GENERATION MINING LIMITED

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 and 2019
(Expressed in Canadian dollars)

GENERATION MINING LIMITED

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim condensed consolidated financial statements of Generation Mining Limited (the "Company") are the responsibility of the management and Board of Directors of the Company.

The unaudited interim condensed consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim condensed consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited interim condensed consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim condensed consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim condensed consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim condensed consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Jamie Levy" (signed)
President and Chief Executive Officer

"Brian Jennings" (signed)
Chief Financial Officer

NOTICE TO READER
The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2020 and 2019 have not been reviewed by the Company's auditors.

GENERATION MINING LIMITED

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	As at	
	September 30, 2020	December 31, 2019
ASSETS		
CURRENT		
Cash and cash equivalents	$ 11,254,350	$ 1,218,516
Cash held in trust	15,431	13,025
Marketable securities (note 8)	2,088,750	256,638
Receivables (note 12)	353,545	540,910
Prepaid expenses and other	359,391	20,662
	$ 14,071,467	$ 2,049,751
NON-CURRENT		
Restricted cash and cash equivalents (note 9)	38,187	37,855
Land, buildings and equipment (note 7)	580,037	600,497
Right-of-use asset (note 9)	210,512	241,571
	828,736	879,923
TOTAL ASSETS	$ 14,900,203	$ 2,929,674
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 1,177,790	$ 288,982
Debt (note 14)	194,515	180,516
Lease liability (note 9)	30,049	26,870
	$ 1,402,354	$ 496,368
NON-CURRENT		
Lease liability (note 9)	200,221	223,173
TOTAL LIABILITIES	$ 1,602,575	$ 719,541
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 11 a)	$ 24,540,248	$ 11,636,743
RESERVE FOR WARRANTS (note 11 b)	6,576,309	4,521,479
RESERVE FOR SHARE-BASED PAYMENTS (note 11 c)	2,768,749	1,417,089
DEFICIT	(20,587,678)	(15,365,178)
TOTAL SHAREHOLDERS' EQUITY	$ 13,297,628	$ 2,210,133
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 14,900,203	$ 2,929,674

Nature of operations (note 1)
Commitments and contractual obligations (note 6 and 13)
Subsequent events (note 15)

Approved on behalf of the Board of Directors on November 11, 2020

(signed) "*Jamie Levy*", Director

(signed) "*Paul Murphy*", Director

The accompanying notes are an integral part of the financial statements.
The external auditors have not reviewed these unaudited interim condensed consolidated statements

GENERATION MINING LIMITED

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
EXPENSES				
Acquisition, evaluation and exploration expenditures (note 6)	$ 2,684,228	$ 7,475,824	$ 4,624,098	$7,692,127
Share-based compensation (note 11 c)	139,986	1,101,000	1,392,444	1,101,000
Audit, legal and advisory fees	21,349	123,497	226,517	362,661
Management and corporate administration services	121,056	114,559	554,448	310,615
Shareholder and investor communications	261,399	130,923	661,408	436,161
Occupancy cost (note 9)	30,799	19,966	95,128	71,977
Interest	13,590	13,617	41,161	25,258
	(3,272,407)	(8,979,836)	(7,595,204)	(9,999,799)
OTHER INCOME (EXPENSE)				
Unrealized gain (loss) on marketable securities and receivable marketable securities (note 8 and 12)	(2,616,435)	(525,798)	2,672,190	(1,103,898)
Realized gain (loss) on marketable securities and receivable marketable securities (note 8 and 12)	(323,000)	-	(323,000)	-
Interest income	7,099	-	23,514	-
	(2,932,336)	(525,798)	2,372,704	(1,103,898)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$ (6,204,743)	$ (9,505,184)	$ (5,222,500)	$ (11,103,697)
Loss per share:				
Basic and diluted loss per share	$ (0.05)	$ (0.11)	$ (0.04)	$ (0.19)
Weighted average number of common shares outstanding	130,527,507	83,909,901	123,932,028	58,458,576

