

# **GENERATIONMINING**

**Management's Discussion and Analysis  
For the Three Months Ended March 31, 2022**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2022

*This Management's Discussion and Analysis ("MD&A") reviews the condensed consolidated interim financial statements of operations of Generation Mining Limited and its wholly owned subsidiary company (together "Generation" or the "Company") for the three months ended March 31, 2022. The MD&A was prepared as of May 12, 2022 and should be read in conjunction with the consolidated financial statements for the three months ended March 31, 2022 and 2021 and the December 31, 2021 year end audited consolidated financial statements including the notes thereto, prepared in accordance with the International Financial Reporting Standards or ("IFRS"). Certain non-IFRS measures are included in this MD&A and are outlined on page 19. The disclosure contained in this MD&A has been approved by the board of directors of the Company. All figures are in Canadian dollars unless stated otherwise. Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).*

*This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical fact, that address future exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Forward-looking statements should be read in conjunction with the risk factors described in the "Risk Factors" and "Cautionary Note Regarding Forward Looking Information" sections at the end of this MD&A and as described in the Company's Annual Information Form ("AIF") for the year ended December 31, 2022.*

*Scientific and technical information contained in this MD&A relating to mineral reserves, mineral resources and exploration results was reviewed and approved by Drew Anwyll, P.Eng., M.Eng., Chief Operating Officer of the Company, and Rod Thomas, P.Geo., Director of the Company, each a "Qualified Person" under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").*

*Readers are referred to the NI 43-101 technical report for the Marathon Project entitled, "Feasibility Study Marathon Palladium & Copper Project Ontario, Canada" (the "Feasibility Study") dated March 23, 2021, prepared by Antoine Champagne, ing., Paul Murphy, ing., Louis-Pierre Gignac, ing., each of G-Mining Services Inc., Robert Raponi, P.Eng., of Ausenco Engineering Canada Inc. and Haggarty Technical Services, Eugene Puritch, P.Eng., FEC, CET, of P&E Mining Consultants Inc., and Craig Hall, P.Eng., of Knight Piésold Ltd. and WESC Inc., which is incorporated by reference herein. Readers are encouraged to review the full text of the Feasibility Study, available for review under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Feasibility Study supports the scientific and technical information set out in this MD&A.*

### **OVERVIEW**

The Company was incorporated under the Business Corporations Act (Ontario) on January 11, 2018. Its registered office is located at 100 King Street West, Suite 7010, Toronto, Ontario M5X 1B1. The Company's common shares trade on the Toronto Stock Exchange ("TSX") under the symbol GENM and OTCQB Venture Marketplace under the symbol GENMF. The Company is an exploration and development stage company primarily focused on the development and construction of the Marathon Palladium and Copper project located in Marathon, Ontario Canada (the "Marathon Property" or "Marathon Project" or the "Project"), a large undeveloped platinum group metal and copper mineral deposit in Northwestern Ontario, Canada. The Marathon Project is held by Generation PGM Inc. ("Generation PGM") a wholly owned subsidiary of Generation. The Company also has a number of other exploration properties located in Canada.

The Company released the results of the Marathon Project Feasibility Study on March 3, 2021 and published the NI43-101 Technical Report dated March 25, 2021 which is available on the Company's profile on SEDAR.com. The Marathon Property covers a land package of approximately 22,000 hectares, or 220 square kilometers. The Feasibility Study estimated that at US\$1,725/oz palladium, and US\$3.20/lb copper, the Marathon Project's Net Present Value (at a 6% discount rate) is approximately \$1.07 billion with a payback of 2.3 years and an Internal Rate of Return of 30%. Up front capital costs were estimated at C\$665 million net of equipment financing, pre-production operating costs and production revenues. The mine would produce an estimated 245,000 palladium equivalent ounces per year over a 13-year mine life at an all in sustaining costs of US\$809 per palladium-equivalent ounce.

## **HIGHLIGHTS**

- The Company entered into a definitive Precious Metal Purchase Agreement (the "PMPA") with Wheaton Precious Metals Corp. ("Wheaton") in December 2021. Pursuant to the PMPA, Wheaton will pay Generation total cash consideration of \$240 million, \$40 million of which will be paid on an early deposit basis prior to construction to be used for development of the Marathon Project, with the remainder payable in four staged installments during construction, subject to various customary conditions being satisfied.
- In January 2022, the Company concluded the acquisition of the remaining interest in the Marathon Property from Sibanye to hold a 100% interest in the Marathon Project. Sibanye is currently the largest shareholder of Generation holding 32,813,127 common shares representing a current ownership position of approximately 18.2% of the Company.
- On March 31, 2022 Generation received, through its wholly-owned subsidiary Generation PGM, the first \$20,000,000 payment pursuant to the PMPA with Wheaton.
- In December 2021 the federal-provincial Joint Review Panel (the "Panel") completed its review of the Company's Environmental Impact Statement (EIS) Addendum. The Panel determined that the information provided was sufficient to proceed to a public hearing ("Public Hearings"). The Public Hearings commenced March 15, 2022 and are expected to be complete by May 19, 2022.
- In April the Company appointed Christopher Stackhouse as Vice-President, Finance. Mr. Stackhouse spent seven years with Guyana Goldfields Inc. (now part of the Zijin Mining Group) and was instrumental in the preparation of the feasibility study, financing, development and operation of Guyana's US\$250 million Aurora Gold Mine.

