GENERATION MINING LIMITED

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2021 and 2020

(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 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

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 months ended March 31, 2021 and 2020 have not been reviewed by the Company's auditors.

GENERATION MINING LIMITED

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

		March 31, 2021		December 31, 2020
Assets				
Current:				
Cash and cash equivalents	$	**10,172,887**	$	11,662,360
Marketable securities (note 8)		**3,745,440**		2,568,825
Receivables (note 12)		**362,298**		483,119
Prepaid expenses and other		**325,206**		142,755
		14,605,831		14,857,059
Non-Current:				
Restricted cash and cash equivalents (note 9)		**38,229**		38,211
Land, buildings and equipment (note 7)		**549,175**		564,606
Right-of-use asset (note 9)		**189,806**		200,159
		777,210		802,976
Total Assets	$	**15,383,041**	$	15,660,035
Liabilities				
Current:				
Accounts payable and accrued liabilities	$	**1,342,211**	$	1,735,441
Lease liability (note 9)		**33,819**		31,757
		1,376,030		1,767,198
Non-Current:				
Lease liability (note 9)		**181,986**		191,415
Total Liabilities		**1,558,016**		1,958,613
Shareholders' Equity				
Capital Stock (note 11a)		**31,721,982**		28,372,920
Reserve for Warrants (note 11b)		**5,173,624**		6,363,638
Reserve for Share-Based Payments (note 11c)		**2,923,454**		2,722,866
Deficit		**(25,994,035)**		(23,758,002)
Total Shareholders' Equity		**13,825,025**		13,701,422
Total Liabilities and Shareholders' Equity	$	**15,383,041**	$	15,660,035

Nature of operations (note 1)
Commitments and contractual obligations (notes 6 and 13)
Subsequent events (note 14)

Approved on behalf of the Board of Directors on May 11, 2021

(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	
	March 31, 2021	March 31, 2020
Expenses		
Acquisition, evaluation and exploration expenditures (note 6)	**$ 2,869,009**	$ 611,003
Share-based compensation (note 11c)	**224,588**	295,495
Audit, legal and advisory fees	**30,475**	114,515
Management and corporate administration services	**141,315**	119,766
Shareholder and investor communications	**258,367**	220,582
Occupancy cost (note 9)	**37,858**	34,116
Interest	**8,278**	13,849
	(3,569,888)	(1,409,326)
Other Income (Expenses)		
Unrealized gain on marketable securities and receivable marketable securities (note 8)	**1,204,775**	124,259
Realized gain on marketable securities (note 8)	**125,500**	-
Interest income	**3,580**	-
	1,333,855	124,259
Net Loss and Comprehensive Loss	**$ (2,236,033)**	$ (1,285,067)
Loss per share:		
Basic and diluted loss per share	**$ (0.02)**	$ (0.01)
Weighted average number of common shares outstanding	**139,038,358**	111,061,988

The accompanying notes are an integral part of the financial statements.
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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, 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	-	(36,065)	36,065	-	-	-
Issued on exercise of warrants	12,876,857	5,527,472	(1,732,886)	-	-	3,794,586
Issued on exercise of finders warrants	1,600,488	575,852	(301,595)	-	-	274,257
Fair value of options granted	-	-	-	295,494	-	295,494
Issued on exercise of options	246,500	87,758	-	(40,783)	-	46,975
Net loss and comprehensive loss	-	-	-	-	(1,285,067)	(1,285,067)
Balance, March 31, 2020	**126,932,937**	**$ 23,662,246**	**$ 6,761,900**	**$ 1,671,800**	**$ (16,650,245)**	**$(15,405,701)**