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GENERATION MINING LIMITED

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars

	Capital stock		Reserves for			
	Shares	Amount	Warrants	Share-based payments	Accumulated deficit	Total Equity
Balance, December 31, 2018	45,469,934	$3,237,812	$839,007	$320,626	$(1,492,819)	$2,904,626
Issued under property acquisition agreement	11,053,795	3,000,000	-	-	-	3,000,000
Issued upon conversion of subscription receipts for private placement	28,572,000	8,000,160	-	-	-	8,000,160
Fair value of warrants issued in private placement	-	(3,428,640)	3,428,640	-	-	-
Fair value of compensation options issued in private placement	-	(504,010)	(216,004)	720,014	-	-
Share issue cost	-	(528,068)	(226,315)	-	-	(754,383)
Issued for cash under flow through private placement	6,167,460	1,942,750	-	-	-	1,942,750
Flow through share premium	-	(129,611)	-	-	-	(129,611)
Flow through share issue cost	-	(21,575)	-	-	-	(21,575)
Issued on exercise of broker warrants	184,750	32,471	(13,996)	-	-	18,475
Fair value of options granted	-	-	-	1,101,000	-	1,101,000
Issued on exercise of options	53,500	12,562	-	(4,537)	-	8,025
Net loss	-	-	-	-	(11,103,699)	(11,103,699)
Balance, September 30, 2019	91,501,439	$11,613,851	$3,811,332	$ 2,137,103	$ (12,596,516)	$ 4,965,770

	Capital stock		Reserves for			
	Shares	Amount	Warrants	Share-based payments	Accumulated deficit	Total Equity
Balance, December 31, 2019	91,631,689	$11,636,743	$4,521,479	$1,417,089	$(15,365,178)	$2,210,133
Issued for cash under private placement	20,577,403	10,700,250	-	-	-	10,700,250
Fair value of warrants issued in private placement	-	(4,115,480)	4,115,480	-	-	-
Fair value of finders options issued in private placement	-	(413,474)	413,474	-	-	-
Share issue cost	-	(340,810)	(290,117)	-	-	(630,927)
Fair value of finders warrants issued	-	(131,006)	131,006	-	-	-
Issued on exercise of warrants	16,401,857	6,480,298	(1,980,712)	-	-	4,499,586
Issued on exercise of finders warrants	1,729,236	635,969	(334,301)	-	-	301,668
Fair value of options vested	-	-	-	1,392,443	-	1,392,443
Issued on exercise of options	246,500	87,758		(40,783)	-	46,975
Net loss	-	-	-	-	(5,222,500)	(5,222,500)
Balance, September 30, 2020	130,586,685	$24,540,248	$6,576,309	$2,768,749	$(20,587,678)	$(13,297,628)

The accompanying notes are an integral part of the financial statements.
The external auditors have not reviewed these unaudited interim condensed consolidated statements

GENERATION MINING LIMITED

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
OPERATING ACTIVITIES:		
Net loss for the period	$ (5,222,500)	$ (11,103,697)
Add items not affecting cash:		
Share-based compensation	1,392,444	1,101,000
Shares issued for acquisition	-	3,000,000
Interest accrued but not paid	13,999	12,672
Unrealized (gain) loss on marketable securities	(2,256,612)	897,107
Realised loss on marketable securities	72,500	-
Depreciation of right of use asset	31,059	17,255
Depreciation of buildings and equipment	48,369	14,769
Changes in non-cash working capital:		
Receivables	(115,873)	(145,267)
Prepaid expenses and other	(338,729)	(88,734)
Accounts payable and accrued liabilities	888,809	1,319,638
Cash used in operating activities	(5,492,399)	(4,975,257)
INVESTING ACTIVITIES:		
Proceeds from sale of marketable securities	352,000	-
Proceeds from assignment of marketable securities receivable	300,500	-
Purchase of equipment	(27,909)	(630,035)
Proceeds from sale of equipment	5,865	-
Cash provided from (used in) investing activities	630,456	(630,035)
FINANCING ACTIVITIES:		
Proceeds from conversion of subscription receipts	-	8,000,160
Share issue cost	-	(754,383)
Proceeds from issuance of flow through shares	-	1,942,750
Flow through share issue cost	-	(21,575)
Proceeds from issuance of shares	10,700,250	-
Share issue cost	(630,927)	-
Proceeds from exercise of broker warrants	4,499,586	18,475
Proceeds from exercise of finders warrants	301,666	-
Proceeds from exercise of options	46,975	8,025
Repayment of lease liability	(19,773)	(13,021)
Cash provided from financing activities	14,897,777	9,180,431
INCREASE IN CASH	10,035,834	3,575,139
CASH AT BEGINNING OF PERIOD	1,218,516	1,167,899
CASH AT END OF PERIOD	$ 11,254,350	$ 4,743,038

The accompanying notes are an integral part of the financial statements.
The external auditors have not reviewed these unaudited interim condensed consolidated statements

1. NATURE OF OPERATIONS:

Generation Mining Limited ("Generation Mining" or the "Company") is an exploration and development company with various property interests throughout Canada. The Company was incorporated on January 11, 2018 under the Business Corporations Act (Ontario). On May 28, 2019, the Company incorporated a wholly owned subsidiary, Generation PGM Inc. ("Generation PGM"), to operate the Marathon property joint venture ("Marathon Property") (note 6). The Company's registered office is located at 100 King Street West, Suite 7010, Toronto, Ontario M5X 1B1. The Company's shares are listed on the Toronto Stock Exchange (the "TSE") under the symbol GENM.