## **MARATHON PROPERTY ACQUISITION**

On July 10, 2019, the Company, through Generation PGM, completed the acquisition of a 51% initial interest in the 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 held a 83.5% and Stillwater a 16.5% interest in the joint venture as at September 30, 2021.

On December 8, 2021 Generation entered into a binding acquisition agreement (the “Acquisition Agreement”) with Stillwater, pursuant to which Generation would acquire Stillwater’s remaining 16.5% interest in the Marathon Project for total consideration of 21,759,332 common shares of Generation. On January 26, 2022, the Company completed the acquisition of Stillwater’s interest and currently owns a 100% interest in the Marathon Project. As a result of this transaction, Sibanye, a leading international precious metals mining company, with a diverse portfolio of operations in the United States and Southern Africa, now holds 32,813,127 common shares of the Company, representing approximately 18.2% of the Company’s issued and outstanding common shares as at May 12, 2022.

### **FEASIBILITY STUDY**

On March 3, 2021, the Company announced the results of a Feasibility Study for the Marathon Palladium and Copper Project. On March 25, 2021, the Company filed the NI 43-101 titled Feasibility Study Marathon Palladium & Copper Project Ontario, Canada on SEDAR. All dollar amounts are in Canadian dollars, stated on a 100% project ownership basis, unlevered other than equipment leasing and based on the base case analysis unless otherwise noted (See notes below)

The Feasibility Study was prepared by G Mining Services Inc. (“GMS”), along with contributions from Ausenco Engineering Canada Inc. (“Ausenco”), Haggarty Technical Services (“HTS”), Knight Piésold Ltd. (“KP”), WESC Inc. and P&E Mining Consultants Inc. (“P&E”).

### **Feasibility Study Highlights <sup>(1)</sup>**

- After tax internal rate of return (“IRR”) of 29.7% and a Net Present Value (“NPV”) discounted at 6% of \$1.07 billion based on a long-term price of US\$1,725/oz for palladium and US\$3.20/lb for copper,
- Initial capital cost (“Capex”) of \$665 million net of equipment financing, pre-production operating costs and production revenues,
- After tax payback of 2.3-years,
- Life of mine average cash costs of US\$687/PdEq oz and all-in sustaining costs (AISC) of US\$809/PdEq oz <sup>(2)</sup>,
- Payable metals - 1.9 M oz palladium, 467 M lbs copper, 537,000 oz platinum, 151,000 oz gold and 2.8 M oz silver,
- First three years of production following commercial production: \$979 million of free cash flow, Payable metal: 588,000 oz of palladium and 122 M lbs of copper from approximately 270,000 tonnes of Cu-Pd concentrate shipped,
- The Project is expected to generate direct corporate taxes and duties to the provincial and federal governments of \$944 million.

Key results and assumptions used in the Feasibility Study are summarized below.

<b>Production Data <sup>(1)</sup></b>	<b>Values</b>	<b>Units</b>
Life of Mine – Pre-Production	2	Years
Life of Mine – Operations	12.6	Years
Total Milled Tonnes - Pre-Production	1.9	Mt
Total Milled Tonnes – Operations	115.8	Mt
Total Mined Tonnes - Pre-Production	25.4	Mt
Total Mined Tonnes – Operations	421.8	Mt
Strip Ratio – Pre-Production	3.33	Waste:ore
Strip Ration – Operations	2.77	Waste:ore
Recovered Metal <sup>(3)</sup> – Palladium	2,028	k oz
Recovered Metal – Copper	493	M lbs
Recovered Metal – Platinum	634	k oz
Recovered Metal – Gold	183	k oz
Recovered Metal – Silver	3,796	k oz
Payable Metal <sup>(3)</sup> – Palladium	1,905	k oz
Payable Metal – Copper	467	M lbs
Payable Metal – Platinum	537	k oz
Payable Metal – Gold	151	k oz
Payable Metal – Silver	2,823	k oz
Recovery - Palladium	86.9	%
Recovery – Copper	93.0	%
Recovery - Platinum	84.2	%
Recovery – Gold	72.4	%
Recovery - Silver	71.5	%
<b>Capital Costs <sup>(1)</sup></b>	<b>Values</b>	<b>Units</b>
Initial Capital <sup>(4)</sup>	665	\$M
LOM Sustaining Capital	423	\$M
LOM Total Capital	1,087	\$M
Closure Costs	66	\$M
<b>LOM Operating Coats <sup>(1)</sup></b>	<b>Values</b>	<b>Units</b>
Mining - Mined	2.53	\$/t mined
Mining – Milled	9.23	\$/t milled
Processing	9.08	\$/t milled
General & Administration	2.48	\$/t milled
Transport & Refining Charges	2.80	\$/t milled
Royalties	0.03	\$/t milled
Total Operating Costs	23.63	\$/t milled
LOM Average Operating Cost	687	US\$/oz PdEq
LOM Average AISC	809	US\$/oz PdEq
<b>Financial Assumptions <sup>(1)</sup></b>	<b>Values</b>	<b>Units</b>
Palladium	1,725	US\$/oz
Copper	3.20	US\$/lb
Platinum	1,000	US\$/oz
Gold	1,400	US\$/oz
Silver	20.00	US\$/oz
Exchange Rate	1.28	C\$/US\$
Diesel Fuel	0.77	\$/L
Electricity	0.08	\$/kWhr

