

# Filo Mining Reports Q1 2019 Results

09.05.2019 | [CNW](#)

VANCOUVER, May 8, 2019 - [Filo Mining Corp.](#) (TSX-V:FIL)(Nasdaq First North:FIL) ("Filo Mining" or the "Company") announce its results for the three months ended March 31, 2019.

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## HIGHLIGHTS

### Successful Completion of PFS and Introduction of Maiden Probable Mineral Reserves

To cap off its key operating initiatives of 2018, the Company successfully completed a pre-feasibility study ("PFS") at the Filo del Sol Project (the "Project") on January 13, 2019. The PFS results continue to underline the Company's longtime views that the Filo del Sol Project holds considerable size and strong economics, which are all the more exciting when considering that the PFS incorporates the oxide portion of the current mineral resource, excludes any impact of the sulphide material beneath, and is based on exploration of less than 20% of the Project's vast area.

Highlights of the PFS include:

- a US\$ 1.28 billion after-tax NPV using an 8% discount rate and an IRR of 23% at US\$ 3.00/lb copper, US\$ 1,300/oz silver, and US\$ 20/oz silver;
- average annual production of approximately 67,000 tonnes of copper (including copper as copper precipitate), 15 million ounces of gold, and 8,653,000 ounces of silver at a C1 cost of \$1.23/lb CuEq.;
- pre-production capital cost of US\$ 1.27 billion (excluding costs prior to a construction decision);
- 14 year mine life (including pre-stripping) producing almost 1.75 billion pounds of copper as cathode, and 1.92 million ounces of gold and 104 million ounces of silver as doré over the 13 year leach feed schedule. Additional copper is also recovered as a high-grade copper precipitate; and
- a low strip ratio of 1.5:1 (waste:ore).

The PFS also introduced an initial Mineral Reserve estimate for the Filo del Sol project, which, at a 0.01 US\$/tonne Net Smelter Return ("NVPT") cut-off, is as follows:

Category	Tonnage Grade				Contained Metal			
	(Mt)	Cu (%)	Au (g/t)	Ag (g/t)	NVPT (\$/t)	Cu (M lbs)	Au (K oz)	Ag (K oz)
(all domains)		(%)	(g/t)	(g/t)	(\$/t)	(M lbs)	(K oz)	(K oz)
Proven	-	-	-	-	-	-	-	-
Probable	259.1	0.39	0.33	15.1	25.30	2,226	2,764	126,028
Total Proven and Probable	259.1	0.39	0.33	15.1	25.30	2,226	2,764	126,028

Notes to accompany Filo del Sol Mineral Reserves table:

1. Mineral Reserves have an effective date of 13 January 2019. The Qualified Person for the estimate is Mr. Jay Melnyk, P.Eng. of AGP Mining Consultants, Inc.
2. The Mineral Reserves were estimated in accordance with the CIM Definition Standards for Mineral Resources and Reserves;
3. The Mineral Reserves are supported by a mine plan, based on a pit design, guided by a Lerchs Grossmann (LG) pit shell. Inputs to that process are:
  - Metal prices of Cu \$3.00/lb, Ag \$20/oz, Au \$1300/oz;
  - Mining cost of \$2.00/t;
  - An average processing cost of \$9.73/t;
  - General and administration cost of \$2.02/t processed;
  - Pit slope angles varying from 29 to 45 degrees, inclusive of geotechnical berms and ramp allowances;
  - Process recoveries were based on rocktype. The average recoveries applied were 83% for Cu, 73% for Au and 80% for Ag, which exclude the adjustments for operational efficiency and copper recovered as precipitate which were included in the financial evaluation;
4. Dilution and Mining Loss adjustments were applied at ore/waste contacts using a mixing zone approach. The volumes of dilution gain and ore loss were equal, resulting reductions in grades of 1.0%, 1.3% and 1.0% for Cu, Au and Ag respectively;
5. Ore/Waste delineation was based on a Net Value Per Tonne (NVPT) breakeven cut-off considering metal prices, recoveries, royalties, process and G&A costs as per LG shell parameters stated above;
6. The life-of-mine (LOM) stripping ratio in tonnes is 1.52:1;
7. All figures are rounded to reflect the relative accuracy of the estimate. Totals may not sum due to rounding as required by reporting guidelines.

