

# Filo Mining Reports Q2 2020 Results

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VANCOUVER, Aug. 13, 2020 - [Filo Mining Corp.](#) (TSXV: FIL) (Nasdaq First North Growth Market: FIL) ("Filo Mining" or "Company") is pleased to announce its results for the three and six months ended June 30, 2020. [View PDF version.](#)

## HIGHLIGHTS

Filo Mining Sets Sights on Delineating and Expanding Substantial Exploration Target; Raises \$41.7 Million for Follow-up

Following completion of its field program in March 2020, the Company's main operational highlight for the second quarter was the receipt and analysis of full assay results from the 2019/2020 diamond drilling campaign at Filo del Sol. The assay results confirmed the existence of substantial copper-gold-silver mineralization extending 700 vertical metres from the floor of the current Mineral Resource, to total depths beyond 1 kilometre below surface. This additional mineralization also remains open to the north and south of the Mineral Resource, and highlights the significant potential for resource expansion that exists at Filo del Sol.

The 2019/2020 diamond drill program was highlighted by holes FSDH032 and FSDH034, which are summarized in the table below:

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

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

To better conceptualize the potential implications of this compelling mineralization on the ultimate size and scale of the Project, the Company developed an exploration target by modelling predicted volumes based on approximate east-west extent of the Mineral Resource, depths below surface drilled by the deeper diamond drill holes of the 2018/2019 and 2019/2020 campaigns, and the north-south extent drilled by these deeper holes. Copper, gold and silver grades for these volumes were estimated by taking the average of all drill hole samples within them, a total of between 1,169 and 2,561 samples representing between 2,197 and 4,914 metres of drilling.

The resulting conceptual exploration target has an approximate north-south dimension of 1,400 to 2,000 metres, an east-west dimension of approximately 450 metres, and a vertical depth of 700 metres, underlying the current Resource, and consists of the following:

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

The potential quantity and grade of this exploration target is conceptual in nature, and there has been insufficient exploration to define a mineral resource in this area. It is uncertain if further exploration will result in the target being delineated as a mineral resource. This target is in addition to the current resource at Filo del Sol and does not include prospective areas to the north and south of the deposit yet to be drilled.

Following the success of the 2019/2020 field season, on July 30, 2020 the Company closed a bought deal offering and a concurrent non-brokered private placement of a combined total of 22,538,235 common shares for gross proceeds of \$41.7 million, or anticipated net proceeds of approximately \$40.5 million (the "Financings"). The majority of the anticipated net proceeds from the Financings have been earmarked for the continued exploration and development of its flagship Filo del Sol Project, particularly for the undertaking of a drilling program designed to expand the exploration target and begin to convert it to an Inferred resource.

Jamie Beck, Filo Mining's President and CEO, commented, "The results from our 2019/2020 field season were outstanding and led to the development of an exploration target underlying the existing Mineral Resource at Filo del Sol. To put it into context, this exploration target has the potential to triple the size of the known deposit, and we hope to grow that even further through additional drilling next season. The Company continues to benefit from strong support from our shareholders, and with the recently completed \$40 million financing, we are excited to get back into the field and follow-up on this success. We are monitoring the development of the COVID-19 pandemic carefully, particularly in Argentina, and as soon as it is safe and practical to do so, we will look to have drills turning at Filo del Sol again."

## OUTLOOK

Following the close of the Financings on July 30, 2020, the Company is now well funded to undertake an extensive follow-up drill campaign at the Filo del Sol Project, focused on further defining and extending the deposit. The Company's plans include approximately 8,000 to 12,000 metres of diamond core drilling, which will allow the Company to further assess the grades, size and extent of the copper-gold-silver deposit underlying and adjacent to the current Mineral Resource. The Company is currently planning to conduct this follow-up program during the 2020/2021 field season, which is expected to commence around November 2020 and continue through April 2021, should conditions, such as those resulting from the ongoing COVID-19 pandemic, allow.

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

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

As of the date of this press release, the government of Argentina has implemented certain travel restrictions

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

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

## FINANCIAL RESULTS

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

	Three months ended		Six months ended	
	June 30,	June 30,	June 30,	June 30,
	2020	2019	2020	2019
Exploration and project investigation	1,932	4,332	13,872	15,353
General and administration ("G&A")	844	911	1,698	1,920
Net loss	1,262	5,336	13,098	17,428
Basic and diluted loss per share	0.01	0.07	0.15	0.24

The financial information in this table were selected from the Company's condensed interim consolidated financial statements for the three and six months ended June 30, 2020 (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)		
	June 30,	December 31,
	2020	2019
Cash	1,506	13,753
Working capital	376	12,735
Mineral properties	8,508	7,312
Total assets	11,862	23,750

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 \$1.3 million during the three months ended June 30, 2020, comprised

primarily of \$1.9 million in exploration and project investigation costs and \$0.8 million in G&A costs, which were partially offset by a gain of approximately \$1.8 million resulting from the use of marketable securities for the purposes of facilitating intragroup funding transfers (the "Funding Gains"). For the comparative three months ended June 30, 2019, the Company reported a net loss of \$5.3 million, consisting mainly of \$4.3 million in exploration and project investigation costs and \$0.9 million in G&A costs. The lower net loss for the period was the result of reduced exploration costs and the partial offset provided by the Funding Gains.

## LIQUIDITY AND CAPITAL RESOURCES

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

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

In addition, as mentioned above, on July 30, 2020, the Company closed the Financings, selling a total 22,538,235 common shares of the Company for aggregate gross proceeds of \$41.7 million. Share issuance costs related to the Financings are anticipated to total approximately \$1.2 million, and included commissions, professional fees and regulatory fees.

## 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. Filo Mining is a member of the Lundin Group of Companies. Filo Mining is listed on the TSX Venture Exchange ("TSXV") and Nasdaq First North Growth Market under the trading symbol "FIL".

## Qualified Persons

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. and 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 of Mineral Projects ("NI 43-101"). Mr. Beck is Filo Mining's President and CEO and is also a Qualified Person under NI 43-101.

## Additional information

The technical information relating to the pre-feasibility study 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 Borotraeger, 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 consolidated financial statements for the year ended December 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).

The Company's certified advisor on Nasdaq First North Growth Market is Pareto Securities AB, +46 8 402 50 00, [certifiedadviser.se@paretosec.com](mailto:certifiedadviser.se@paretosec.com).

The information contained in this news release was accurate at the time of dissemination, but may be superseded by subsequent news release(s). The Company is under no obligation nor does it intend to update or revise the forward-looking information, whether as a result of new information, future events or otherwise.

This information was submitted by [Filo Mining Corp.](#) for publication, through the agency of the contact person set out below, on August 13, 2020 at 10:30pm Eastern time.

On behalf of the board of directors of Filo Mining,

Jamie Beck, 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 may contain forward-looking statements or information pertaining to: potential exploration upside at the Filo del Sol Project, including the extent and significance of the porphyry copper-gold system underlying the current Mineral Resource and the prospectivity of exploration targets; exploration and development plans and expenditures; opportunities to improve project economics; the success of future exploration activities; potential for resource expansion; potential for the discovery of new mineral deposits; ability to build shareholder value; expectations with regard to adding to its 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, estimations of costs, and permitting time lines; ability to obtain surface rights and property interests; currency exchange rate fluctuations; requirements for additional capital; government regulation of mining activities; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; and other risks and uncertainties.

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

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release

SOURCE [Filo Mining Corp.](#)

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