received to date. Highlights from these initial assay results, which cover 20 RC holes, include the following:

- VRC135: 20 metres @ 0.54% Cu, 0.96 g/t Au, 208.0 g/t Ag;
- VRC137: 164 metres @ 0.33% Cu, 0.36 g/t Au, 27.4 g/t Ag;
- VRC143: 36 metres @ 1.45% Cu, 0.34 g/t Au, 0.9 g/t Ag;
- VRC152: 38 metres @ 0.33% Cu, 0.28 g/t Au, 313.6 g/t Ag;
- VRC153: 12 metres @ 0.86% Cu, 1.91 g/t Au, 0.8 g/t Ag; and
- VRC155: 50 metres @ 0.56% Cu, 0.50 g/t Au, 236.4 g/t Ag.

The remaining lab assays are expected to be available towards the end of the second quarter of 2018.

Lastly, the Company successfully replenished its treasury during the first quarter, which provides more than adequate financial resources to complete the PFS currently underway. In February 2018, the Company successfully raised gross proceeds of \$25.5 million pursuant to a bought deal offering of common shares and a concurrent non-brokered private placement (the "Financings"), which resulted in the sale of 9,823,195 common shares of the Company at a price of \$2.60 per common share (the "Issue Price"). The Issue Price was undiscounted relative to the trading price of the Company's common shares on the TSX-V on February 5, 2018, the date of announcing and launching the Financings.

Adam Lundin, President and CEO, commented, "Filo Mining has had a strong start to 2018, having now strengthened its balance sheet with \$25.5 million from the tandem equity raise, and having completed an ambitious 2017/2018 field program, which will provide critical support to various PFS disciplines and allow for an update to the Mineral Resource estimate at the Filo del Sol Project. We are pushing full steam ahead and building on the momentum carried forward from the prior year, as we will look not only towards the completion of a PFS by Q1 2019, but rather start looking beyond this horizon as the Project begins to take shape."

## OUTLOOK

The Company is currently awaiting the assay results from the final 11 RC and 9 diamond drill holes of the

2017/2018 drill program, which are expected to become available before the end of the second quarter. The results of the 2017/2018 drill program, once received in full, will form the basis for an update to the Mineral Resource estimate on the Filo del Sol Project, which is currently planned for completion during the third quarter. Based on results received to date, the Company anticipates that it will be able to successfully convert a portion of the Inferred material to the Indicated category, while also extending mineralization beyond the current limits of the Mineral Resource.

The updated Mineral Resource estimate, together with the results of the other data collection and testwork disciplines undertaken during the 2017/2018 field program, will be incorporated into a PFS of the Filo del Sol Project, which is targeted for completion by the first quarter of 2019. The PFS will explore several opportunities identified in the PEA for unlocking value at the Filo del Sol Project, including:

- Evaluating unique processing methods to take advantage of the fast leach kinetics noted in metallurgical testwork completed to date, which could reduce project capital by recovering soluble copper through installing a conventional washing system for process feed after the crushing circuit. Further study of this option is planned and, if successful, the washing stage could eliminate the permanent copper and on/off leach pads and their associated materials handling systems, saving on capital and operating costs associated with these installations;
- Evaluating opportunities to optimize the mine plan and production schedules by smoothing out the production profile and bringing forward copper revenues; and
- Increasing metallurgical recoveries with further test work and optimization.

The analysis of alternative processing options and refinement of metallurgical recoveries is currently underway, using material collected during the 2017/2018 field program from diamond drill holes and surface trenches. The results of this current phase of metallurgical testwork are expected to be available in the third quarter of 2018.

With the recently completed PEA and a PFS currently underway on the Filo del Sol Project, together with a treasury of \$18.1 million at March 31, 2018, the Company is well positioned to make strides towards advancing the Filo del Sol Project. The results of the PFS will guide the direction taken by the Company with respect to the Filo del Sol Project and may lead to further advanced studies of the Project.

## FINANCIAL RESULTS

(In thousands of Canadian dollars, except per share amounts)

	Three months ended March 31, 2018	Three months ended March 31, 2017
Exploration and project investigation	13,132	8,930
General and administration ("G&A")	1,494	635
Net loss	14,389	9,513
Basic and diluted loss per share	0.22	0.15

The financial information in this table were selected from the Company's condensed interim consolidated financial statements for the three months ended March 31, 2018 (the "Financial Statements"), which are available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's website [www.filo-mining.com](http://www.filo-mining.com).

## SELECTED FINANCIAL INFORMATION

(In thousands of Canadian dollars)

	March 31, 2018	December 31, 2017
Cash	18,082	2,417
Working capital	12,039	1,462
Mineral properties	6,598	6,479
Total assets	26,292	10,193

The financial information in this table were selected from the Financial Statements, which are available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's website [www.filo-mining.com](http://www.filo-mining.com).