<b>Financial Analysis</b> <sup>(1)</sup>	<b>Values</b>	<b>Units</b>
Pre-tax Undiscounted Cash Flow	3,004	\$M
Pre-tax NPV <sub>6%</sub>	1,636	\$M
Pre-tax IRR	38.6	%
Pre-tax Payback	1.9	years
After-tax Undiscounted Cash Flow	2,060	\$M
After-tax NPV <sub>6%</sub>	1,068	\$M
After-tax IRR	29.7	%
After-tax Payback	2.3	years

  

<b>Capital Costs</b> <sup>(1)</sup>	<b>Initial</b> (\$ M)	<b>Sustaining</b> (\$ M)	<b>Total</b> (\$ M)
Mining	127.8	184.1	311.9
Process Plant	269.2	38.5	307.7
Infrastructure	107.7	29.3	137.0
Tailings Storage and Water Management	61.2	170.8	232.0
Construction Indirect	113.5	-	113.5
General and Owner's Cost	14.9	-	14.9
Preproduction, Startup, Commissioning <sup>(5)</sup>	(52.9)	-	(52.9)
<b>Subtotal (before equipment financing)</b>	<b>641.4</b>	<b>422.7</b>	<b>1,064.1</b>
Contingency	74.8	-	74.8
<b>Subtotal (including contingency)</b>	<b>716.2</b>	<b>422.7</b>	<b>1,138.9</b>
Less: Equipment Financing Drawdowns	(72.4)	-	(72.4)
Add: Equipment Lease Payment & Fees	21.0	-	21.0
<b>Total Initial Capital (after equipment financing)</b>	<b>664.8</b>	<b>422.7</b>	<b>1087.5</b>
Closure & Reclamation		65.9	65.9
<b>Total Capital Costs</b>	<b>664.8</b>	<b>488.6</b>	<b>1,153.</b>

  

<b>Operating Costs</b> <sup>(1)</sup>	<b>\$ M</b>	<b>\$/tonne milled</b>	<b>US\$/oz PdEq</b> <sup>(2)</sup>
Mining	1,069	9.23	268
Processing	1,051	9.08	264
General & Administration and Others	287	2.48	72
Concentrate Transport Costs	146	1.26	37
Treatment & Refining Charges	178	1.54	45
Royalties	4	0.03	1
<b>LOM Operating Costs</b>	<b>2,736</b>	<b>23.61</b>	<b>687</b>
Closure & Reclamation	66	0.57	17
Sustaining Capital	423	3.65	106
<b>LOM AISC</b>	<b>3,224</b>	<b>27.78</b>	<b>809</b>

Notes:

1. See Non-IFRS measures as set out on page 27 of this MD&A.
2. PdEq grade is calculated based on:  $(Pd \text{ US}\$1,725/31.10348 \times Pd \text{ grade g/t}) + (Cu \text{ US}\$3.20/2204.6 \times Cu \text{ grade \%}/100) + (Au \text{ US}\$1,400/31.10348 \times Au \text{ grade g/t}) + (Pt \text{ US}\$1,000/31.10348 \times Pt \text{ grade g/t}) + (Ag \text{ US}\$20/31.10348 \times Ag \text{ grade g/t})$ .
3. Recovered metal and payable metal is presented life of mine including pre-production.
4. Initial Capital shown after equipment financing and pre-production operating costs and production revenues.
5. Including pre-production operating costs and revenues.

## Feasibility Sensitivities

The Project has significant leverage to the palladium and copper prices. The after-tax valuation sensitivities for the key metrics are shown below.

<b>Palladium Price</b>							
<b>US\$/oz</b>	<b>1,000</b>	<b>1,250</b>	<b>1,500</b>	<b>1,725<sup>(1)</sup></b>	<b>1,850</b>	<b>2,000</b>	<b>2,500</b>
NPV6% (\$M)	356	601	847	<b>1,068</b>	1,190	1,337	1,831
Payback (yrs)	4.3	3.2	2.6	<b>2.3</b>	2.1	2.0	1.6
IRR (%)	14.8%	20.2%	25.3%	<b>29.7%</b>	32.1%	34.8%	43.7%

<b>Copper Price</b>							
<b>US\$/lb</b>	<b>2.00</b>	<b>2.50</b>	<b>3.00</b>	<b>3.20<sup>(1)</sup></b>	<b>3.50</b>	<b>4.00</b>	<b>4.50</b>
NPV6% (\$M)	792	907	1,022	<b>1,068</b>	1,137	1,251	1,365
Payback (yrs)	2.7	2.5	2.3	<b>2.3</b>	2.2	2.1	2.0
IRR (%)	24.7%	26.8%	28.9%	<b>29.7%</b>	30.9%	32.9%	34.8%

<b>After-Tax Results</b>	<b>OPEX Sensitivity</b>				
	<b>-20%</b>	<b>-15%</b>	<b>0%<sup>(1)</sup></b>	<b>15%</b>	<b>20%</b>
NPV 6% (\$M)	1,270	1,220	<b>1,068</b>	916	866
Payback (yrs)	2.1	2.1	<b>2.3</b>	2.4	2.5
IRR (%)	33.0%	32.2%	<b>29.7%</b>	27.1%	26.2%

<b>After-Tax Results</b>	<b>CAPEX Sensitivity</b>				
	<b>-20%</b>	<b>-15%</b>	<b>0%<sup>(1)</sup></b>	<b>15%</b>	<b>20%</b>
NPV 6% (\$M)	1,195	1,163	<b>1,068</b>	972	940
Payback (yrs)	1.9	2.0	<b>2.3</b>	2.6	2.7
IRR (%)	37.7%	35.4%	<b>29.7%</b>	25.3%	24.1%

