GENERATION MINING LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Generation Mining Limited

Opinion

We have audited the consolidated financial statements of Generation Mining Limited, (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and 2019, and consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information comprises management's discussion and analysis.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management discussion and analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Octavio Cabral.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
March 25, 2021
Toronto, Ontario

GENERATION MINING LIMITED

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The 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 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 consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with 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 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 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 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

GENERATION MINING LIMITED

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

		December 31, 2020		December 31, 2019
Assets				
Current:				
Cash and cash equivalents	$	**11,662,360**	$	1,218,516
Cash held in trust		**-**		13,025
Marketable securities (note 8)		**2,568,825**		256,638
Receivables (note 12)		**483,119**		540,910
Prepaid expenses and other		**142,755**		20,662
		14,857,059		2,049,751
Non-Current:				
Restricted cash and cash equivalents (note 9)		**38,211**		37,855
Land, buildings and equipment (note 7)		**564,606**		600,497
Right-of-use asset (note 9)		**200,159**		241,571
		802,976		879,923
Total Assets	$	**15,660,035**	$	2,929,674
Liabilities				
Current:				
Accounts payable and accrued liabilities	$	**1,735,441**	$	288,982
Debt (note 15)		**-**		180,516
Lease liability (note 9)		**31,757**		26,870
		1,767,198		496,368
Non-Current:				
Lease liability (note 9)		**191,415**		223,173
Total Liabilities		**1,958,613**		719,541
Shareholders' Equity				
Capital Stock (note11a)		**28,372,920**		11,636,743
Reserve for Warrants (note11b)		**6,363,638**		4,521,479
Reserve for Share-Based Payments (Note 11c)		**2,722,866**		1,417,089
Deficit		**(23,758,002)**		(15,365,178)
Total Shareholders' Equity		**13,701,422**		2,210,133
Total Liabilities and Shareholders' Equity	$	**15,660,035**	$	2,929,674

Nature of operations (note 1)
Commitments and contractual obligations (note 6 and 14)
Subsequent events (note 16)

Approved on behalf of the Board of Directors on March 25, 2021

(signed) "*Jamie Levy*", Director

(signed) "*Paul Murphy*", Director

The accompanying notes are an integral part of the financial statements.

GENERATION MINING LIMITED

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

	Year Ended	
	December 31, 2020	December 31, 2019
Expenses		
Acquisition, evaluation and exploration expenditures (note 6)	**$ 7,984,022**	$ 9,672,344
Share-based compensation (note 11 c)	**1,547,720**	1,101,000
Audit, legal and advisory fees	**289,357**	450,826
Management and corporate administration services	**681,325**	421,956
Shareholder and investor communications	**833,471**	597,177
Occupancy cost (note 9)	**127,127**	111,423
Interest	**35,708**	39,227
	(11,498,730)	(12,393,953)
Other Income (Expenses)		
Unrealized gain (loss) on marketable securities and receivable marketable securities (note 8)	**2,899,250**	(1,608,017)
Realized loss on marketable securities and receivable marketable securities (note 8)	**(2,985)**	-
Gain on debt write-off (note 15)	**180,516**	-
Interest income	**29,125**	-
	(8,392,824)	(14,001,970)
Deferred income tax recovery (note 13 and 14)	**-**	129,611
Net Loss and Comprehensive Loss	**$ (8,392,824)**	$ (13,872,359)

Loss per share:		
Basic and diluted loss per share	**$ (0.07)**	$ (0.21)
Weighted average number of common shares outstanding	**125,800,965**	66,666,933

The accompanying notes are an integral part of the financial statements.

GENERATION MINING LIMITED

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 finders options issued in private placement	-	(720,014)	720,014	-	-	-
Share issue cost	-	(312,064)	(442,319)	-	-	(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 finders warrants	315,000	55,363	(23,863)	-	-	31,500
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 and comprehensive loss	-	-	-	-	(13,872,359)	(13,872,359)
Balance, December 31, 2019	**91,631,689**	**$ 11,636,743**	**$ 4,521,479**	**$ 1,417,089**	**$ (15,365,178)**	**$ 2,210,133**

