GENERATION MINING LIMITED

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 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 unaudited interim condensed consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the 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)	“Brian Jennings” (signed)
President and Chief Executive Officer	Chief Financial Officer

NOTICE TO READER

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 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)

		September 30, 2021		December 31, 2020
Assets				
Current:				
Cash and cash equivalents	$	9,685,224	$	11,662,360
Marketable securities (note 8)		1,890,000		2,568,825
Receivables (note 12)		472,785		483,119
Prepaid expenses and other		83,370		142,755
		12,131,379		14,857,059
Non-Current:				
Restricted cash and cash equivalents (note 9)		38,229		38,211
Land, buildings and equipment (note 7)		518,312		564,606
Right-of-use asset (note 9)		169,100		200,159
		725,641		802,976
Total Assets	$	12,857,020	$	15,660,035
Liabilities				
Current:				
Accounts payable and accrued liabilities (note 10)	$	2,089,659	$	1,735,441
Lease liability (note 9)		38,182		31,757
		2,127,841		1,767,198
Non-Current:				
Lease liability (note 9)		162,040		191,415
Total Liabilities		2,289,881		1,958,613
Shareholders' Equity				
Capital stock (note 11a)		38,623,751		28,372,920
Reserve for warrants (note 11b)		2,776,504		6,363,638
Reserve for share-based payments (note 11c)		4,689,990		2,722,866
Deficit		(35,523,106)		(23,758,002)
Total Shareholders' Equity		10,567,139		13,701,422
Total Liabilities and Shareholders' Equity	$	12,857,020	$	15,660,035

Nature of operations and going concern uncertainty (note 1)
Commitments and contractual obligations (notes 6 and 13)

Approved on behalf of the Board of Directors on November 9, 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		Nine Months Ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Expenses				
Acquisition, evaluation and exploration expenditures (note 6)	**$ 2,914,161**	$ 2,684,228	**$ 8,759,956**	$ 4,624,098
Share-based compensation (note 11c)	**372,942**	139,986	**2,046,124**	1,392,444
Audit, legal and advisory fees	**11,367**	21,349	**81,230**	226,517
Management and corporate administration services	**138,476**	121,056	**841,202**	554,448
Shareholder and investor communications	**158,329**	261,399	**758,326**	661,408
Occupancy cost (note 9)	**38,776**	30,799	**110,074**	95,128
Interest	**7,707**	13,590	**23,983**	41,161
	(3,641,758)	(3,272,407)	**(12,620,895)**	(7,595,204)
Other Income (Expenses)				
Unrealized gain (loss) on marketable securities and receivable marketable securities (note 8)	**(54,000)**	(2,616,435)	**(458,425)**	2,672,190
Realized gain (loss) on marketable securities (note 8)	**-**	(323,000)	**1,293,190**	(323,000)
Interest income	**14,946**	7,099	**21,026**	23,514
	(39,054)	(2,932,336)	**855,791**	2,372,704
Net Loss and Comprehensive Loss	**$ (3,680,812)**	$ (6,204,743)	**$ (11,765,104)**	$ (5,222,500)
Loss per share:				
Basic and diluted loss per share	**$ (0.02)**	$ (0.05)	**$ (0.08)**	$ (0.04)
Weighted average number of common shares outstanding	**150,025,839**	130,527,507	**144,221,841**	123,932,028

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 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	-	(131,006)	131,006	-	-	-
Issued on exercise of warrants	16,401,857	6,480,298	(1,980,712)	-	-	4,499,586
Issued on exercise of finders warrants	1,729,236	635,969	(334,301)	-	-	301,668
Fair value of options vested	-	-	-	1,392,443	-	1,392,443
Issued on exercise of options	246,500	87,758	-	(40,783)	-	46,975
Net loss and comprehensive loss	-	-	-	-	(5,222,500)	(5,222,500)
Balance, September 30, 2020	**130,586,685**	**$ 24,540,248**	**$ 6,576,309**	**$ 2,768,749**	**$ (20,587,678)**	**$ 13,297,628**

	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	11,151,893	8,531,006	(2,967,306)	-	-	5,563,700
Issued on exercise of finders warrants	2,371,382	1,518,825	(619,828)	-	-	898,997
Fair value of options vested	-	-	-	2,046,124	-	2,046,124
Issued on exercise of options	300,000	201,000		(79,000)	-	122,000
Net loss and comprehensive loss	-	-	-	-	(11,765,104)	(11,765,104)
Balance, September 30, 2021	**150,138,567**	**$ 38,623,751**	**$ 2,776,504**	**$ 4,689,990**	**$ (35,523,106)**	**$ 10,567,139**