Notes:

1. Feasibility Study Base Case

The Feasibility Study was prepared through the collaboration of the following consulting firms and Qualified Persons:

<b>Consulting Firms</b>	<b>Area of Responsibility</b>	<b>Qualified Person</b>
G-Mining Services	Mineral Reserves Estimate	Antoine Champagne, P.Eng.
	Mine design	
	Infrastructure design	Paul Murphy, P.Eng.
	Capital costs and operating costs (Mining and G&A)	Antoine Champagne, P.Eng.
	Financial analysis	Louis-Pierre Gignac, P.Eng
Ausenco Engineering Canada Inc. and Haggarty Technical Services	Metallurgical Testing	Robert Raponi, P.Eng
	Plant design	
	Capital and Operating costs (Plant)	
P&E Mining Consultants Inc.	Mineral Resource Estimate	Eugene Purich, P.Eng., FEC, CET
	Geological technical information	
	QA/QC review of drilling and sampling data	
Knight Piésold Ltd. and WESC Inc.	Tailings design and water management	Craig Hall, P.Eng
	Environmental studies and permitting	



## **ENGINEERING AND EARLY DEVELOPMENT**

During the fourth quarter of 2021 and first quarter of 2022, the Company completed value engineering of the Marathon Project (optimizations to the design and planned operational improvements from the feasibility study designs) and is currently progressing with engineering design for the plant. The plant engineering and long-lead procurement (“EP Services”) work is being completed by the Wood engineering team (work progressing out of the Oakville Ontario office) with direct interaction with the Generation engineering and project team. The remaining on-site and off-site infrastructure designs will be advanced in parallel to the plant designs with the goal to advance approximately 75% of engineering to be complete at the commencement of construction. The budgeted costs to accomplish this phase of engineering is approximately \$21.5 million.

The timing for the start of early works construction is based on achieving the following milestones:

- Completion of the Joint Review Panel report. Due to the 28 day pause in the panel hearings discussed below the recommendation is now expected in late August 2022 at the latest,
- Acceptance by the federal and provincial ministers of the environment of the recommendation from the JRP (to be completed no more than 120 days following the delivery of the JRP report), and
- receiving several key permits to allow for tree harvesting in the first quarter of 2023.

## **COMMUNITY, ENVIRONMENT AND PERMITTING**

The development of a mining project in Ontario requires various approvals from both the Federal and Provincial governments. Project permitting is generally split into two phases, the Environmental Assessment (“EA”) phase followed by the permitting phase.

The Marathon Project is being assessed in accordance with the Canadian Environmental Assessment Act 2012 (“CEAA 2012”) and Ontario’s Environmental Assessment Act, 1990 (“EA Act”) through a Joint Review Panel (“JRP”) pursuant to the Canada-Ontario Agreement on Environmental Assessment Cooperation (2004).

Following approval of the Federal and Provincial Environmental assessments, various permits, approvals, and licenses will be required to construct and operate the Marathon Project.

The initial EA process was commenced by the prior proponent (Stillwater Canada Inc) of the Marathon Project in 2010 and was put on hold in January 2014. In September 2019, the Company received confirmation from the federal and provincial governments that the Marathon Project will remain subject to the requirements of the CEAA 2012 and the EA Act, and the process could be restarted.

In July 2020, the Company officially commenced the process to restart the EA approval process and to complete an Environmental Impact Statement (“EIS”) report addendum. In November 2020, the Government of Canada and the Province of Ontario appointed the Joint Review Panel (“JRP”) members to continue the EA of the Company’s Marathon Project. Updated baseline studies were submitted in November 2020 and the initial volume of the EIS was completed in January 2021 and the second volume in April 2021. The EIS provides an outline and analysis of key elements of the Project design, the environmental, economic, and social components along with the mitigation, controls and benefits that will be present over the life cycle of the Project from construction to post closure. The Project is being assessed in accordance with the CEAA 2012 and EA Act by the JRP. The JRP is an independent single Environmental Assessment (“EA”) process that is harmonized with the Federal and Ontario provincial governments and will conclude with a recommendation report from the JRP to the federal and provincial Ministers.

In December 2021, the JRP determined that the EIS and additional information requests was sufficient to proceed to the public hearing and announced that the hearing is scheduled to take place from March 15<sup>th</sup> to May 19<sup>th</sup>, 2022. Over 50 participants, including members of the public, NGOs, government agencies and Indigenous groups participated in the hearing to share their perspective and raise questions on the potential environmental and socio-economic effects of the project.

Representatives of Generation PGM, along with its expert witnesses participated in the technical, general and Indigenous community sessions as scheduled throughout the hearing. Generation PGM's witnesses explained the positive socio-economic aspects of the project as well as their expert predictions that the project is not expected to have significant adverse environmental effects. Throughout the hearing, the Panel members asked for several undertakings for supplemental information to complete their review, and requested that Generation PGM summarize all the mitigation measures, monitoring plans, follow-up programs and associated environmental management plans it had committed to in the EIS and during the EA process in a consolidated document ("Undertaking 31"). During the hearings, Biigtigong Nishnaabeg and Pays Plat First Nation requested engagement with Generation PGM to ensure their requirements were captured in Generation PGM's response to Undertaking 31. As a result, Generation PGM and Biigtigong Nishnaabeg requested a four-week extension to engage on critical commitments specific to Biigtigong Nishnaabeg and the filing of Undertaking 31. The Panel accepted the extension request. Consequently, Undertaking 31 must now be filed no later than May 12, 2022 and closing remarks are scheduled to occur seven days after the Undertaking 31 filing and no later than May 19, 2022. Undertaking 31 was filed by the Company on May 11, 2022.