The business of mining and exploration for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in future profitable mining operations. The Company's continued existence is dependent upon the discovery of economically recoverable ore reserves, the ability of the Company to obtain necessary financing to explore and develop potential ore reserves or by way of entering into joint venture arrangements, future profitable production, or alternatively, upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, non-compliance with regulatory requirements or aboriginal land claims.

2. BASIS OF PREPARATION AND PRESENTATION:

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the Company's annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the IASB have been condensed or omitted. These condensed consolidated interim financial statements should be read in conjunction with the Company's last annual consolidated financial statements for the year ended December 31, 2019, which include information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies were presented in Note 3: Significant Accounting Policies to the consolidated financial statements for the year ended December 31, 2019.

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2019.

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. The critical judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied and disclosed in Note 2: Use of Estimates and Judgement to the Company's consolidated financial statements for the year ended December 31, 2019. Significant estimates and judgements include valuation of shares issued in non-cash transactions, the fair value of mineral properties transferred, the recoverability of mineral properties, management going concern assessment and the recognition of deferred income tax. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

2. BASIS OF PREPARATION AND PRESENTATION (continued):

At the end of 2019, a novel strain of coronavirus ("COVID-19") was reported in China. The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections around the world. On March 11, 2020, it was labelled a pandemic by the World Health Organization. During the first three quarters of 2020, attempts at containment of COVID-19 have resulted in decreased economic activity, which has adversely affected the broader global economy. The rapid development and fluidity of the situation precludes any prediction as to the ultimate impact of COVID-19; however, the Company seeks the best possible information to enable the assessment of the risks involved to implement appropriate measures to respond. During the nine months ended September 30, 2020, the Company has implemented a COVID-19 policy drawing on industry specific guidelines set out by federal and provincial governments, and works in conjunction with its local health authority to safeguard the health of its employees and the local communities where it operates The Company has not been materially impacted by the presence of COVID-19.

These unaudited interim condensed financial statements were authorized and approved for issue by the Board of Directors on November 11, 2020.

3. RECENT ACCOUNTING PRONOUNCEMENTS:

New and Revised IFRSs, Narrow Scope Amendments to IFRSs and IFRS Interpretations not yet Effective

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after December 31, 2020. There are currently no such pronouncements that are expected to have a significant impact on the Company's condensed consolidated financial statements upon adoption.

4. FINANCIAL RISK FACTORS AND FAIR VALUE

The Company manages its exposure to a number of different financial risks arising from operations as well as from the use of financial instruments, including market risks (foreign currency exchange rate and interest rate), credit risk and liquidity risk, through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility. Financial risks are primarily managed and monitored through operating and financing activities. The Company does not use derivative financial instruments. The financial risks are evaluated regularly with due consideration to changes in key economic indicators and to up-to-date market information. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk
Credit risk is the financial risk of non-performance of a contracted counter party. The Company's credit risk is primarily attributable to cash and receivables. The Company reduces its credit risk by maintaining its cash with a Canadian chartered bank. The Company's maximum exposure to credit risk as at September 30, 2020 is the carrying value of cash and receivables.

Liquidity Risk
Liquidity risk encompasses the risk that the Company cannot meet its financial obligations in full. The Company's main source of liquidity is its cash and marketable securities. These funds are primarily used to finance working capital, exploration expenditures, capital expenditures, and acquisitions. The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash. As at September 30, 2020, the Company has current assets of $14,071,467 (December 31, 2019 - $2,049,751) to cover current liabilities of $1,402,354 (December 31, 2019 - $496,368). The current assets include cash and cash equivalents, marketable securities, receivables and prepaid expenses and other which are not available to pay current liabilities (note 8 and 12). The Company also manages liquidity risk on the basis of expected maturity dates. The following table analyzes financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows).

(Expressed in Canadian dollars)

4. FINANCIAL RISK FACTORS AND FAIR VALUE (continued):

	Debt	Lease liability (undiscounted)	Accounts payable and accrued liabilities	Total
Less than 1 year	$ 194,515	$ 130,044	$ 1,177,790	$ 1,502,349
1-5 years	-	553,365	-	553,365
More than 5 years	-	-	-	-
Balance at September 30, 2020	$ 194,515	$ 683,409	$ 1,177,790	$ 2,055,714

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rate, foreign exchange rates, and commodity and equity prices affecting its cash, interest bearing investments, receivables and marketable securities.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of a change in foreign exchange rates. The Company has no significant exposure to foreign currency exchange risk as it has no significant transaction balances denominated in a foreign currency.

Interest Rate Risk

Interest rate risk is the risk borne by an interest-bearing asset or liability as a result of fluctuations in interest rates. The Company is exposed to interest rate fair value risk to the extent that a portion of the debt is at a fixed interest rate.

Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. The Company is exposed to fluctuations in market prices of its marketable securities and shares receivable from a quoted mining exploration company. The fair value of these financial instruments represents the maximum exposure to price risk.

If the quoted price of these instruments had changed by 10% as at September 30, 2020, comprehensive loss would have changed by approximately $208,875.

Fair Value

The carrying value of cash, accounts payable, accrued liabilities and debt are considered to be representative of their fair value due to their short-term nature. Marketable securities and a portion of receivables are recorded at fair value as of September 30, 2020 and classified as Level 2 in the fair value hierarchy as they are recorded at fair value by reference to market quoted prices less adjustments for any restrictions.

5. CAPITAL MANAGEMENT:

The Company manages its capital structure and makes adjustments to it, based on the funds required and available to the Company, in order to support the acquisition, exploration and development of mineral properties. As at September 30, 2020, the Company's capital consists of shareholder's equity in the amount of $13,297,628 (December 31, 2019 - $2,210,133). The Board of Directors does not establish quantitative return on capital criteria for the Company, but rather relies on the expertise of the Company's management to sustain future development of the business. In this relatively formative stage of the Company's existence, it is likely that primary emphasis will continue to be placed on equity instruments, as funded debt is currently not available to the Company.

5. CAPITAL MANAGEMENT (continued):

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned and future exploration, and pay for administrative costs, the Company intends to raise additional amounts of working capital as needed. The Company may continue to assess new properties and seek to acquire an interest in additional properties if there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

6. MINERAL PROPERTIES AND AGREEMENTS:

Marathon, Ontario: On July 10, 2019, the Company, through Generation PGM, completed the acquisition of a 51% initial interest in the Marathon PGM deposit near Marathon, Ontario and entered into a joint venture agreement with Stillwater Canada Inc. ("Stillwater") with respect to the property ("Marathon Property"). The Company paid $3,000,000 in cash and issued 11,053,795 common shares of the Company at a deemed price of $0.2714 per common share (totaling $3,000,000), for a total consideration of $6,000,000. The Company has the right to increase its interest in the Marathon Property to 80% by spending $10,000,000 in exploration, evaluation and development expenditures and preparing a preliminary economic assessment ("PEA") within four years of closing. On February 19, 2020, the Company filed a PEA and as at September 30, 2020 has completed $8,762,982 in exploration and evaluation expenditures towards fulfilling the $10 million expenditure requirement. During this four-year second earn-in period, the Company must sole-fund all expenditures in respect of the Marathon Property and related activities. Once the Company has increased its total interest in the Marathon Property to 80%, the parties will jointly fund future exploration expenditures on an 80/20 pro rata basis to maintain their respective interests in the joint venture, subject to normal dilution provisions. Upon completion of a definitive feasibility study and making a positive commercial production decision, Stillwater Canada Inc. will have 90 days to exercise an option to increase its interest in the joint venture to 51% by agreeing to fund 31% (if it has maintained a minimum 20% interest) of the total capital cost estimated by the feasibility study. The Company is currently the operator of the joint venture (unless its interest in the joint venture reduces to a minority interest) and has assumed all liabilities of the Marathon Property.

Darnley Bay Anomaly, Northwest Territories: The Company holds 100% of the rights to a mineral concession covering the Inuvialuit Settlement Region's lands where the Inuvialuit hold the mineral and surface rights. The area hosts potential base metal and diamond exploration targets. The Company has an agreement regarding exploration and development with the Inuvialuit Regional Corporation which requires cash payments of $50,000 per year commencing in 2020, or when the TSX-Venture Exchange composite index reaches 1500, and minimum exploration expenditures of $1,000,000 per year commencing in 2020 and cumulative exploration expenditures of $6.3 million by 2025.

Darnley Bay Diamond, Northwest Territories: The property consists of jointly held mineral leases on the Parry Peninsula northeast of Paulatuk in the Inuvialuit Settlement Region's lands where the Inuvialuit hold the surface rights and the Crown holds the mineral rights. The focus is on diamond exploration. The Company and Diadem Resources Ltd. continue to advance exploration through a joint venture agreement where Diadem is currently responsible for all expenditures relating to the project.

Davidson, British Columbia: The Company has an option to acquire a 100% interest in a property hosting a molybdenum-tungsten deposit. The option agreement was signed on April 1, 2016 and payments totalling $450,000 were made as at September 30, 2020. There is an ongoing commitment of $100,000 payable on each anniversary of the agreement until commercial production is achieved or the agreement is terminated. Upon commercial production, the vendor will be entitled to a net smelter return royalty of 3%.