	Capital stock		Reserves for			
	Shares	Amount	Warrants	Share-based payments	Accumulated deficit	Total Equity
Balance, December 31, 2020	136,315,292	$ 28,372,920	$ 6,363,638	$ 2,722,866	$ (23,758,002)	$ 13,701,422
Issued on exercise of warrants	2,900,117	2,507,167	(871,508)	-	-	1,635,659
Issued on exercise of finders warrants	1,224,958	782,895	(318,506)	-	-	464,389
Fair value of options vested	-	-	-	224,588	-	224,588
Issued on exercise of options	100,000	59,000		(24,000)	-	35,000
Net loss and comprehensive loss	-	-	-	-	(2,236,033)	(2,236,033)
Balance, March 31, 2021	**140,540,367**	**$ 31,721,982**	**$ 5,173,624**	**$ 2,923,454**	**$ (25,994,035)**	**$ 13,825,025**

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)

	Three Months Ended	
	March 31, 2021	March 31, 2020
Operating Activities:		
Net loss for the period	**$ (2,236,033)**	$ (1,285,067)
Add items not affecting cash:		
Share-based compensation	**224,588**	295,495
Interest accrued but not paid	**-**	4,551
Unrealized gain on marketable securities and marketable securities receivable	**(1,204,775)**	(95,418)
Realized gain on marketable securities and marketable securities receivable	**(125,500)**	-
Depreciation of buildings and equipment	**15,431**	14,769
Depreciation of right of use asset	**10,353**	10,353
Changes in non-cash working capital:		
Receivables	**120,803**	(29,176)
Prepaid expenses and other	**(182,451)**	(42,023)
Accounts payable and accrued liabilities	**(393,230)**	52,949
Cash used in operating activities	**(3,770,814)**	(1,073,567)
Investing Activities:		
Proceeds from sale of marketable securities	**153,660**	-
Cash provided from (used in) investing activities	**153,660**	-
Financing Activities:		
Proceeds from issuance of shares	**-**	10,700,250
Share issue cost	**-**	(630,927)
Proceeds from exercise of warrants	**1,635,659**	3,794,586
Proceeds from exercise of finders warrants	**464,389**	274,257
Proceeds from exercise of options	**35,000**	46,975
Repayment of lease liability	**(7,367)**	(6,347)
Cash provided from financing activities	**2,127,681**	14,178,794
Decrease in cash	**(1,489,473)**	13,105,227
Cash at beginning of period	**11,662,360**	1,218,516
Cash at end of period	**$ 10,172,887**	$ 14,323,743

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 "TSX") under the symbol GENM, and on the OTC Markets (the "OTCQB") under the symbol GENMF.

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, 2020, 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, 2020.

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, 2020. 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.

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 2020 and the first quarter of 2021, 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 and the first quarter of 2021, 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 May 11, 2021.

3. RECENT ACCOUNTING PRONOUNCEMENTS:

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.

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 March 31, 2021 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.

(Expressed in Canadian dollars)

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

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 March 31, 2021, the Company has current assets of $14,605,831 (December 31, 2020 - $14,857,059) to cover current liabilities of $1,376,030 (December 31, 2020 - $1,767,198). 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	$ 1,342,211	$ 1,472,255
1-5 years	488,343	-	488,343
Balance at March 31, 2021	**$ 618,387**	**$ 1,342,211**	**$ 1,960,598**

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 March 31, 2021, comprehensive loss would have changed by approximately $375,000.

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 March 31, 2021 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 March 31, 2021, the Company's capital consists of shareholder's equity in the amount of $13,825,025 (December 31, 2020 - $13,701,422). 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.

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 an 81.7% and Stillwater a 18.3% interest in the joint venture as at March 31, 2021. 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. 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.

Subsequent to quarter end, on April 30, 2021, the management committee of the joint venture has by majority vote approved the Company's Feasibility Study filed on March 25, 2021 and the Company and Stillwater entered into a waiver and extension agreement where the management committee temporarily deferred consideration of a "commercial production decision", as such term is defined in the joint venture agreement, until July 22, 2021 (the "Commercial Production Decision Date"). As a result, the parties have agreed that Stillwater will have until the Commercial Production Decision Date to elect to exercise its rights under the joint venture agreement to increase its ownership interest in the Marathon Project.

The Company is currently the operator of the joint venture unless its interest in the joint venture reduces to a minority interest.