	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 warrants issued in private placement	-	(413,474)	413,474	-	-	-
Share issue cost	-	(340,810)	(290,117)	-	-	(630,927)
Issued for cash under flow through private placement	4,292,367	3,305,123	-	-	-	3,305,123
Flow through share issue cost	-	(192,326)	-	-	-	(192,326)
Issued on exercise of warrants	16,460,091	6,572,421	(1,998,295)	-	-	4,574,126
Issued on exercise of finders warrants	1,907,242	711,557	(398,383)	-	-	313,174
Fair value of options vested	-	-	-	1,547,720	-	1,547,720
Issued on exercise of options	1,446,500	508,916		(241,943)	-	266,973
Net loss and comprehensive loss	-	-	-	-	(8,392,824)	(8,392,824)
Balance, December 31, 2020	**136,315,292**	**$ 28,372,920**	**$ 6,363,638**	**$ 2,722,866**	**$ (23,758,002)**	**$ 13,701,422**

The accompanying notes are an integral part of the financial statements.

GENERATION MINING LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year ended	
	December 31, 2020	December 31, 2019
Operating Activities:		
Net loss for the period	**$ (8,392,824)**	$ (13,872,359)
Add items not affecting cash:		
Share-based compensation	**1,547,720**	1,101,000
Deferred income tax recovery	**-**	(129,611)
Shares issued for acquisition	**-**	3,000,000
Gain on debt write-off	**(180,516)**	
Interest accrued but not paid	**-**	17,111
Unrealized (gain) loss on marketable securities and marketable securities receivable	**(2,899,250)**	1,608,017
Realized loss on marketable securities and marketable securities receivable	**2,985**	-
Depreciation of buildings and equipment	**57,934**	29,538
Depreciation of right of use asset	**41,412**	27,608
Changes in non-cash working capital:		
Receivables	**(64,961)**	(371,271)
Prepaid expenses and other	**(122,093)**	28,564
Accounts payable and accrued liabilities	**1,446,459**	105,594
Cash used in operating activities	**(8,563,134)**	(8,455,809)
Investing Activities:		
Proceeds from sale of marketable securities	**419,000**	-
Proceeds from assignment of marketable securities receivable	**300,500**	-
Purchase of equipment	**(27,908)**	(630,035)
Proceeds from sale of equipment	**5,865**	-
Security for office lease	**-**	(37,855)
Cash provided from (used in) investing activities	**697,457**	(667,890)
Financing Activities:		
Proceeds from issuance of shares	**10,700,250**	8,000,160
Share issue cost	**(630,927)**	(754,383)
Proceeds from issuance of flow through shares	**3,305,123**	1,942,750
Flow through share issue cost	**(192,326)**	(21,575)
Proceeds from exercise of warrants	**4,574,126**	-
Proceeds from exercise of finders warrants	**313,174**	18,475
Proceeds from exercise of options	**266,972**	8,025
Repayment of lease liability	**(26,871)**	(19,136)
Cash provided from financing activities	**18,309,521**	9,174,316
Increase in cash	**10,443,844**	50,617
Cash at beginning of year	**1,218,516**	1,167,899
Cash at end of year	**$ 11,662,360**	$ 1,218,516

The accompanying notes are an integral part of the financial 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 "TSX") 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:

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These annual consolidated financial statements were authorized and approved for issue by the Board of Directors on March 25, 2021.

Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Generation PGM Inc. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Company's subsidiary is wholly owned and all inter-company balances, transactions, including income and expenses arising from inter-company transactions are eliminated in preparing the consolidated financial statements.

Basis of Measurement

The financial statements are prepared on the historical cost basis except for certain assets and liabilities which are measured at their fair values, as explained in the relevant accounting policies.

Functional and Presentation Currency

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

2. BASIS OF PREPARATION AND PRESENTATION (continued):

Use of Judgement

The preparation of these financial statements requires management to make judgements and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Significant judgements include incremental borrowing rate on the lease liability, accounting for acquisitions and accounting for the joint venture. On an ongoing basis, management evaluates its judgements 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.

The assessment of the Company's ability to continue as a going concern and to execute its strategy by funding future working capital requirements involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 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 year ended December 31, 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.

3. SIGNIFICANT AND FUTURE ACCOUNTING POLICIES:

Significant Accounting Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires that management make estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from those estimates.

Significant estimates used in the preparation of these financial statements include, but are not limited to, the valuation of equity instruments and income taxes. Actual results could differ from management's best estimates.

a) Fair value of marketable securities

   The value of the Company's marketable securities is based on the quoted prices (unadjusted) in active markets.