(Expressed in Canadian dollars)

6. MINERAL PROPERTIES AND AGREEMENTS (continued):

Nak, **British Columbia**: The Company has an option to earn a 100% interest in a copper-gold project. The option agreement was signed on August 30, 2016 and is subject to a 2% royalty of which 62.5% can be purchased from the optionor for $1.5 million. There has been $60,000 in cash paid to the optionor as at September 30, 2020. A payment of $30,000 due on August 30, 2020 is unpaid. Future cash payments consist of: $60,000 on August 30, 2021, $25,000 on completion of 1,500 metres of drilling, $25,000 on completion of an additional 3,000 metres of drilling on or before December 31, 2022, and $125,000 and a minimum 250,000 common shares (or cash equivalent) in the capital of the Company upon completion of an additional 7,000 metres of drilling on or before December 31, 2022. Pursuant to the option agreement the Company is required to spend $500,000 on the property prior to August 31, 2019. As at September 30, 2020 the Company has incurred $37,600 in work commitments, there was an amount of $12,500 waived by the optionor and there is a work commitment balance of $449,900. The vendor and the Company are currently in discussions regarding possible amendments to the option agreement for outstanding payments and work commitment terms.

Rawdon Zinc Nova Scotia: On March 16, 2018, the Company entered into a Claims Acquisition Agreement to acquire a 100% interest in an exploration property with the potential to host lead-zinc-silver-copper mineralization in central Nova Scotia. Pursuant to the agreement, the Company issued 3,000,000 common shares valued at $191,400 to the optionor (note 10). At September 30, 2020, the Company held seven mineral licenses covering an area of 6,444 hectares.

Alberta Zinc, Alberta: On May 10, 2018, the Company entered into an option agreement to acquire a 100% interest in the Alberta Zinc project. The Company paid $10,000 and issued 500,000 common shares valued at $31,900 to the vendor upon signing the agreement and committed to a minimum of $100,000 in expenditures on the property which was fulfilled as at December 31, 2019. A further payment of $250,000 (in cash or shares) was required on May 10, 2020. The Company did not make this payment. The property is subject to a 2% gross metals royalty, of which the Company can purchase half at any time for $1 million.

Mineral Property Expenditures:
Below are the acquisition, evaluation and exploration expenditures for the three and nine months ended September 30, 2020 compared with the equivalent periods in 2019:

	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Darnley Bay Anomaly	$ -	$ -	$ -	$ 24,806
Davidson	-	-	132,635	133,191
Nak	-	15,000	-	23,429
Rawdon Zinc	-	2,010	-	25,869
Alberta Zinc	-	-	-	26,018
Marathon	2,684,229	7,458,814	4,491,463	7,458,814
Total mineral property expenditures in the period	$ 2,684,229	$ 7,475,824	$ 4,624,098	$ 7,692,127

(Expressed in Canadian dollars)

6. MINERAL PROPERTIES AND AGREEMENTS (continued):

Below are the cumulative acquisition, evaluation and exploration expenditures as at December 31, 2019 and the nine month period ended September 30, 2020:

	Cumulative as at December 31, 2019	Nine months ended September 30, 2020 Evaluation and exploration	Cumulative as at September 30, 2020
Darnley Bay Anomaly	$ 576,941	$ -	$ 576,941
Davidson	314,480	132,635	447,115
Nak	67,599	-	67.599
Clear Lake	23,320	-	23,320
Rawdon Zinc	550,917	-	550,917
Alberta Zinc	179,626	-	179,626
Marathon	9,422,874	4,491,463	13,914,337
Total expenditures in the period	11,135,757	4,624,098	15,759,855
Mineral properties acquired	1,216,848	-	1,216,848
Total cumulative mineral property expenditures	$ 12,352,605	$ 4,624,098	$ 16,976,703

7. LAND, BUILDINGS AND EQUIPMENT:

	Land and buildings (1)	Vehicles	Total
Cost			
As at December 31, 2019	$ 600,965	$ 29,070	$ 630,035
Additions	-	27,909	27,909
Disposals	-	(5,865)	(5,865)
As at September 30, 2020	$ 600,965	$ 51,114	$ 652,079
Accumulated depreciation			
As at December 31, 2019	$ 22,271	$ 7,267	$ 29,538
Depreciation expense	33,407	9,097	42,504
As at September 30, 2020	$ 55,678	$ 16,364	$ 72,042
Net book value			
As at December 31, 2019	$ 578,694	$ 21,803	$ 600,497
As at September 30, 2020	$ 545,287	$ 34,750	$ 580,037

(1) The land, buildings and equipment were acquired through the acquisition of the Marathon property and are recorded in proportion to the Company's interest in the joint operation.