Once the hearing closes, the JRP will assess the potential effects of the Project and prepare a report making recommendations to the federal and provincial Ministers. Despite the extension due to Undertaking 31, the report could still be completed by the JRP by July 12, 2022, although the statutory timelines permit the JRP to issue the report is by August 17, 2022. The federal and provincial Ministers will review the report and make a decision on the Project proceeding in the fourth quarter 2022. As the proponent, the Generation PGM is responsible for the costs of the JRP and certain other permitting costs. The estimated remaining cost for the JRP process and mine permitting is approximately \$1.2 million.

The Company has commenced detailed engineering and permitting activities in parallel with the EA process, including preparation of the draft closure plan for Indigenous consultation and review. Environmental committees have been established with Indigenous communities to collaborate on permit development for fisheries, caribou, water management and closure as well as upcoming environmental monitoring field programs.

To assist with the permitting program, the sustainability team is being supported by:

- Wood: closure planning, fisheries compensation planning, caribou mitigation and advance permits to allow for construction to commence,
- Stantec: comprehensive air and noise modelling
- Knight Piesold: tailings and water management facility designs,
- EcoMetrix: geochemistry, aquatics, water quality modelling, and
- Northern BioScience: monitoring of species at risk and terrestrial studies on the property.

The Company and its predecessors have been engaged in consultation and negotiations with several Indigenous communities and regional municipalities with respect to the Project since 2004. The Company along with the identified communities are progressing relationships through regular meetings and interactions to advance towards the development of the Project. The Company is striving to ensure these partnerships have mutually beneficial outcomes and anticipates strong and long-lasting relationships with these groups.

In April 2021, the Company and Biigtigong Nishnaabeg signed an Agreement in Principle which outlines the framework for a Community Benefit Agreement (CBA). In January 2022, a Memorandum of Understanding (MOA) was also signed which commits the Company and Biigtigong Nishnaabeg to:

- Collaborate on sustainable community-based business opportunities that will last beyond the life of the Marathon Project,
- Target and support businesses that include training, development, and growth of Biigtigong Nishnaabeg community members in their professional development and long-term employment,

- Support strategic partnerships and initiatives that help Biigtigong Nishnaabeg participate in opportunities to gain management experience in the mining industry,
- Support Biigtigong Nishnaabeg with their strategic goals of growing current and aspirational sustainable businesses, and
- Defining some of the contracting projects that will be sole-sourced to Biigtigong Nishnaabeg to further maximize economic benefits for the Marathon Project’s closest Indigenous partner community.

Biigtigong Nishnaabeg has been an integral part of the environmental assessment process and Marathon Project planning. Formalizing the long-term relationship signals the community leadership’s support, in principle, for the Marathon Project and the Company’s commitment to provide community benefits including training, employment, business opportunities and financial participation.

## **PROJECT FINANCING**

In August 2021, the Company appointed Endeavour Financial as its Financial Advisor to provide financial advisory services with respect to the development of the Marathon Project. Endeavour Financial, with offices in London, UK and George Town, Cayman Islands, and Vancouver, British Columbia, is a top mining financial advisory firm, with a record of success in the mining industry, specializing in arranging multi-sourced funding solutions for development-stage companies. The Endeavour Financial team has diverse experience in both natural resources and finance, including investment bankers, geologists, mining engineers, cash flow modelers and financiers.

Phase I of the project financing consisted of the marketing, due diligence, and site visits with several financiers who expressed interest in all forms of financing including debt, equity, metal streams, and royalties. The Company’s focus was to put in place the first tranche of the project financing without excessive dilution for shareholders while ensuring the financing was sufficient and complementary to the ultimate financing package. The interest was significant and the Company received multiple proposals. The most attractive proposal was from Wheaton Precious Metals.

In December, 2021, the Company entered into a definitive Precious Metal Purchase Agreement (the “PMPA”) with Wheaton Precious Metals Corp. (“Wheaton”). The PMPA became effective in January 2022 upon closing of the acquisition of the remaining interest in the Marathon Property from Sibanye to hold a 100% interest in the Marathon Project. Pursuant to the PMPA, Wheaton will pay Generation total cash consideration of \$240 million, \$40 million of which will be paid on an early deposit basis prior to construction to be used for development of the Marathon Project, with the remainder payable in four staged installments during construction, subject to various customary conditions being satisfied. The details of the transaction are as follows:

- Under the Marathon PMPA, Wheaton will purchase 100% of the payable gold production until 150 thousand ounces (“koz”) have been delivered, thereafter dropping to 67% of payable gold production for the life of the mine; and 22% of the payable platinum production until 120 koz have been delivered, thereafter dropping to 15% for the life of mine.
- Wheaton will pay Generation total cash consideration of C\$240 million, C\$40 million of which will be paid on an early deposit basis prior to construction to be used for development of the Marathon Project, with the remainder payable in four staged installments during construction, subject to various customary conditions being satisfied and pre-determined completion tests.
- Wheaton will make ongoing payments for the gold and platinum ounces delivered equal to 18% of the spot prices (“Production Payment”) until the value of gold and platinum delivered less the Production Payment is equal to the consideration of C\$240 million, at which point the Production Payment will increase to 22% of the spot prices.