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		Nine Months Ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Operating Activities:				
Net loss for the period	**$(3,680,812)**	$(6,204,743)	**$(11,765,104)**	$(5,222,500)
Add items not affecting cash:				
Share-based compensation	**372,942**	139,986	**2,046,124**	1,392,444
Interest accrued but not paid	**-**	4,783	**-**	13,999
Unrealized loss (gain) on marketable securities and marketable securities receivable	**54,000**	1,623,680	**458,425**	(2,256,612)
Realized loss (gain) on marketable securities and marketable securities receivable	**-**	72,500	**(1,293,190)**	72,500
Depreciation of buildings and equipment	**15,431**	15,432	**46,294**	48,369
Depreciation of right of use asset	**10,353**	10,353	**31,059**	31,059
Changes in non-cash working capital:				
Receivables	**(66,883)**	1,601,426	**10,316**	(115,873)
Prepaid expenses and other	**2,411**	(169,225)	**59,385**	(338,729)
Accounts payable and accrued liabilities	**(229,068)**	551,318	**354,218**	888,809
Cash used in operating activities	**(3,521,626)**	(2,354,490)	**(10,052,473)**	(5,492,399)
Investing Activities:				
Proceeds from sale of marketable securities	**-**	352,000	**1,513,590**	352,000
Proceeds from assignment of marketable securities receivable	**-**	-	**-**	300,500
Purchase of equipment	**-**	-	**-**	(27,909)
Proceeds from sale of equipment	**-**	-	**-**	5,865
Cash provided from (used in) investing activities	**-**	352,000	**1,513,590**	630,456
Financing Activities:				
Proceeds from issuance of shares	**-**	-	**-**	10,700,250
Share issue cost	**-**	-	**-**	(630,927)
Proceeds from exercise of warrants	**1,017,293**	-	**5,563,700**	4,499,586
Proceeds from exercise of finders warrants	**72,165**	22,609	**898,997**	301,666
Proceeds from exercise of options	**-**	-	**122,000**	46,975
Repayment of lease liability	**(7,937)**	(6,839)	**(22,950)**	(19,773)
Cash provided from financing activities	**1,081,521**	15,770	**6,561,747**	14,897,777
(Decrease) Increase in cash	**(2,440,105)**	(1,986,720)	**(1,977,136)**	10,035,834
Cash at beginning of period	**12,125,329**	13,241,070	**11,662,360**	1,218,516
Cash at end of period	**$9,685,224**	$11,254,350	**$9,685,224**	$11,254,350

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 AND GOING CONCERN UNCERTAINITY:

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.

The Company is at an early stage of development and, as is common with many exploration companies, it relies on financings to fund its exploration and acquisition activities. The Company had a surplus of current assets over current liabilities of $10,003,538 at September 30, 2021; had not yet achieved profitable operations; had accumulated losses of $35,523,106 at September 30, 2021; and expects to incur further losses in the development of its business. Generation Mining does not have adequate cash resources to fund its operations over the next twelve months and will require additional financing in order to conduct its planned work programs on its mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. There can be no certainty as to the ability of the Company to raise sufficient additional financing in order to continue to operate, and accordingly, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

2. BASIS OF PREPARATION AND PRESENTATION:

Statement of compliance

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.

2. BASIS OF PREPARATION AND PRESENTATION (continued):

These unaudited interim condensed financial statements were authorized and approved for issue by the Board of Directors on November 9, 2021.

Basis of presentation

These unaudited interim condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary Generation PGM. The financial statements of the subsidiaries are prepared for the same period as the Company using consistent accounting policies for all periods presented. All intercompany balances and transactions have been eliminated. Subsidiaries are entities controlled by the Company.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and discharge of all liabilities in the normal course of business. The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain assets and liabilities which are measured at their fair values, as disclosed in Note 3 of the Company's annual consolidated financial statements for the year ended December 31, 2020.

Risk and uncertainty as a result of the global COVID-19 pandemic

Consistent with other businesses globally, the Company's operations could be significantly adversely affected by the effects of the widespread global outbreak of COVID-19. During the three months ended March 31, 2021 the Marathon Project camp and operations were not materially impacted by COVID-19. While the Company continues to conduct an exploration program and advance its work related to the Environmental Assessment, the timelines for future studies, permitting and exploration could be impacted depending on both the continued duration and severity of the COVID-19 pandemic and, in particular, the Company's ability to safely access the project site.

Beyond the potential impact to various schedules, the economic impact of COVID-19 could affect the company's ability to access capital markets and secure sufficient financing to move the project forward on previously planned timelines.

Critical accounting judgments, estimates and assumptions in applying the entity's accounting policies

Areas of judgment that have the most significant effect on the amounts recognized in these condensed interim consolidated financial statements are disclosed in Note 2 of the Company's annual consolidated financial statements for the year ended December 31, 2020.