8. MARKETABLE SECURITIES:

On May 24, 2016, the Company entered into an option agreement to earn a 100% interest in a zinc-lead-silver property (“Clear Lake”). On October 1, 2018, the Company entered into an Assignment, Assumption and Amending Agreement (“Clear Lake Assignment Agreement”) with Eastern Zinc Corp. (“Eastern Zinc”) and the optionor of the Clear Lake property to assign the exclusive right and option to acquire a 100% interest in the property to Eastern Zinc. On June 19, 2020 Eastern Zinc changed its name to Major Precious Metals Corp. (“Major Precious Metals”). Pursuant to the agreement, Major Precious Metals paid $50,000 in cash and issued 12,600,000 common shares of Major Precious Metals to the Company (“Major Precious Metals Shares”).

Pursuant to the Clear Lake Assignment Agreement, an additional $50,000 in cash and 5,010,000 common shares of Major Precious Metals were due to the Company on October 1, 2019 which was extended to October 1, 2020 which were accounted for as receivables (“Major Precious Metals Receivables”). On January 31, 2020, Eastern Zinc provided notice of termination pursuant to the underlying option agreement which had no effect on the Company’s Major Precious Metals Receivables. On May 13, 2020, the Company entered into an assignment agreement assigning the Company’s right to the Major Precious Metals Receivables to a third party for cash consideration of $300,500 (note 12).

On May 13, 2020 the Company also entered into a share purchase agreement agreeing to sell 4,000,000 common shares of the Major Precious Metals Shares to a third party for cash consideration of $200,000, or $0.05 per share. On July 16, 2020, the assignment agreement and share purchase agreement closed resulting in the Company holding a balance of 8,600,000 Major Precious Metal Shares. The transaction resulted in the Company recording a realized loss of $200,000 and an unrealized loss of $913,311 during the quarter ended September 30, 2020 (2019 – unrealized loss of $127,796) and a realized loss of $200,000 and an unrealized gain $318,528 for the nine months ending September 30, 2020 (2019 – unrealized loss $284,796).

During the third quarter the Company also sold 245,000 shares of Major Precious Metals for total proceeds of $152,000 resulting in a realized gain of $127,500 and an unrealized loss of $55,940 during the quarter ended September 30, 2020 (2019 – unrealized loss $7,828) and realized gain of $127,500 and an unrealized gain $19,510 for the nine months ending September 30, 2020 (2019 – unrealized loss $17,444).

As of September 30, 2020, the Company held 8,355,000 Major Precious Metals Shares (7.2% of the issued and outstanding shares) valued at $2,088,750, December 31, 2019 – 12,600,000 Major Precious Metals Shares, (18.3% of the issued and outstanding shares) valued at $256,638. Fair value was determined using the period end quoted market value for the quarter ended September 30, 2020 and the 30-day volume weighted average volume price for prior periods. The Company recorded an unrealized loss of $654,429 during the quarter ended September 30, 2020 (2019 – unrealized loss of $266,933) and unrealized gain of $1,918,574 for the nine months ending September 30, 2020 (2019 – unrealized loss $594,867).

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019 (Expressed in Canadian dollars)

9. RIGHT-OF-USE ASSET AND LEASE LIABILITY:

On May 1, 2019, the Company entered into an office lease. Accordingly, the Company recognized a right-of-use asset in the third quarter ended September 30, 2020 as follows:

	September 30, 2020	December 31, 2019
Opening balance	$ 241,571	$ -
Addition	-	269,179
Depreciation	(31,059)	(27,608)
Ending Balance	$ 210,512	$ 241,571

At the commencement date of the lease, the lease liabilities were measured at the present value of the lease payments. The lease payments are discounted using an interest rate of 15%, which is the Company's incremental borrowing rate. The continuity of lease liabilities is outlined below:

	September 30, 2020	December 31, 2019
Opening balance	$ 250,043	$ -
Addition	-	269,179
Accretion of interest	27,162	22,583
Payments	(46,935)	(41,719)
Total lease liability	$ 230,270	$ 250,043
Less: current portion	(30,049)	(26,870)
Non-current portion of lease liability	$ 200,221	$ 223,173

The occupancy cost in the statement of loss and comprehensive loss for the nine months ended September 30, 2020 is $95,128 and includes $31,059 depreciation on the right of use asset, $46,935 on short term leases and $79,252 of variable lease payments related to additional rent and services.

As required under the lease agreement, the Company has $38,187 of funds held in GICs as security for the lease.

10. RELATED PARTY TRANSACTIONS:

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. Compensation awarded to key management includes the following:

	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Salaries and bonuses	$ 291,250	$ 105,200	$ 1,044,916	$ 311,500
Share-based payments - options	67,912	756,000	1,180,870	756,000
Total compensation to key management	$ 359,162	$ 861,200	$ 2,225,786	$ 1,067,500

As at September 30, 2020, accounts payable include $2,770 (September 30 - $81,940) due to key management of the Company.