- Generation Mining and its subsidiary Generation PGM will provide Wheaton with corporate guarantees and other security over their assets and various time sensitive performance guarantees relating to the development of the Project.

On March 31, 2022 Generation received, through its wholly-owned subsidiary Generation PGM, the first \$20,000,000 payment pursuant to the PMPA with Wheaton.

## SUMMARY OF MINERAL RESERVES AND RESOURCES

### Mineral Resources

The Mineral Resource Estimate below is for the combined Marathon, Geordie and Sally deposits. The Mineral Resource Estimates were prepared by P&E Mining Consultants Inc.

<b>Pit Constrained Combined Mineral Resource Estimate<sup>1-8</sup> for the Marathon, Geordie and Sally Deposits (Effective date June 30, 2020)</b>											
<b>Mineral Resource Category</b>	<b>Tonnage kt</b>	<b>Pd</b>		<b>Cu</b>		<b>Au</b>		<b>Pt</b>		<b>Ag</b>	
		<b>g/t</b>	<b>koz</b>	<b>%</b>	<b>M lbs</b>	<b>g/t</b>	<b>koz</b>	<b>g/t</b>	<b>koz</b>	<b>g/t</b>	<b>koz</b>
<b>Marathon Deposit</b>											
Measured	113,793	0.63	2,304	0.20	502	0.07	262	0.21	762	1.49	5,466
Indicated	89,012	0.45	1,296	0.19	373	0.06	182	0.16	449	1.77	5,078
<b>M+I</b>	<b>202,806</b>	<b>0.55</b>	<b>3,599</b>	<b>0.20</b>	<b>875</b>	<b>0.07</b>	<b>444</b>	<b>0.19</b>	<b>1,211</b>	<b>1.62</b>	<b>10,544</b>
Inferred	6,931	0.43	95	0.17	26	0.08	17	0.14	32	1.55	345
<b>Geordie Deposit</b>											
Indicated	17,268	0.56	312	0.35	133	0.05	25	0.04	20	2.4	1,351
Inferred	12,899	0.51	212	0.28	80	0.03	14	0.03	12	2.4	982
<b>Sally Deposit</b>											
Indicated	24,801	0.35	278	0.17	93	0.07	56	0.2	160	0.7	567
Inferred	14,019	0.28	124	0.19	57	0.05	24	0.15	70	0.6	280
<b>Total Project</b>											
Measured	113,793	0.63	2,304	0.20	502	0.07	262	0.21	762	1.49	5,466
Indicated	131,081	0.45	1,886	0.21	599	0.06	263	0.15	629	1.66	6,996
<b>M+I</b>	<b>244,874</b>	<b>0.53</b>	<b>4,190</b>	<b>0.20</b>	<b>1,101</b>	<b>0.07</b>	<b>525</b>	<b>0.18</b>	<b>1,391</b>	<b>1.58</b>	<b>12,462</b>
Inferred	33,849	0.40	431	0.22	163	0.05	55	0.10	114	1.48	1,607

#### Notes:

1. Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, (2014) and Best Practices Guidelines (2019) prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.
2. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues.
3. The Inferred Mineral Resource in this estimate has a lower level of confidence that that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.
4. Mineral Resources are reported within a constraining pit shell at a NSR cut-off value of \$13/t.
5.  $NSR (C\$/t) = (Ag \times 0.48) + (Au \times 42.14) + (Cu \times 73.27) + (Pd \times 50.50) + (Pt \times 25.07) - 2.62$ .
6. The Mineral Resource Estimate was based on metal prices of US\$3.00/lb copper, US\$1,500/oz gold, US\$18/oz silver, US\$1,600/oz palladium, and US\$900/oz platinum.
7. Mineral Resources are inclusive of Mineral Reserves.
8. Contained metal totals may differ due to rounding.

## Mineral Reserves

The Mineral Reserve Estimate for the Marathon Project includes only the Marathon deposit. The Mineral Reserve Estimate was prepared by GMS.

Marathon Project Open Pit Mineral Reserve Estimates <sup>1-8</sup> (Effective date September 15, 2020)												
Mineral Reserves Category	Tonnage		Pd		Cu		Au		Pt		Ag	
	kt	%	g/t	koz	%	M lbs	g/t	koz	g/t	koz	g/t	koz
Proven	85,091	72	0.660	1,805	0.202	379	0.070	191	0.212	581	1.359	3,719
Probable	32,610	28	0.512	537	0.213	153	0.061	64	0.168	176	1.541	1,616
<b>P+P</b>	<b>117,701</b>	<b>100%</b>	<b>0.619</b>	<b>2,342</b>	<b>0.205</b>	<b>532</b>	<b>0.067</b>	<b>255</b>	<b>0.200</b>	<b>756</b>	<b>1.410</b>	<b>5,334</b>

Notes:

1. CIM definitions were followed for Mineral Reserves (see above Note 1).
2. Mineral Reserves are estimated at a cut-off grade varying from \$18.00 to \$21.33 NSR/t of ore.
3. Mineral Reserves are estimated using the following long-term metal prices (Pd = US\$1,500/oz, Pt = US\$900/oz, Cu = US\$2.75/lb, Au = US\$1,300/oz and Ag = US\$16/oz) and an exchange rate of C\$/US\$ of 1.33).
4. A minimum mining width of 5 m was used.
5. Bulk density of ore is variable and averages 3.07 t/m<sup>3</sup>.
6. The average strip ratio is 2.8:1.
7. The average mining dilution factor is 9%.
8. Numbers may not add due to rounding.