3. SIGNIFICANT AND FUTURE ACCOUNTING POLICIES (continued):

Significant Accounting Estimates and Assumptions (continued)

b) Fair value of instruments

The Company used the Black-Scholes option pricing model to determine the fair value of warrants and options issued. Option pricing models require the use of highly subjective estimates and assumptions including the expected volatility used. Changes in the underlying assumptions can materially affect the fair value estimates.

c) Income taxes

The interpretation of existing tax laws or regulations in Canada where the Company's operations are located requires the use of judgement. Differing interpretation of these laws or regulations could result in an increase in the Company's taxes, or other government charges, duties or impositions. In addition, the recoverability of deferred income tax assets, including expected periods of reversal of temporary differences and expectations of future taxable income, are assessed by management at the end of each reporting period.

Joint Operations

The Company conducts its exploration and development activities independently, as well as jointly with others through joint operations. All the Company's current interests in joint arrangements are classified as joint operations. To account for these arrangements, the Company recognizes its proportionate share of the related revenues, expenses, assets and liabilities of such joint operations in accordance with the joint arrangement or agreement. The Company acquired a 51 per cent interest in the Marathon property on July 10, 2019 and on November 27, 2020 the Company's interest increased to 80 per cent (note 6).

Land, Buildings and Equipment

On the initial recognition, land, building and equipment are valued at cost, being the purchase price and directly attributable costs of acquisition. Land, buildings and equipment are subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses. When parts of an item of land, buildings and equipment have different useful lives, they are accounted for as separate items of land, buildings and equipment. Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying cost amount and are recognized net within other income in the statement of profit or loss.

Depreciation is recognized in profit or loss and buildings and equipment are amortized over their estimated useful lives using the following methods:

Buildings	10 years straight-line
Vehicles	2-5 years straight-line

Leases

The Company applies IFRS 16 *Leases* which requires the recognition of lease contracts, with exceptions for certain short-term leases and leases of low-value assets, on a lessee's statement of financial position as a 'right-of-use asset' and a lease liability reflecting future lease payments. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. The interest payments associated with these leases are charged directly to the statement of comprehensive income (loss).

3. SIGNIFICANT AND FUTURE ACCOUNTING POLICIES (continued):

Leases (continued)

The lease liability is initially recognized as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset. The lease liability is subsequently measured by reducing the carrying amount to reflect lease payments made and to reflect any reassessments or modifications. Variable lease payments not included in the initial measurement of the lease liability are charged directly to the statement of comprehensive income (loss).

The right-of-use asset is initially measured at cost, which comprises the amount of the initial measurement of the lease liability and any lease payments made at or before the commencement date. The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Right-of-use assets would be depreciated on a straight-line basis over the term of the lease.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term deposits in banks that are readily convertible to known amounts of cash and with original maturities of three months or less.

Mineral Properties: Acquisition Cost, Exploration and Evaluation Expenditures

Acquisition cost, exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources are charged to the statement of loss and comprehensive loss as incurred. Currently, all acquisition costs, exploration and evaluation expenditures are expensed as incurred. The Company may occasionally enter into transfer-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures that would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the transferee on its behalf. Any cash consideration received from the agreement is recorded to the acquisition cost, exploration and evaluation expenditures in the statement of loss and comprehensive loss.

Income Taxes

Income tax on the profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income taxes are recorded to recognize tax benefits only to the extent, based on available evidence, that it is probable that they will be realized. The following temporary differences are not provided for: goodwill not deductible for tax purposes; and the initial recognition of assets or liabilities that do not constitute a business and that affect neither accounting nor taxable loss.

3. SIGNIFICANT AND FUTURE ACCOUNTING POLICIES (continued):

Income Taxes (continued)

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates expected to be applied to temporary differences which may reverse, based on tax laws, enacted or substantively enacted at the statement of financial position date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payments note (see note 11(c)).

For options to employees that do not immediately vest, the fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period in which the options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserve for share-based payments.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counter party renders the service.

For those options that expire after vesting, the recorded value is transferred to retained earnings (deficit). For options that are exercised, the recorded value, along with the exercise proceeds are recorded as share capital.

Basic and Diluted Earnings (Loss) per Share

Basic earnings (loss) per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

Share Issuance Costs

Professional, consulting, regulatory fees and other costs that are directly attributable to the issuance of shares are charged to capital stock when the related shares are issued, net of any tax effects. Transaction costs of abandoned equity transactions are recognized in the statement of comprehensive income (loss).