(Expressed in Canadian dollars)

6. MINERAL PROPERTIES AND AGREEMENTS (continued):

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 (the "IRC") 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 as at March 31, 2021 and continues to discuss alternative options with the IRC.

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 March 31, 2021 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%.

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 as at March 31, 2021 and continues to discuss alternative options with the property owner.

Mineral Property Expenditures:

The total mineral property expenditures during the period ended March 31, 2021 is $2,869,009 (March 31, 2020 - 611,003). Below are the cumulative acquisition, evaluation and exploration expenditures as at March 31, 2021.

	Cumulative December 31, 2020	**Acquisition**	**Evaluation and exploration**	**Cumulative March 31, 2021**
Darnley Bay Anomaly	$ 576,941	**$ -**	**$ -**	**$ 576,941**
Davidson	450,987	**24,483**	**-**	**475,470**
Rawdon Zinc	550,917	**-**	**-**	**550,917**
Alberta Zinc	179,626	**-**	**-**	**179,626**
Marathon	17,270,389	**40,341**	**2,804,185**	**20,114,915**
Total expenditures in the year	19,028,860	**64,824**	**2,804,185**	**21,897,869**
Mineral properties acquired	1,216,848	**-**	**-**	**1,216,848**
Total mineral property expenditures	$ 20,245,708	**$ 64,824**	**$ 2,804,185**	**$ 23,114,717**

(Expressed in Canadian dollars)

7. LAND, BUILDINGS AND EQUIPMENT:

	Land and buildings [1]	Vehicles	Total
Cost			
As at December 31, 2020	$ 600,965	$ 51,113	$ 652,078
As at March 31, 2021	**$ 600,965**	**$ 51,113**	**$ 652,078**
Accumulated depreciation			
As at December 31, 2020	$ 66,812	$ 20,660	$ 87,472
Depreciation expense	11,135	4,296	15,431
As at March 31, 2021	**$ 77,947**	**$ 24,956**	**$ 102,903**
Net book value			
As at December 31, 2020	$ 534,153	$ 30,453	$ 564,606
As at March 31, 2021	**$ 523,018**	**$ 26,157**	**$ 549,175**

(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 first quarter ended March 31, 2021, the Company sold 352,000 shares (March 31, 2020 - nil) of Major Precious Metals in the open market for total proceeds of $153,660 (March 31, 2020 - nil) resulting in a realized gain of $125,500 (March 31, 2020 - nil).

As of March 31, 2021, the Company held 7,803,000 Major Precious Metals Shares (December 31, 2020 - 8,155,000) valued at $3,745,440 (December 31, 2020 - $2,568,825). The fair value was determined using the market value on March 31, 2021 and December 31, 2020, and the 30 day volume weighted average price in the comparable period. The fair value adjustments resulted in an unrealized gain of $1,204,775 for the quarter ended March 31, 2021 (March 31, 2020 - unrealized gain $95,418) on 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:

		March 31, 2021		December 31, 2020
Opening balance	$	**200,159**	$	241,571
Depreciation		**(10,353)**		(41,412)
Ending Balance	$	**189,806**	$	200,159

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:

		March 31, 2021		December 31, 2020
Opening balance	$	**223,172**	$	250,043
Accretion of interest		**8,278**		35,709
Payments		**(15,645)**		(62,580)
Total lease liability	$	**215,805**	$	223,172
Less: current portion		**(33,819)**		(31,757)
Non-current portion of lease liability	$	**181,986**	$	191,415

The occupancy cost in the statement of loss and comprehensive loss for the quarter ended March 31, 2021 is $37,858 and includes $15,645 on short term leases and $32,566 of variable lease payments related to additional rental amounts and services less depreciation on the right of use asset of $10,353.

As required under the lease agreement, the Company has $38,229 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:

		March 31, 2021		March 31, 2020
Salaries and bonuses	$	**250,875**	$	234,000
Share-based payments - options		**193,727**		295,495
Total compensation to key management	$	**444,602**	$	529,495

As at March 31, 2021, accounts payable include $33,545 (2020 - $55,729) 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 three month period ended March 31, 2021.