## OTHER MINERAL PROPERTIES

In addition to the Marathon Property, the Company holds options, rights and/or ownership interest in the following mineral properties as of March 31, 2022:

**Darnley Bay, 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"). During the year, 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 \$708,498 were made as at March 31, 2022 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%.

## RESULTS FROM OPERATIONS

The following tables set forth financial information for the Company which has been summarized from and should be read in conjunction with the Company's audited consolidated financial statements for the three months ended March 31, 2022 and 2021, including the notes thereto.

Statements of Loss	Three months ended March 31, 2022	Three months ended March 31, 2021	Year ended December 31, 2021	Year ended December 31, 2020
<b>Expenses</b>				
Property acquisition	\$ 18,942,584	\$ -	\$ -	\$ -
Environmental assessment & Community consultation	2,516,531	1,261,481	4,510,814	1,986,544
Project feasibility and engineering	2,622,954	696,840	3,306,286	3,153,684
Exploration and site costs	548,920	817,379	4,187,647	2,372,597
Other	163,449	93,309	572,723	471,197
Acquisition, evaluation and exploration expenditures	24,794,438	2,869,009	12,576,470	7,984,022
Share-based compensation	354,753	224,588	2,273,858	1,547,720
Audit, legal and advisory fees	810,869	30,475	420,706	289,357
Management and corporate administration services	586,717	141,315	974,147	681,325
Shareholder and investor communications costs	218,840	258,367	871,351	833,471
Occupancy cost	30,310	37,858	148,404	127,127
Interest (recovery) expense	7,061	8,278	31,386	35,708
Operating loss	(26,802,988)	(3,569,888)	(17,296,322)	(11,498,730)
Realized and unrealized gain (loss) on Marketable securities and receivable marketable securities	(567,000)	1,330,275	186,765	2,896,265
Gain on debt write-off	-	-	-	180,516
Interest income	9,241	3,580	26,145	29,125
<b>Net Loss and Comprehensive Loss</b>	<b>\$ (27,360,747)</b>	<b>\$ (2,236,033)</b>	<b>\$ (17,083,412)</b>	<b>\$ (8,392,824)</b>
<b>Net Loss per Share – Basic and diluted</b>	<b>\$ (0.16)</b>	<b>\$ (0.02)</b>	<b>\$ (0.12)</b>	<b>\$ (0.07)</b>

### Three Months Ended March 31, 2022 compared to 2021

Generation incurred a net loss of \$27,360,747 or \$0.16 per share for the three months ended March 31, 2022 compared to a net loss of \$2,236,033 or \$0.02 per share for the three months ended March 31, 2021. The significant differences are outlined below.

- Acquisition, evaluation, and exploration expenses were \$24,794,438 for the three months ended March 31, 2022 compared to \$2,869,009 for the three months ended March 31, 2021. The increase of \$21,925,429 is primarily related to the following:
  - an increase of \$18,942,584 associated with the acquisition of the remaining interest in the Marathon Project from Stillwater,
  - an increase of \$1,255,050 in costs associated with the Joint Review Panel, environmental assessment & community consultation which relate primarily to the costs of the Joint Review Panel. For the three months ended March 31, 2022, environmental assessment and community consultation expenditures included \$849,319 paid to the federal government to reimburse it for costs associated with the Joint Review Panel.
  - an increase of \$1,926,114 in project feasibility and engineering costs as the Company advances the design engineering of the plant, and
  - a decrease in exploration and site costs of \$268,459 due to a reduced exploration program.
- Share-based compensation was \$354,753 for the three months ended March 31, 2022 compared to \$224,588 for the three months ended March 31, 2021. Share-based compensation is a non-cash item calculated using the Black Scholes valuation model and fluctuates period to period depending on the number of options vested.

- Audit, legal and advisory fees were \$810,869 for the three months ended March 31, 2022 compared to \$30,475 for the three months ended March 31, 2021. The increase of \$780,394 in 2022 is primarily related to an increase of legal fees and financing fees. The increase in fees is directly attributable to the acquisition of the remaining interest in the Marathon Project from Stillwater and the Precious Metal Purchase Agreement with Wheaton Precious Metals Corp.
- Management and corporate administration services expenses were \$586,717 in the three months ended March 31, 2022 compared to \$141,315 for the three months ended March 31, 2021. The increase of approximately \$445,402 is the result of an increase in administration activities, executive compensation and bonuses resulting for the growth of the development team.
- Shareholder and investor communications costs were \$218,840 in the three months ended March 31, 2022 compared to \$258,367 in the three months ended March 31, 2021. The expenditures are consistent for the comparable quarters.
- Occupancy costs were \$30,310 in the three months ended March 31, 2022 compared to \$37,858 in the three months ended March 31, 2021. The expenditures are consistent for the comparable quarters.
- Interest expense was \$7,061 in the three months ended March 31, 2022 compared to interest recovery of \$8,278 in the three months ended March 31, 2021. Interest expense results from the recognition and depreciation of the company's leases as a right-of-use asset.
- Realized and unrealized gains and losses on marketable securities and receivable marketable securities relate to the sale and/or period end fair value adjustments of marketable securities or marketable securities receivable during the period. Transactions during the quarter are outlined above under the section heading Marketable Securities.
- Interest income results from interest earned on short term guaranteed investment certificates.

### **Acquisition, Evaluation and Exploration Expenditures**

Below are the acquisition, evaluation and exploration expenditures for the three months ended March 31, 2022 compared with the equivalent period in 2021.