(Expressed in Canadian dollars)

11. CAPITAL STOCK:

a) Common shares:

The Company's authorized share capital consists of an unlimited number of common shares.

The following table summarizes the continuity of common shares for the nine month period ended September 30, 2020.

	Number of shares
Balance as at December 31, 2019	91,631,689
Shares issued for private placement [1]	20,577,403
Shares issued for exercise of warrants	18,131,093
Shares issued for exercise of options	246,500
Balance as at September 30, 2020	130,586,685

[1] On February 13, 2020, the Company closed a bought deal private placement of 19,231,250 units and a concurrent non-brokered private placement of 1,346,153 units, for an aggregate of 20,577,403 units at a price of $0.52 per unit for aggregate total gross proceeds of $10,700,250. Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable to acquire one common share at $0.75 for a period of 24 months. The underwriters received cash compensation of 6% of the gross proceeds on 9,615,864 units, and 4% of the gross proceeds on 9,615,386 units. There was no commission paid on the non-brokered private placement of 1,346,153 units. In addition, the underwriters received compensation options equal to 6% on 9,615,864 units and 4% on 9,615,386 units. There were no compensation options issued on the non-brokered private placement of 1,346,153 units. Each compensation option is exercisable into one common share of the Company for a period of 24 months from closing at an exercise price of $0.52.

b) Warrants:

The following table summarizes the continuity of warrants for the nine month period ended September 30, 2020.

	Number of warrants
Outstanding, December 31, 2019	28,825,040
Warrants issued [1]	10,288,701
Finders options [1]	961,567
Warrants issued [2]	357,617
Warrants exercised	(11,525,000)
Warrants exercised	(4,876,857)
Finders warrants exercised	(1,014,000)
Finders options exercised	(715,236)
Outstanding, September 30, 2020	22,301,832

[1] Pursuant to the private placement completed on February 13, 2020 described in note 11) a) the fair value of the common share purchase warrants and finders options have an estimated grant date fair value of $4,115,480 and $413,474 respectively which was estimated using the Black Scholes option pricing model using the following assumptions:

Risk-free interest rate	1.51%	Expected volatility (historical)	151%
Dividend yield	nil	Expected life-units	2 years

(Expressed in Canadian dollars)

11. CAPITAL STOCK (continued):

b) Warrants (continued):

[(2)] Pursuant to the private placement completed on July 9, 2019, 357,617 common share purchase warrants were issued upon exercise of finders options. The fair value of the common share purchase warrants have an estimated grant date fair value which was estimated using the Black Scholes option pricing model and the following assumptions:

Issue date	January 31, 2020	February 28, 2020	August 6, 2020	August 10, 2020	September 22, 2020
Number	183,670	133,574	6,705	8,234	25,434
Grant date fair value	$84,488	$36,065	$1,609	$1,976	$6,867
Risk-free interest rate	1.47%	1.19%	0.23%	0.23%	0.23%
Expected volatility (historical)	152%	151%	144%	143%	140%
Dividend yield	nil	nil	nil	nil	nil
Expected life-units	1.44 years	1.36 years	0.92 years	0.91 years	0.79 years

Warrants outstanding as at September 30, 2020 are as follows:

Number of warrants	Exercise price $	Type	Expiry date	Remaining contractual life (years)
9,766,760	0.45	Share purchase warrants	July 9, 2021	0.8
1,284,804	0.28	Finders options	July 9 2021	0.8
10,288,701	0.75	Share purchase warrants	February 13, 2022	2.3
961,567	0.52	Finders options	February 13, 2022	2.3
22,301,832	0.58 [(1)]			1.5[(1)]

[(1)] Weighted average

c) Stock Option Plan:

On May 9, 2018, the Company adopted an incentive Stock Option Plan (the "Plan"). The Plan was amended in July 2020. Under the Plan, options are non-assignable and may be granted for a term not exceeding ten years. The total number of common shares that may be reserved for issuance may not exceed ten percent of outstanding common shares at the grant date and may not exceed five percent for any one person in any 12-month period. The exercise price of an option may not be lower than the market price of the common shares on the Toronto Stock Exchange. The options are non-transferable. Outstanding options may be adjusted by the Board in certain events, as to exercise price and number of common shares, to prevent dilution or enlargement. The continuity of outstanding stock options for the nine month period ended September 30, 2020 is as follows:

	Number of options
Outstanding, December 31, 2019	7,346,500
Options granted [(1)]	500,000
Options granted [(2)]	750,000
Options granted [(3)]	2,850,000
Options granted [(4)]	600,000
Options granted [(5)]	75,000
Options exercised	(46,500)
Options exercised	(100,000)
Options exercised	(100,000)
Outstanding, September 30, 2020	11,875,000