	Number of shares	$
Balance as at December 31, 2019	91,631,689	11,636,743
Shares issued for private placement (1)	20,577,403	5,830,486
Shares issued for flow through private placement (2)	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
Shares issued for exercise of warrants	4,125,075	3,290,062
Shares issued for exercise of options	100,000	59,000
Balance as at March 31, 2021	**140,540,367**	**31,721,982**

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

(2) 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.

(Expressed in Canadian dollars)

11. CAPITAL STOCK (continued):

b) Warrants:

The following table summarizes the continuity of warrants for the three month period ended March 31, 2021.

	Number of warrants
Outstanding, December 31, 2019	28,825,040
Warrants issued in private placement (1)	10,288,701
Finders warrants issued (1)	961,567
Warrants issued (2)	360,309
Warrants exercised	(18,367,333)
Outstanding, December 31, 2020	22,068,284
Warrants issued (2)	370,478
Warrants exercised	(4,125,075)
Outstanding, March 31, 2021	**18,313,687**

(1) 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.

(2) Pursuant to a private placement completed on July 9, 2019, 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.

Warrants outstanding as at March 31, 2021 are as follows:

Number of warrants	Exercise price $	Type	Expiry date	Remaining contractual life (years)
7,761,329	0.45	Share purchase warrants	July 9, 2021	0.3
538,467	0.28	Finders options	July 9 2021	0.3
9,191,951	0.75	Share purchase warrants	February 13, 2022	0.9
821,940	0.52	Finders warrants	February 13, 2022	0.9
18,313,687	0.60 (1)			0.7(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.

(Expressed in Canadian dollars)

11. CAPITAL STOCK (continued):

c) Stock Option Plan (continued):

The continuity of outstanding stock options for the three month period ended March 31, 2021 is as follows:

	Number of options
Outstanding, December 31, 2019	7,346,500
Options granted	5,325,000
Options exercised	(1,446,500)
Outstanding, December 31, 2020	11,225,000
Options granted	500,000
Options exercised	(100,000)
Outstanding, March 31, 2021	**11,625,000**

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
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
08-Mar-21	500,000	1.00	0.95	132	0.92	5 / 0%	343,333	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	1.2
0.52	75,000	25,000	September 11, 2022	1.3
0.52	100,000	33,000	November 6, 2022	1.4
0.10	2,400,000	2,400,000	May 11, 2023	2.1
0.30	3,100,000	3,100,000	July 16, 2024	3.3
0.30	200,000	200,000	August 7, 2024	3.3
0.35	100,000	100,000	September 6, 2024	3.4
0.65	500,000	500,000	February 5, 2025	3.8
0.45	750,000	375,000	March 18, 2025	4.0
0.52	2,850,000	2,850,000	April 20, 2025	4.0
0.52	450,000	150,000	November 6, 2025	4.6
1.00	500,000	167,000	March 8, 2026	4.9
0.39(1)	11,625,000	10,100,000		3.3(1)

(1) Weighted average

(Expressed in Canadian dollars)

12. RECEIVABLES:

The Company's receivables primarily arise from harmonized sales tax ("HST") due from the Canadian government.

The amounts receivable are as follows:

		March 31, 2021		December 31, 2020
HST receivable	**$**	**350,664**	$	474,405
Miscellaneous		**11,634**		8,714
Total	**$**	**362,298**	$	483,119

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.

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

14. SUBSEQUENT EVENTS:

On April 30, 2021, the management committee of the joint venture has by majority vote approved the Company's Feasibility Study filed on March 25, 2021 and the Company and Stillwater entered into a waiver and extension agreement where the management committee temporarily deferred consideration of a "commercial production decision", as such term is defined in the joint venture agreement, until July 22, 2021 (the "Commercial Production Decision Date"). As a result, the parties have agreed that Stillwater will have until the Commercial Production Decision Date to elect to exercise its rights under the joint venture agreement to increase its ownership interest in the Marathon Project.

Subsequent to the period end, 854,708 common share purchase warrants were exercised for total proceeds of $383,467.