Flow-through Shares

Upon the issuance of flow-through shares, the Company records the initial proceeds to capital stock, net of any flow-through premium. A liability on the statement of financial position represents a premium if the financing price is in excess of the market share price on the date of the flow-through share financing. A liability pertaining to the premium is recognized in the statement of comprehensive income (loss) as deferred income tax recovery upon renunciation of the tax benefit of the expenditures to investors. The Company renounces the tax benefits of the expenditures to investors upon filing the necessary paperwork to renounce with the tax authorities.

3. SIGNIFICANT AND FUTURE ACCOUNTING POLICIES (continued):

Warrants

Proceeds from unit placements are allocated between shares and warrants issued by calculating the value of the warrants using the Black-Scholes option pricing model with the residual being allocated to shares. The fair value of the share component is credited to share capital and the value of the warrant component is credited to reserve for warrants account. Upon exercise of the warrants, consideration paid by the warrant holder together with the amount previously recognized in the reserve for warrants account is recorded as an increase to capital stock. For those warrants that expired unexercised, the recorded value is transferred to retained earnings (deficit).

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive income (loss), net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Reclamation Obligations

A legal or constructive obligation to incur restoration, rehabilitation, and environmental costs may arise when environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. The Company's exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive.

The fair value of the liability for a reclamation obligation is recorded when it is incurred and the corresponding increase to the asset is amortized over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets and financial liabilities are initially measured at fair value. Financial assets are classified into one of the following specified categories: amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"). Two criteria are used to determine how financial assets should be classified and measured: (a) the Company's business model for managing the financial assets; and (b) the contractual cash flow characteristics of the financial assets. The Company's investments are classified as FVTPL and any realized and unrealized gains and losses arising from changes in the fair value of the financial instruments are included in the statement of comprehensive income (loss).

3. SIGNIFICANT AND FUTURE ACCOUNTING POLICIES (continued):

Financial Instruments (continued)

All other financial assets and financial liabilities including cash, receivables, accounts payable and accrued liabilities and debt are recognised as amortized cost less and loss allowance for expected credit losses if applicable.

The Company's financial instruments are classified and subsequently measured as follows:

Asset / liability	Classification	Measurement model
Cash	Amortized cost	Amortized cost
Restricted cash and cash equivalents	Amortized cost	Amortized cost
Receivables	FVTPL	Fair value
Marketable securities	FVTPL	Fair value
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Debt	Amortized cost	Amortized cost

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in marking the measurements. The fair value hierarchy has the following levels:

• Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
• Level 2 – valuation techniques based on inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or standard valuation techniques derived from observable market inputs;
• Level 3 – valuation techniques using inputs that are less observable, unavailable or where the observable data does not support a significant portion of the instruments fair value.

The Company's marketable securities are classified as Level 1. There have been no transfers between levels.

Future Accounting Changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRS Interpretation Committee that are not yet effective for the relevant reporting periods. Updates that are not applicable or are not consequential to the Company have been excluded there from. The Company is in the process of evaluating the impact on its financial statements.

New Accounting Pronouncement

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In January 2020, the IASB issued amendments to IAS 1, "Presentation of Financial Statements" to clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and is unaffected by expectations about whether or not an entity will exercise their right to defer settlement of a liability. The amendments further clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. These amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The adoption of these amendments is not expected to have a significant impact on the consolidated financial statements.

(Expressed in Canadian dollars)

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, interest rate and other price risk), 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 December 31, 2020 is the carrying value of cash and receivables. The credit risk on receivables is deemed low as the majority is related to federal government refunds.

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 December 31, 2020, the Company has current assets of $14,857,059 (December 31, 2019 - $2,049,751) to cover current liabilities of $1,767,198 (December 31, 2019 - $496,368). The current assets include cash and cash equivalents, marketable securities, receivables and prepaid expenses. 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).

	Lease liability (undiscounted)	Accounts payable and accrued liabilities	Total
Less than 1 year	$ 130,044	$ 1,735,441	$ 1,865,485
1-5 years	520,854	-	520,854
More than 5 years	-	-	-
Balance at December 31, 2020	**$ 650,898**	**$ 1,735,441**	**$ 2,386,339**

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

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 and cash equivalents, 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 has no significant exposure to interest rate risk as it has no material interest bearing assets or liabilities.

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 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 December 31, 2020, comprehensive loss would have changed by approximately $250,000.