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.

(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 September 30, 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.

Liquidity Risk
Liquidity risk encompasses the risk that the Company cannot meet its financial obligations in full. The Company's main source of liquidity is its cash and marketable securities. These funds are primarily used to finance working capital, exploration expenditures, capital expenditures, and acquisitions. The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash. As at September 30, 2021, the Company has current assets of $12,131,379 (December 31, 2020 - $14,857,059) to cover current liabilities of $2,127,841 (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	$ 2,089,659	$ 2,219,703
1-5 years	423,321	-	423,321
Balance at September 30, 2021	**$ 553,365**	**$ 2,089,659**	**$ 2,643,024**

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.

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

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 September 30, 2021, comprehensive loss would have changed by approximately $189,000.

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 September 30, 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 September 30, 2021, the Company's capital consists of shareholder's equity in the amount of $10,567,139 (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"). On July 21, 2021, Stillwater elected to not exercise its ownership increase right to expand its ownership in the Marathon Property to 51%. Pursuant to the Dilution Provisions Generation Mining holds an 83.5% and Stillwater a 16.5% interest in the joint venture as at September 30, 2021.

(Expressed in Canadian dollars)

6. MINERAL PROPERTIES AND AGREEMENTS (continued):

Darnley Bay Anomaly, Northwest Territories:
The Company held the exclusive rights to a mineral concession covering the Inuvialuit Settlement Region's lands where the Inuvialuit hold the mineral and surface rights and an exploration and development agreement with the Inuvialuit Regional Corporation (the "IRC"). The Company was in default under the various agreements with the IRC. In October 2021, the IRC agreed in principle that the exclusive rights to the mineral rights will be reinstated and an amended exploration agreement will be negotiated. Pursuant to the agreement in principle, the Company will pay $150,000 per year to the IRC upon finalization of the amended agreements.

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 $579,000 were made as at September 30, 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%.

Mineral Property Expenditures:
Below are the acquisition, evaluation and exploration expenditures for the three and nine months ended September 30, 2021 compared with the equivalent periods in 2020.

	Three months ended		**Nine months ended**	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Davidson	**$ -**	$ -	**$ 128,765**	$ 132,635
Marathon	**2,914,161**	2,684,228	**8,631,191**	4,491,463
Total mineral property expenditures	**$ 2,914,161**	$ 2,684,228	**$ 8,759,956**	$ 4,624,098

Below are the cumulative acquisition, evaluation and exploration expenditures as at September 30, 2021.

	Cumulative December 31, 2020	**Acquisition**	**Evaluation and exploration**	**Cumulative September 30, 2021**
Darnley Bay Anomaly	$ 576,941	**$ -**	**$ -**	**$ 576,941**
Davidson	450,987	**128,765**	**-**	**579,752**
Marathon	17,270,389	**57,655**	**8,573,536**	**25,901,580**
Total expenditures in the year	18,298,317	**186,420**	**8,573,536**	**27,058,273**
Mineral properties acquired	1,216,848	**-**	**-**	**1,216,848**
Total mineral property expenditures	$ 19,515,165	**$ 186,420**	**$ 8,573,536**	**$ 28,275,121**

(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 September 30, 2021	**$**	**600,965**	**$**	**51,113**	**$**	**652,078**
Accumulated depreciation						
As at December 31, 2020	$	66,812	$	20,660	$	87,472
Depreciation expense		33,406		12,888		46,294
As at September 30, 2021	**$**	**100,218**	**$**	**33,548**	**$**	**133,766**
Net book value						
As at December 31, 2020	$	534,153	$	30,453	$	564,606
As at September 30, 2021	**$**	**500,747**	**$**	**17,565**	**$**	**518,312**

(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 third quarter ended September 30, 2021, the Company sold nil shares (September 30, 2020 – 245,000), with nil proceeds (September 30, 2020 – $152,000), resulting in nil realized gain (September 30, 2020 – $323,000). During the nine months ended September 30, 2021, the Company sold 2,755,000 shares (September 30, 2020 – 245,000) for total proceeds of $1,513,590 (September 30, 2020 – $152,000), and a realized gain of $1,293,190 (September 30, 2020 – $323,000).

(Expressed in Canadian dollars)

8. MARKETABLE SECURITIES (continued):

As of September 30, 2021, the Company held 5,400,000 Major Precious Metals Shares (December 31, 2020 - 8,155,000) valued at $1,890,000 (December 31, 2020 - $2,568,825). The fair value was determined using the market value on September 30, 2021 and December 31, 2020. The fair value adjustments resulted in an unrealized loss of $54,000 for the quarter ended September 30, 2021 (September 30, 2020 - unrealized loss $2,616,435) and an unrealized loss of $458,425 for nine months ended September 30, 2021 (September 30, 2020 – unrealized gain of $2,672,190).