#### Unlocking the Exploration Potential at the Filo del Sol Project

Due to the relative timing of the planning and start of the 2018/2019 field season in October 2018 and the completion of the PFS, the Company elected to direct this season's resources to the evaluation of the Filo del Sol Project's extensive exploration potential, with a focus on drill-testing the potential for a copper porphyry system below the current resource. Accordingly, diamond core drilling for the 2018/2019 field season began in November 2018, and was completed in March 2019, with a total of 4,747 metres completed in seven diamond holes.

The deep drilling exploration program proved to be a success, as the assay results related to the first two completed holes, FSDH025 and FSDH026, have been received, which confirm the presence of significant copper-gold porphyry mineralization underlying the oxide material at the Project, extending to depths of over 1,000 metres below surface. Again, this mineralization is outside of the current Mineral Resource envelope and has not been included in any study or project economics to date. Results from these first two holes are summarized in the following table:

HOLE-ID	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)	Ag (g/t)
FSDH025	0.0	1,025.0	1,025.0	0.30	0.22	1.6
incl.	334.0	466.0	132.0	0.48	0.30	1.2
FSDH026	0.0	613.9	613.9	0.39	0.34	1.6
incl.	14.0	474.0	460.0	0.45	0.34	1.6
and incl.	14.0	94.0	80.0	0.73	0.43	1.8
and incl.	228.0	316.0	88.0	0.50	0.33	1.4
and incl.	420.0	474.0	54.0	0.49	0.37	3.3

The remaining assay results are anticipated to be available shortly.

Adam Lundin, President and CEO, commented, "Our team has always believed that we have something special in the Filo del Sol Project, and the Company's progress during the first quarter of 2019 truly highlights this. On the one hand, the PFS completed in January continues to support the Filo del Sol Project as a strong emerging project with notable size and economic potential. Yet on the other hand, we cannot ignore the fact that the robust project reflected by the PFS incorporates only the oxide material of the current resource, which may just be the tip of the iceberg, when considering the presence of significant porphyry mineralization underneath the oxide material, as confirmed by the Company's most recent drill program. This discovery has the potential to be transformative for Filo Mining, and the Company will likely pursue the undertaking of a significant drill program next season to further define the porphyry mineralization and unlock the value of the Filo del Sol Project for shareholders."

## OUTLOOK

Considering both the results of the recently completed PFS and the 2018/2019 drill program's confirmation that a largely undefined sulphide system exists beneath the oxide material of the current Mineral Resource, the Company is now evaluating its strategic options to maximize the value of the Project for its shareholders. Options include, but are not limited to, fast-tracking the Project toward development or more fully testing the sulphide mineralization before committing to the undertaking of another engineering study at the Filo del Sol Project. That being said, the Company continues to progress certain feasibility-level testwork, which should facilitate to the eventual undertaking of a feasibility study in the future, such as conducting hydrogeological testwork to confirm an industrial source of water for the Project, as well as ongoing environmental baseline studies.

The Company is now waiting for receipt of the assay results related to the final 5 diamond holes of the 2018/2019 drill program, which will be taken into consideration in planning the next steps for the Filo del Sol Project. The final assay results are nearing completion, with results anticipated to be available shortly.

The Company remains open to partnership opportunities and may, from time to time, engage in discussions with third parties. As of the date of this MD&A, the Company does not have any binding agreements or commitments to enter into any transactions, and there are no assurances that such corporate activities would progress to the stage where a potential transaction is successfully completed.

## FINANCIAL RESULTS

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

	Three months ended	
	March 31,	
	2019	2018
Exploration and project investigation	11,022	13,132
General and administration ("G&A")	1,009	1,494
Net loss	12,092	14,389
Basic and diluted loss per share	0.17	0.22

The financial information in this table were selected from the Company's condensed interim consolidated financial statements for the three months ended March 31, 2019 (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,	December 31,
	2019	2018
Cash	1,039	2,405
Working capital deficit	(5,887)	(602)
Mineral properties	7,103	7,118
Total assets	10,854	11,938

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 \$12.1 million during the three months ended March 31, 2019, comprised of \$11.0 million and \$1.0 million in exploration and project investigation costs and G&A costs, respectively, compared to a net loss of \$14.4 million for the three months ended March 31, 2018. The variance is primarily due to relative nature and levels of exploration activity undertaken during the respective periods. Specifically, the larger net loss incurred during the 2018 comparative period is due to the higher costs associated with the undertaking of a PFS study on the Filo del Sol Project during the period, compared to the undertaking of a smaller exploration program in the current period.

#### LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2019, the Company had cash of \$1.0 million and a net working capital deficit of \$5.9 million, which includes \$3.4 million drawn and outstanding against a US\$ 5 million credit facility extended by Zebra Holdings and Investments S.à.r.l. ("Zebra"), an insider of the Company, dated February 28, 2019. As at March 31, 2019, the Company also had an earlier US\$ 5 million credit facility from Zebra in place, dated January 12, 2019, which matures on July 12, 2020. By comparison, as at December 31, 2018, the Company held cash of \$2.4 million and a net working capital deficit of \$0.6 million.

On April 26, 2019, the Company obtained another unsecured US\$ 4.0 million short-term credit facility from Zebra, to supplement the two aforementioned US\$ 5.0 million credit facilities. As a result, the Company now has access to US\$ 14.0 million, which will be used, as necessary, to fund ongoing exploration at the Filo del Sol Project and for general corporate purposes. Nonetheless, the Company continues to evaluate potential additional sources of financing. Historically, capital requirements have been primarily funded through equity financing, joint ventures, disposition of mineral properties and investments, and the use of short-term credit facilities. Management is confident that additional sources of funding will be secured to fund planned expenditures for at least twelve months from March 31, 2019.

#### About Filo Mining

Filo Mining is a Canadian exploration and development company focused on advancing its 100% owned Filo del Sol copper-gold-silver deposit located in Chile's Region III and adjacent San Juan Province, Argentina. The Company's shares are listed on the TSX-V and on Nasdaq First North under the symbol "FIL". Filo Mining is a member of the Lundin Group of Companies.

#### Qualified Person

The scientific and technical disclosure for the Filo del Sol Project included in this news release have been reviewed and approved by Bob Carmichael, P. Eng. (BC) and/or James Beck, B.A.Sc., P.Eng. Mr. Carmichael is Filo Mining's Vice-President of Exploration and a Qualified Person under National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI43-101"). Mr. Beck is Filo Mining's Vice-President of Corporate Development and Projects and is also a Qualified Person under NI43-101.

#### Additional information

The technical information relating to the PFS is based on a technical report titled "NI 43-101 Technical Report, Pre-feasibility Study for the Filo del Sol Project" dated February 22, 2019, with an effective date of January 13, 2019 (the "Technical Report"). The Technical Report was prepared for Filo Mining by Ausenco Engineering Canada Inc. ("Ausenco"). The Qualified Persons, as defined under NI 43-101, responsible for the Technical Report are Scott Elfen, P.E., Ausenco, Robin Kalanchey, P.Eng., Ausenco, Bruno Borntraeger, P.Eng., Knight Piesold Ltd., Fionnuala Devine, P.Geo., Merlin Geosciences Inc., Ian Stillwell, BGC Engineering Inc., Neil Winkelmann, FAusIMM, SRK Consulting (Canada) Inc., James N. Gray, P.Geo., Advantage Geoservices Limited, and Jay Melnyk, P.Eng., AGP Mining Consultants, all of whom are independent of Filo Mining. The Technical Report is available for review under the Company's profile on SEDAR at [www.sedar.com](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, 2019 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.](#) for publication, through the agency of the contact person set out below, on May 8, 2019 at 5:00 pm Pacific time.

On behalf of the board of directors of Filo Mining,

Adam Lundin, President and CEO  
[Filo Mining Corp.](#)

#### 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") 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 reserve and 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 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 information should not be unduly relied upon. Information contained in this press release is as of the date of this press release. In particular, this press release contains forward-looking 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 press release contains forward-looking information pertaining to the undertaking of and timing for the completion of a Feasibility Study or a feasibility-level study; potential results of further metallurgical testwork; 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 reserves or resources through exploration; expectations with respect to the conversion of inferred resources to an indicated resources classification; ability to execute planned work programs; estimation of commodity prices, mineral reserves and 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.

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 the Company's most recent management's discussion and analysis and elsewhere and in the "Risk Factors" section in the Company's most recent Annual Information Form, which are available under the Company's profile on SEDAR at [www.sedar.com](http://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.

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