(Expressed in Canadian dollars)

11. CAPITAL STOCK (continued):

c) Stock Option Plan (continued):

The fair value of options granted under the Plan is measured on the date of grant using the Black-Scholes pricing model and expensed to net income (loss) using the following inputs and assumptions at the measurement date:

	Feb 5, 2020(1)	Mar 18, 2020(2)	Apr 20, 2020(3)	Jul 31, 2020(4)	Sept 11, 2020(5)
Number of options	500,000	750,000	2,850,000	600,000	75,000
Exercise price ($)	0.65	0.45	0.52	0.52	0.52
Market Price ($)	0.63	0.34	0.35	0.43	0.45
Expected volatility (%)*	152	152	151	144	141
Risk-free interest rate (%)	1.41	0.73	0.44	0.22	0.24
Expected life (years)	5	2.87	5	2	2
Dividend yield (%)	-	-	-	-	-
Fair value of options ($)	285,000	198,750	883,500	138,000	18,000

*Based on the Company's historical volatility.

The 750,000 options granted on March 18, 2020 are subject to a vesting schedule; 375,000 vesting in 6 months and 375,000 vesting in 12 months. Of the options granted on July 31 and September 11, 2020, one third vested immediately with one third vesting six months from the grant date and the balance vesting one year from the grant date. All other options vest immediately on the grant date.

Options to purchase common shares carry exercise prices and terms to maturity as follows:

Exercise price $	Options Outstanding	Options Exercisable	Expiry date	Remaining contractual life (years)
0.15	200,000	200,000	November 21, 2020	0.1
0.52	600,000	200,000	July 31, 2022	1.8
0.52	75,000	25,000	September 11, 2022	1.9
0.10	2,900,000	2,900,000	May 11, 2023	2.6
0.30	3,600,000	3,600,000	July 16, 2024	3.8
0.30	200,000	200,000	August 7, 2024	3.9
0.35	200,000	200,000	September 6, 2024	3.9
0.65	500,000	500,000	February 5, 2025	4.4
0.45	750,000	-	March 18, 2025	4.5
0.52	2,850,000	2,850,000	April 20, 2025	4.6
0.34(1)				3.9(1)

(1) Weighted average

(Expressed in Canadian dollars)

12. RECEIVABLES:

The Company's receivables arise from two main sources: harmonized sales tax ("HST") due from the Canadian government and amounts receivable pursuant to the Major Precious Metals Receivables (note 8).

Pursuant to the Clear Lake Assignment Agreement (note 8), an additional $50,000 in cash and 5,010,000 common shares of Major Precious Metals were due to the Company on October 1, 2019 which was extended to October 1, 2020 ("Major Precious Metals Receivables"). On May 13, 2020, the Company entered into an assignment agreement assigning the Company's right to the Major Precious Metals Receivables to a third party for cash consideration of $300,500 ($0.05 per share for 5,010,000 shares and $50,000 for the cash receivable). The transaction resulted in a realized loss of $250,500 and an unrealized loss of $992,754 during the quarter ended September 30, 2020 (2019 – unrealized loss of $123,241) and a realized loss of $250,500 and an unrealized gain of $415,578 for the nine months ending September 30, 2020 (2019 – unrealized loss $206,791).

The amounts receivable are as follows:

	September 30, 2020	December 31, 2019
HST receivable	349,473	405,489
Major Precious Metals shares receivable	-	85,421
Major Precious Metals cash	-	50,000
Miscellaneous	4,072	-
Total	$ 353,545	$ 540,910

13. COMMITMENTS AND CONTRACTUAL OBLIGATIONS:

On February 20, 2019, the Company co-signed a lease for office space commencing on May 1, 2019 for a term of six years and six months. The Company has an average monthly commitment of $11,067 for its share of the basic and additional rent. Commitments pursuant to various property option agreement are outlined under note 6.

14. DEBT:

Debt consists of unsecured debt plus accrued interest owing to a former officer of Darnley Bay Resources Limited (renamed Pine Point Mining Limited) and assigned to the Company on February 23, 2018. The debt bears interest at 10% and is repayable in monthly blended principal and interest payments of $1,000. Payments were suspended on March 30, 2012, however the Company continues to accrue interest.

15. SUBSEQUENT EVENTS:

On November 2, 2020, there were 400,000 options exercised at $0.10, 300,000 options exercised at $0.30 and 200,000 options exercised at $0.15 for proceeds of $160,000.

On November 6, 2020, there were 450,000 options granted with an exercise price of $0.52 for a period of five years and 100,000 at the same price for a period of two years. On the grant date, 33% of the options vest with 33% vesting six months from the grant date and the remainder of the options, 12 months from the grant date.