The Company incurred a net loss of \$14.4 million during the three months ended March 31, 2018, comprised of \$13.1 million and \$1.5 million in exploration and project investigation costs and G&A costs, respectively, compared to a net loss of \$9.5 million for the three months ended March 31, 2017. The variance is primarily due to relative levels of exploration activity undertaken during the respective periods. Specifically, the larger net loss in the first quarter of 2018 is due to the execution of a larger exploration program during the 2017/2018 exploration season to generate and collect data in support of the PFS currently underway on the Filo del Sol Project.

## LIQUIDITY AND CAPITAL RESOURCES

As at March 31 2018, the Company had cash of \$18.1 million and net working capital of \$12.0 million, compared to cash of \$2.4 million and net working capital of \$1.5 million, as at December 31, 2017. The increase in the Company's cash and net working capital is due primarily to aggregate net proceeds totaling \$24.4 million received from the Financings, which closed on February 28, 2018. This cash inflow has been partially offset by funds directed towards advancing the Filo del Sol Project, and to a lesser extent, funds spent for general corporate purposes and repayment of all amounts owed pursuant to a short-term credit facility as announced by the Company on January 12, 2018.

Moving forward, the Company expects that the majority of its treasury will be used to fund ongoing work programs to advance the Filo del Sol Project.

## About Filo Mining

Filo Mining is a Canadian mineral exploration company which holds a 100% interest in the Filo del Sol Project on the border of Argentina's San Juan Province and Chile's adjacent Region III. Filo del Sol 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 mining-friendly and hosts a number of large-scale mining operations. The project area is covered under the Mining Integration and Complementation Treaty between Chile and Argentina, which provides the framework for the development of cross border mining projects. Built on a foundation of experienced management and focused on advancing exploration projects in Chile and Argentina, Filo Mining is well positioned to build shareholder value through discovery and resource development.

## Additional information

The Filo del Sol Project, the Mineral Resource estimate, and the PEA are described in a Technical Report titled "Independent Technical Report for a Preliminary Economic Assessment on the Filo del Sol Project,

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

The Company's condensed interim consolidated financial statements for the three months ended March 31, 2018 and related management's discussion and analysis are available on the Company's website at [www.filo-mining.com](http://www.filo-mining.com) or under its profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Filo Mining is listed on the TSX-V and Nasdaq First North Exchange under the trading symbol "FIL". Pareto Securities AB is the Company's Certified Adviser on Nasdaq First North.

This information was submitted by [Filo Mining Corp.](http://www.filo-mining.com) for publication, through the agency of the contact person set out below, on May 10, 2018 at 5:00 pm Pacific time.

On behalf of the board of directors of Filo Mining,

Adam Lundin, President and CEO  
[Filo Mining Corp.](http://www.filo-mining.com)

#### Cautionary Note Regarding Forward-Looking Statements

Certain statements made and information contained herein in this press release 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 press release is based on information available to the Company as of the date of this press release. 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 Company's most recent MD&A and/or 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 press release 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 press release. In particular, this press release contains forward-looking statements or information pertaining to the assumptions used in the PEA for the Filo del Sol project, the assumptions used in the mineral resources estimates for the Filo del Sol project, including, but not limited to, geological interpretation, grades, metal price assumptions, metallurgical and mining recovery rates, geotechnical and hydrogeological conditions, as applicable; ability to develop infrastructure; assumptions made in the interpretation of drill results, geology, grade and continuity of mineral deposits; expectations regarding access and demand for equipment, skilled labour and services needed for exploration and development of mineral properties; and that activities will not be adversely disrupted or impeded by exploration, development, operating, regulatory, political, community, economic and/or environmental risks. In addition, this press release contains forward-looking statements or information pertaining to the anticipated undertaking of and timing for the completion of a Pre-Feasibility Study; expected timing for an updated mineral resource estimate and the results of metallurgical testwork; expected timing or ability to secure additional financing and/or the quantum and terms thereof; exploration and development plans and expenditures; the timing and nature of studies and any potential development scenarios; opportunities to improve project economics; the success of future exploration activities; potential for resource expansion; potential for the discovery of new mineral deposits; ability to build shareholder value; expectations with regard to adding to mineral resources through exploration; expectations with respect to the conversion of inferred resources to an indicated resources classification; ability to execute the Planned Work programs; estimation of commodity prices, mineral resources, costs, and permitting time lines; ability to obtain surface rights and property interests; currency exchange rate fluctuations; requirements for additional capital; government regulation of mining activities; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; and other risks and uncertainties.

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

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