Fair Value
The carrying value of cash, accounts payable and accrued liabilities are considered to be representative of their fair value due to their short-term nature. Marketable securities are recorded at fair value as of December 31, 2020 and classified as Level 1 in the fair value hierarchy as they are recorded at fair value by reference to market quoted prices.

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 December 31, 2020, the Company’s capital consists of shareholder’s equity in the amount of $13,701,422 (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.

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.

5. CAPITAL MANAGEMENT (continued):

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 ("Marathon Property") and entered into a joint venture agreement with Stillwater Canada Inc. ("Stillwater"). 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 total consideration of $6,000,000. Pursuant to the joint venture agreement Generation Mining had the right to increase its interest in the Marathon Property to 80% by sole funding $10,000,000 in exploration, evaluation and development expenditures and preparing a preliminary economic assessment ("PEA") within four years ("Ownership Increase Right"). On February 19, 2020, the Company filed a PEA and in November 2020 incurred $10,000,000 in exploration and evaluation expenditures fulfilling the Ownership Increase Right. On November 27, 2020, the Company increased its ownership interest to hold a 80% interest in the Marathon Property. On December 14, 2020 Stillwater elected to forgo its proportionate share of joint venture funding and dilute pursuant to the provisions of the joint venture agreement ("Dilution Provisions"). Pursuant to the Dilution Provisions Generation Mining holds a 80.7% and Stillwater a 19.3% interest in the joint venture as at December 31, 2020. Upon completion of a definitive feasibility study and the management committee of the joint venture making a positive commercial production decision, Stillwater will have 90 days to exercise an option to increase its interest in the joint venture to 51% by agreeing to pay three times the expenditures forgone pursuant to the Dilution Provisions and funding 31% of the total capital cost estimated by a feasibility study. The Company is currently the operator of the joint venture unless its interest in the joint venture reduces to a minority interest. On March 25 2021 the Company filed on SEDAR a National Instrument 43-101 Feasibility Study titled "Feasibility Study Marathon Palladium & Copper Project Ontario, Canada" with an effective date of March 3, 2021

Darnley Bay Anomaly, Northwest Territories: The Company holds the exclusive 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 for 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. The Company has not fulfilled its obligations under the agreement in 2020 and continues to discuss alternative options with the Inuvialuit.

Darnley Bay Diamond, Northwest Territories: The property consisted of jointly held mineral leases on the Parry Peninsula northeast of Paulatuk in the Inuvialuit Settlement Region's lands. In 2020, the leases lapsed due to non-payment by the Company's joint venture partner and the Company has forfeited any interest in the property.

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 cumulative payments totalling $450,000 were made as at December 31, 2020 meeting all spending requirements. 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 had an option to earn a 100% interest in a copper-gold project. The Company has not fulfilled its obligations under the option agreement and has forfeited any interest in the property.

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.

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 property is subject to a 2% gross metals royalty, of which the Company can purchase half at any time for $1 million. 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 during 2019. A further payment of $250,000 (in cash or shares) was required on May 10, 2020. The Company has not fulfilled its obligations under the agreement in 2020 and continues to discuss alternative options with the property owner.

Mineral Property Expenditures:
The total mineral property expenditures during the year is $7,984,022 (2019 – $9,672,344). Below are the cumulative acquisition, evaluation and exploration expenditures as at December 31, 2019 and, 2020:

	Cumulative December 31, 2018	Acquisition	Evaluation and exploration	Cumulative December 31, 2019	**Acquisition**	**Evaluation and exploration**	**Cumulative December 31, 2020**
Darnley Bay Anomaly	$ 552,135	$ -	$ 24,806	$ 576,941	**$ -**	**$ -**	**$ 576,941**
Davidson	181,289	100,000	33,191	314,480	**136,507**	**-**	**450,987**
Nak	28,013	15,000	24,586	67,599	**-**	**-**	**67,599**
Clear Lake	23,320	-	-	23,320	**-**	**-**	**23,320**
Rawdon Zinc	524,899	-	26,018	550,917	**-**	**-**	**550,917**
Alberta Zinc	153,757	-	25,869	179,626	**-**	**-**	**179,626**
Marathon	-	5,519,640	3,903,234	9,422,874	**54,178**	**7,793,337**	**17,270,389**
Total expenditures in the year	1,463,413	5,634,640	4,037,704	11,135,757	**190,685**	**7,793,337**	**19,119,779**
Mineral properties acquired	1,216,848	-	-	1,216,848	**-**	**-**	**1,216,848**
Total mineral property expenditures	$ 2,680,261	$ 5,634,640	$ 4,037,704	$ 12,352,605	**$ 190,685**	**$ 7,793,337**	**$ 20,336,627**