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:

		September 30, 2021		December 31, 2020
Opening balance	**$**	**200,159**	$	241,571
Depreciation		**(31,059)**		(41,412)
Ending Balance	**$**	**169,100**	$	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:

		September 30, 2021		December 31, 2020
Opening balance	**$**	**223,172**	$	250,043
Accretion of interest		**23,983**		35,709
Payments		**(46,933)**		(62,580)
Total lease liability	**$**	**200,222**	$	223,172
Less: current portion		**(38,182)**		(31,757)
Non-current portion of lease liability	**$**	**162,040**	$	191,415

The occupancy cost in the statement of loss and comprehensive loss for the quarter ended September 30, 2021 is $38,776 (September 30, 2020 - $30,799) and includes $15,645 on short term leases and $33,484 of variable lease payments related to additional rental amounts and services less depreciation on the right of use asset of $10,353. For the nine months ended September 30, 2021, the occupancy cost is $110,074 (September 30, 2020 - $95,128) and includes $46,933 on short term leases and $94,200 of variable lease payments related to additional rental amounts and services less depreciation on the right of use asset of $31,059.

As required under the lease agreement, the Company has $38,229 of funds held in GICs as security for the lease as at September 30, 2021 (December 31, 2020 - $38,211).

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:

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS (continued):

	Three months ended		**Nine months ended**	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Salaries and bonuses	**$ 304,375**	$ 291,250	**$1,627,875**	$ 1,044,916
Share-based payments - options	**-**	67,912	**1,467,181**	1,180,870
Total compensation to key management	**$ 304,375**	$ 359,162	**$3,095,056**	$ 2,225,786

As at September 30, 2021, accounts payable includes $481,050 (September 30, 2020 - $2,770) due to key management of the Company.

11. CAPITAL STOCK:

a) Common shares

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

The following table summarizes the continuity of common shares for the nine month period ended September 30, 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	13,523,275	10,049,831
Shares issued for exercise of options	300,000	201,000
Balance as at September 30, 2021	**150,138,567**	**38,623,751**

(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 nine month period ended September 30, 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)	639,711
Warrants exercised	(13,523,275)
Warrants expired (2)	(38,437)
Outstanding, September 30, 2021	**9,146,283**

(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 September 30, 2021 are as follows:

Number of warrants	Exercise price $	Type	Expiry date	Remaining contractual life (years)
8,470,875	0.75	Share purchase warrants	February 13, 2022	0.37
675,408	0.52	Finders warrants	February 13, 2022	0.37
9,146,283	**0.73(1)**			**0.37(1)**

(1) Weighted average

(Expressed in Canadian dollars)

11. CAPITAL STOCK (continued):

c) Stock Option Plan:

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

The continuity of outstanding stock options for the nine month period ended September 30, 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	3,875,000
Options exercised	(300,000)
Outstanding, September 30, 2021	**14,800,000**

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	2.5 - 3 / 0%	343,333	1/3rd vesting
12-May-21	1,550,000	1.06	1.02	129	0.53	3 / 0%	1,162,500	Immediate
12-May-21	575,000	1.06	1.02	129	0.53	1.5 - 2 / 0%	348,833	1/3rd vesting
21-Sept-21	1,250,000	0.80	0.67	108	0.55	3 / 0%	525,000	1/3rd vesting

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

(Expressed in Canadian dollars)

11. CAPITAL STOCK (continued):

c) Stock Option Plan (continued):

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	600,000	July 31, 2022	0.8
0.52	75,000	75,000	September 11, 2022	0.9
0.52	100,000	67,000	November 6, 2022	1.1
0.10	2,400,000	2,400,000	May 11, 2023	1.6
1.06	2,125,000	1,742,000	May 12, 2024	2.6
0.30	3,100,000	3,100,000	July 16, 2024	2.8
0.30	200,000	200,000	August 7, 2024	2.9
0.80	1,250,000	417,000	September 21, 2024	3.0
0.65	500,000	500,000	February 5, 2025	3.4
0.45	750,000	750,000	March 18, 2025	3.5
0.52	2,750,000	2,750,000	April 20, 2025	3.6
0.52	450,000	300,000	November 6, 2025	4.1
1.00	500,000	333,000	March 8, 2026	4.4
0.52(1)	**14,800,000**	**13,234,000**		**2.8(1)**

(1) Weighted average

12. RECEIVABLES:

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

The amounts receivable are as follows:

	September 30, 2021	December 31, 2020
HST receivable	**$ 450,092**	$ 474,405
Miscellaneous	**22,693**	8,714
Total	**$ 472,785**	$ 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.