

Filo Mining Reports Q3 2020 Results

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VANCOUVER, Nov. 12, 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 nine months ended September 30, 2020. View PDF version

Q3 2020 HIGHLIGHTS AND OUTLOOK

Filo Mining Launches Campaign to Further Expand and Define the Substantial Exploration Target Following Completion of \$100 Million Financing and Approval of COVID-19 Operating Protocol

The Company is currently mobilizing personnel and equipment to the Filo del Sol Project, with the goal of further drill testing the sulphide mineralization underlying and to the north of the current Mineral Resource. The potential size of the associated exploration target has been estimated to be between 1.2 to 1.6 billion tonnes with estimated grades ranging between 0.7% to 1.0% copper equivalent (CuEq). It should be noted that this exploration target is conceptual in nature, and there has not yet been sufficient exploration for it to constitute a Mineral Resource. In addition, it is uncertain if further exploration will result in the target area delineated as a Mineral Resource.

The 2020/2021 field campaign includes a plan for 8,000 metres of diamond drilling, with targeting to be guided by the results of last season's 3D geophysical surveys. If successful, the 2020/2021 drill campaign will:

- Confirm that the mineralized system extends almost 2 kilometres north from hole FSDH032, via step out drilling to hole VRC093;
- Identify the geological controls of significant zones of high-grade copper, gold and silver mineralization present within the overall mineralized envelope; and
- Allow for a portion of the sulphide mineralization to be added to Filo del Sol's Mineral Resource estimate by tighter spacing within this deeper mineralization, where appropriate.

Drilling is slated to commence in the early November, initially starting off with two diamond rigs, and scaling up to four rigs by the end of 2020. The 2020/2021 program is anticipated to run from November 2020 into April 2021, with initial assay results from the drill campaign expected to be available in early 2021.

Jamie Beck, Filo Mining's President and CEO, commented, "We are very encouraged by the results from last season, which have confirmed that the size of the mineralized system far exceeds what has been defined to date and, with our treasury recently replenished, we are excited to resume drilling at Filo del Sol this upcoming season. Success this season would dramatically increase the potential size of our 1.2 to 1.6 billion tonne exploration target, in addition to testing some prospective high-grade areas defined by last season's geophysics program.

As always, the health and safety of our employees, contractors, community partners, and other stakeholders continue to be on our mind, and so in light of the ongoing risks posed by COVID-19, our planning for the 2020/2021 drill program focused on ensuring we could operate safely and effectively. Thanks to the hard work and diligence of our South American team, in collaboration with local provincial health authorities in Argentina, we believe that our COVID-19 operating protocol provides for a robust road to achieving this."

Preparations for the 2020/2021 field campaign included the completion of a tandem equity financing, consisting of a public offering and a concurrent private placement, which secured the funds required to support the field campaign at Filo del Sol. The financings, which closed on July 30, 2020, resulted in the sale of an aggregate of 22,538,235 common shares for gross proceeds of \$41.7 million, or net proceeds of \$40.5 million.

In addition, during the third quarter, the Company developed a comprehensive COVID-19 operating protocol, in consultation with local governments, health officials and health experts, which provides the Company with a roadmap for the execution of the exploration program at Filo del Sol while the novel coronavirus continues to be a prevalent global health and safety risk. The protocol includes detailed testing and quarantine plans which will be applicable to all personnel travelling to the project site, as well as response measures for actual or suspected COVID-19 cases at site. This protocol, which meets or exceeds all currently applicable government requirements, was presented to the San Juan provincial health authority and approved in October. Accordingly, the protocol has now been implemented by the Company.

FINANCIAL RESULTS

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Exploration and project investigation	969	1,895	14,841	17,248
General and administration ("G&A")	1,696	680	3,394	2,600
Net loss	2,510	3,105	15,608	20,532
Basic and diluted loss per share	0.02	0.04	0.17	0.27

The financial information in this table were selected from the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2020 (the "Financial Statements"), which are available on SEDAR at www.sedar.com and the Company's website www.filo-mining.com.

SELECTED FINANCIAL INFORMATION

(In thousands of Canadian dollars)		
	September 30,	December 31,
	2020	2019
Cash	38,573	13,753
Working capital	38,086	12,735
Mineral properties	8,613	7,312
Total assets	48,819	23,750

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

The Company incurred a net loss of \$2.5 million during the three months ended September 30, 2020, comprised primarily of \$1.0 million in exploration and project investigation costs and \$1.7 million in G&A costs, which were partially offset by a gain of approximately \$0.2 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 September 30, 2019, the Company reported a net loss of \$3.1 million, consisting mainly of \$1.9 million in exploration and project investigation costs and \$0.7 million in G&A costs. The higher net loss for the period was the result of increased compensation and share-based compensation costs and the partial offset provided by reduced exploration costs and the Funding Gains.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2020, the Company had cash of \$38.6 million and net working capital of \$38.1 million, compared to cash of \$13.8 million and net working capital of \$12.7 million as at December 31, 2019. The increase in the Company's cash and net working capital is due primarily to aggregate net proceeds totaling \$40.5 million received from the financings, which closed on July 30, 2020. This significant cash inflow for the nine months ended September 30, 2020 has been partially offset by funds directed towards advancing the Filo del Sol Project, and to a lesser extent, \$0.2 million in relation to the annual option payment made for the Tamberias property in June 2020, and funds spent for general corporate purposes.

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.

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 September 30, 2020, no amounts have been drawn and remained outstanding by the Company.

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 Borntraeger, P.Eng., Knight Piesold Ltd.; Fionnuala Devine, P.Geo., Merlin Geosciences Inc.; Ian Stillwell, BGC Engineering Inc.; Neil Winkelmann, FAusIMM, SRK Consulting (Canada) Inc.; James N. Gray, P.Geo., Advantage Geoservices Limited; and Jay Melnyk, P.Eng., AGP Mining Consultants, all of whom are independent of Filo Mining. The Technical Report is available for review under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.filo-mining.com.

The Company's 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 or under its profile on SEDAR at 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.

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 November 12, 2020 at 6:00pm Pacific 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; 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; 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. 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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