(Expressed in Canadian dollars)

7. LAND, BUILDINGS AND EQUIPMENT:

	Land and buildings [1]	Vehicles	Total
Cost			
As at December 31, 2019	$ 600,965	$ 29,070	$ 630,035
Additions	-	27,908	27,908
Disposals	-	(5,865)	(5,865)
As at December 31, 2020	**$ 600,965**	**$ 51,113**	**$ 652,078**
Accumulated depreciation			
As at December 31, 2019	$ 22,271	$ 7,267	$ 29,538
Depreciation expense	44,541	13,393	57,934
As at December 31, 2020	**$ 66,812**	**$ 20,660**	**$ 87,472**
Net book value			
As at December 31, 2019	$ 578,694	$ 21,803	$ 600,497
As at December 31, 2020	**$ 534,153**	**$ 30,453**	**$ 564,606**

(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 resulting in a realized loss of $66,385.

On May 13, 2020, the Company also entered into a share purchase agreement agreeing to sell 4,000,000 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 $120,000.

During the year ended December 31, 2020 (2019 – nil) the Company sold 445,000 shares of Major Precious Metals in the open market for total proceeds of $219,000 resulting in a realized gain of $183,400.

As of December 31, 2020, the Company held 8,155,000 Major Precious Metals Shares (2019 – 12,600,000) valued at $2,568,825 (2019 - $256,638). The fair value was determined using the market value as at December 31, 2020 and the 30-day volume weighted average price at December 31, 2019. The fair value adjustments resulted in an unrealized gain of $2,899,251 for the year ended December 31, 2020 (2019 – unrealized loss $1,608,017) on marketable securities and receivable marketable securities.

(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 as follows:

		December 31, 2020		December 31, 2019
Opening balance	**$**	**241,571**	$	-
Addition		**-**		269,179
Depreciation		**(41,412)**		(27,608)
Ending Balance	**$**	**200,159**	$	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:

		December 31, 2020		December 31, 2019
Opening balance	**$**	**250,043**	$	-
Addition		**-**		269,179
Accretion of interest		**35,709**		22,583
Payments		**(62,580)**		(41,719)
Total lease liability	**$**	**223,172**	$	250,043
Less: current portion		**(31,757)**		(26,870)
Non-current portion of lease liability	**$**	**191,415**	$	223,173

The occupancy cost in the statement of loss and comprehensive loss for the year ended December 31, 2020 is $127,127 and includes $62,580 on short term leases and $105,959 of variable lease payments related to additional rental amounts and services less depreciation on the right of use asset of $41,412.

As required under the lease agreement, the Company has $38,211 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:

		December 31, 2020		December 31, 2019
Salaries and bonuses	**$**	**1,329,083**	$	460,000
Share-based payments - options		**1,283,663**		756,000
Total compensation to key management	**$**	**2,612,746**	$	1,216,000

As at December 31, 2020, accounts payable include $20,724 (December 31 - $ 29,484) 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 year ended December 31, 2029 and 2020.

	Number of shares	$
Balance as at December 31, 2018	45,469,934	3,237,812
Issued under property acquisition agreement (note 6)	11,053,795	3,000,000
Shares issued for private placement (1)	28,572,000	3,539,442
Shares issued for flow through private placement (2)	6,167,460	1,791,564
Shares issued for exercise of warrants	315,000	55,363
Shares issued for exercise of options	53,500	12,562
Balance as at December 31, 2019	91,631,689	11,636,743
Shares issued for private placement (3)	20,577,403	5,830,486
Shares issued for flow through private placement (4)	4,292,367	3,112,797
Shares issued for exercise of warrants	18,367,333	7,283,977
Shares issued for exercise of options	1,446,500	508,917
Balance as at December 31, 2020	**136,315,292**	**28,372,920**

(1) On June 5, 2019, the Company completed an $8,000,160 private placement of 28,572,000 subscription receipts at a price of $0.28 per subscription receipt. Subject to certain escrow conditions, each subscription receipt was automatically convertible into one unit (a "Unit") of the Company. Each Unit was comprised of one common share and one-half of one share purchase warrant. Each full warrant entitled the holder to purchase one common share for a period of 24 months after escrow release conditions were satisfied at a price of $0.45. On July 9, 2019, the escrow release conditions were satisfied. The 28,572,000 outstanding subscription receipts were converted into an aggregate of 28,572,000 common shares and 14,286,000 common share purchase warrants, each such warrant exercisable for one common share at a price of $0.45 per share until July 9, 2021. The Company paid a cash commission on 7% of the gross proceeds of the private placement and issued compensation options equal to 7% of the total number of subscription receipts issued. Each compensation option is exercisable to purchase one Unit at the issue price of $0.28 for a period of 24 months from the escrow release date. The total share issue cost was $754,383.

(2) On August 29, 2019, the Company completed the first tranche of a non-brokered private placement through the issuance of 5,750,000 flow-through common shares at a price of $0.315 per flow-through share for gross proceeds of $1,811,250. On September 6, 2019, the Company completed a second tranche of the non-brokered private placement raising additional proceeds of $131,500 through issuance of 417,460 flow-through common shares on the same terms. The aggregate gross proceeds were $1,942,750. A cash commission of $1,575 was paid to a finder. The total share issue cost was $21,575. Flow-through funds must be used for qualifying exploration expenditures. The flow-through shares carried an obligation to renounce qualifying expenditures to subscribers $1,942,750 which the Company renounced to the flow through shareholders in 2019 and recognized $129,611 in the statement of loss and comprehensive loss as a deferred tax recovery.

(Expressed in Canadian dollars)

11. CAPITAL STOCK (continued):

a) Common shares (continued):

(3) 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. The total share issue cost was $630,927.

(4) On December 30, 2020, the Company closed a private placement of 4,292,367 flow through common shares at a price of $0.77 per common share for gross proceeds of $3,305,123. Finders received cash compensation of 6% of the gross proceeds on 3,600,000 common shares or $166,320. The total share issue cost was $192,386. Flow through funds must be used for qualifying exploration expenditures. No qualifying expenses were incurred as of December 31, 2020.

b) Warrants:

The following table summarizes the continuity of warrants for the year ended December 31, 2019 and 2020.

	Number of warrants
Outstanding, December 31, 2018	12,854,000
Warrants issued in private placement (1)	14,286,000
Finders options issued in private placement (1)	2,000,040
Warrants exercised	(315,000)
Outstanding, December 31, 2019	28,825,040
Warrants issued in private placement (2)	10,288,701
Finders warrants issued (2)	961,567
Warrants issued (1)	360,309
Warrants exercised	(18,367,333)
Outstanding, December 31, 2020	**22,068,284**

(1) Pursuant to a private placement completed on July 9, 2019 (note 11 (a)), 14,286,000 common share purchase warrants and 2,000,040 finders options were issued. The fair value of the common share purchase warrants and finders options have an estimated grant date fair value of $3,428,640 and $720,014 respectively which was estimated using the Black Scholes option pricing model and the following assumptions: Risk-free interest rate 1.64%, expected volatility using Company historical 193%, dividend yield nil, expected life 2 years.

(2) Pursuant to the private placement completed on February 13, 2020 (note 11 (a)) 10,288,701 common share purchase warrants and 961,567 finders options were issued. 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 using Company historical 151%, dividend yield nil, expected life 2 years.

(Expressed in Canadian dollars)

11. CAPITAL STOCK (continued):

b) Warrants (continued):

Warrants outstanding as at December 31, 2020 are as follows:

Number of warrants	Exercise price $	Type	Expiry date	Remaining contractual life (years)
9,711,218	0.45	Share purchase warrants	July 9, 2021	0.5
1,106,798	0.28	Finders options	July 9 2021	0.5
10,288,701	0.75	Share purchase warrants	February 13, 2022	1.1
961,567	0.52	Finders warrants	February 13, 2022	1.1
22,068,284	0.58 [(1)]			0.8[(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 year ended December 31, 2019 and 2020 is as follows:

	Number of options
Outstanding, December 31, 2018	3,300,000
Options granted	4,100,000
Options exercised	(53,500)
Outstanding, December 31, 2019	7,346,500
Options granted	5,325,000
Options exercised	(1,446,500)
Outstanding, December 31, 2020	**11,225,000**

(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:

Date	Number of Options	Exercise Price ($)	Market Price ($)	Expected Volatility (%) (1)	Risk-free Interest Rate (%)	Expected Life (years)/ Dividend Yield %	Fair Value of Options ($)	Vesting
16-Jul-19	3,700,000	0.30	0.27	212	1.51	5 / 0%		Immediate
07-Aug-19	200,000	0.30	0.27	212	1.20	5 / 0%		Immediate
06-Sep-19	200,000	0.35	0.30	185	1.49	2 / 0%		Immediate
05-Feb-20	500,000	0.65	0.63	152	1.41	5 / 0%	285,000	Immediate
18-Mar-20	750,000	0.45	0.34	152	0.73	5 / 0%	198,750	375,000 in six months/ 375,000 12 months
20-Apr-20	2,850,000	0.52	0.35	151	0.44	5 / 0%	883,500	Immediate
31-Jul-20	600,000	0.52	0.43	144	0.22	2 / 0%	138,000	1/3 immediate 1/3 6 months 1/3 12 months ("1/3rd vesting")
11-Sep-20	75,000	0.52	0.45	141	0.24	2 / 0%	18,000	1/3rd vesting
06-Nov-20	450,000	0.52	0.49	138	0.4	5 / 0%	162,000	1/3rd vesting
06-Nov-20	100,000	0.52	0.49	138	0.26	2 / 0%	26,667	1/3rd vesting

(1) Based on the Company's historical volatility.

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)
0.52	600,000	200,000	July 31, 2022	1.6
0.52	75,000	25,000	September 11, 2022	1.7
0.52	100,000	33,000	November 6, 2022	1.8
0.10	2,400,000	2,400,000	May 11, 2023	2.4
0.30	3,100,000	3,100,000	July 16, 2024	3.5
0.30	200,000	200,000	August 7, 2024	3.6
0.35	200,000	200,000	September 6, 2024	3.7
0.65	500,000	500,000	February 5, 2025	4.1
0.45	750,000	375,000	March 18, 2025	4.2
0.52	2,850,000	2,850,000	April 20, 2025	4.3
0.52	450,000	150,000	November 6, 2025	4.8
0.36(1)	11,225,000	10,033,000		3.5(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).

The amounts receivable are as follows:

		December 31, 2020		December 31, 2019
HST receivable	**$**	**474,405**	$	405,489
Major Precious Metals shares receivable (note 8)		**-**		85,421
Major Precious Metals cash (note 8)		**-**		50,000
Miscellaneous		**8,714**		-
Total	**$**	**483,119**	$	540,910

13. INCOME TAXES:

a) At December 31, 2020 the Company has non-capital losses of $4,395,345 that can be used to reduce future taxable income and capital losses of $276,000. The capital losses do not expire and the non-capital losses expire as follows:

2038	683,008
2039	1,612,190
2040	2,073,655

The movement in deferred tax in the statement of financial position and the Company's deferred tax assets and liabilities as follows:

		2020		2019
Non-capital and capital losses carry forwards	**$**	**1,194,316**	$	627,174
Marketable securities		**(232,316)**		260,449
Share issue costs		**275,864**		193,171
Mineral property		**3,543,438**		2,817,671
Deferred tax assets not recognized		**(4,781,302)**		(3,898,465)
Net asset	**$**	**-**	$	-

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable income will be available against which the Company can utilize the benefits.

b) The Company's provision for income taxes differ from the amounts computed by applying the basic current rates to loss for the year before taxes, as shown in the following table:

		2020		2019
Statutory rate applied to loss for the year before income taxes of 26.5% for 2020	**$**	**(2,224,098)**	$	(3,710,522)
Effects of:				
Non-deductible expenses and other		**117,770**		732,379
Share issue costs and other		**(167,196)**		(199,911)
Flow-through shares premium		**-**		(129,611)
Renounced exploration costs		**1,390,687**		
Change in deferred tax assets not recognized and other		**882,837**		3,178,054
Deferred income recovery	**$**	**-**	$	(129,611)

14. 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.

The Company indemnifies subscribers of flow-through share offerings against any tax related amounts that may become payable.

15. 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. As at December 31, 2020 the debt has been written off due to the of passing of the statute of limitations.

16. SUBSEQUENT EVENTS:

Subsequent to year end, 4,103,872 common share purchase warrants were exercised for total proceeds of $2,123,741, and 100,000 options were exercised for total proceeds of $35,000.

On March 8, 2021, there were 500,000 stock options granted exercisable for five years at $1.00 with one third vesting immediately, one third after six months and one third after 12 months.