	3 months ended	
	March 31, 2022	March 31, 2021
Davidson	\$ 128,746	\$ 24,483
Marathon	24,665,692	2,844,526
<b>Total mineral property expenditures</b>	<b>\$ 24,794,438</b>	<b>\$ 2,869,009</b>

The following table displays the cumulative mineral property expenditures by project as at March 31, 2022.

	Cumulative December 31, 2021	Acquisition	Evaluation and exploration	Cumulative March 31, 2022
Darnley Bay	\$ 576,941	\$ -	\$ -	\$ 576,941
Davidson	579,752	128,746	-	708,498
Marathon	29,718,094	18,942,584	5,723,108	54,383,786
<b>Total expenditures in the year</b>	<b>18,298,317</b>	<b>19,071,330</b>	<b>5,723,108</b>	<b>55,669,225</b>

### **Marketable Securities**

As of March 31, 2022, the Company held 5,400,000 Major Precious Metals Shares (December 31, 2021 - 5,400,000) valued at \$675,000 (December 31, 2021 - \$1,242,000). The fair value was determined using the market value on March 31, 2022 and December 31, 2021. The fair value adjustments resulted in an unrealized loss of \$567,000 for three months ended March 31, 2022 (March 31, 2021 – unrealized gain of \$1,204,775).

During the three months ended March 31, 2022, the Company sold nil shares (March 31, 2021 - 352,000) for total proceeds of nil (March 31, 2021 - \$153,660), and a realized gain of nil (March 31, 2021 - \$125,500).

## **SUMMARY OF QUARTERLY RESULTS**

<b>Three Months Ended</b>	<b>Mar 31 2022</b>	<b>Dec 31 2021</b>	<b>Sep 30 2021</b>	<b>June 30 2021</b>	<b>Mar 31 2021</b>	<b>Dec 31, 2020</b>	<b>Sep 30, 2020</b>	<b>Jun 30, 2020</b>
Acquisition, evaluation and exploration	\$24,794,438	\$3,816,514	\$2,914,161	\$ 2,976,786	\$2,869,009	\$3,359,924	\$2,648,228	\$1,328,867
General and administration	1,653,797	631,179	354,655	983,869	476,293	388,326	448,193	627,641
Share-based payments	354,753	227,734	372,942	1,448,594	224,588	155,276	139,986	956,963
Operating loss	(26,802,988)	(4,675,427)	(3,641,758)	(5,409,249)	(3,569,888)	(3,903,526)	(3,272,407)	(2,913,471)
Realized and unrealized gain (loss) on marketable securities and receivable marketable securities	(567,000)	(648,000)	(54,000)	(441,510)	1,330,275	547,075	(2,939,435)	5,164,366
Gain on debt write-off						180,516		
Interest income	9,241	5,119	14,946	2,500	3,580	5,611	7,099	16,415
Net (loss) income and comprehensive (loss) income	(27,360,747)	(5,318,308)	(3,680,812)	(5,848,259)	(2,236,033)	(3,170,324)	(6,204,743)	2,267,310
Basic and diluted (loss) earnings per share	\$(0.16)	\$(0.04)	\$(0.02)	\$(0.04)	\$(0.02)	\$(0.02)	\$(0.05)	\$0.02
Weighted average number of common shares outstanding	171,462,569	150,281,914	150,025,839	143,035,426	139,038,358	131,367,147	130,527,507	130,134,113

The Company's operating losses are driven mainly by the extent and cost of the company's acquisition, evaluation and exploration activities. The significant changes over the most recent eight completed quarters are outlined below.

- Acquisition and evaluation expenditures have been steadily increasing over the last several quarters as the Company advances the Marathon Property on several initiatives from feasibility through permitting and detailed engineering. In the first quarter of 2022 an increase of \$18,942,584 is associated with the acquisition of the remaining interest in the Marathon Project from Stillwater,
- General and administrative expenses have remained consistent with comparable quarters other than the second quarter of 2021 when employee bonuses were incurred and the first quarter of 2022 when there was an increase in fees associated with the acquisition of the remaining interest in the Marathon Project from Stillwater and the Precious Metal Purchase Agreement with Wheaton Precious Metals Corp
- Share-based payments is a non-cash item calculated using the Black Scholes valuation model and fluctuates period to period depending on the number of options granted and vesting.
- Realized and unrealized gains and losses on marketable securities and receivable marketable securities relate to the sale and/or period end fair value adjustments of marketable securities or marketable securities receivable during the period. Transactions during the period are outlined above under the section headings Marketable Securities.
- Gain on debt write-off is a non-recurring item.

## **FINANCIAL POSITION**

### **Assets**

As at March 31, 2022, the Company had total assets of \$28,700,131 (December 31, 2021 - \$8,173,106) which consisted of current assets of \$27,461,276 (December 31, 2021 - \$7,467,448) and non-current assets of \$1,238,855 (December 31, 2021 - \$705,658).

Current assets as at March 31, 2022 consist primarily of cash and cash equivalents of \$26,126,203 (December 31, 2021 - \$5,397,171), marketable securities of \$675,000 (December 31, 2021 - \$1,242,000) and accounts receivable of \$517,373 (December 31, 2021 - \$727,966). Cash is held in Canadian dollar denominated accounts and short term guaranteed investment certificates, marketable securities consist of 5,400,000 shares of Major Precious Metals at fair value and accounts receivable is mainly comprised of HST receivable.



Non-current assets as at March 31, 2022 consist of restricted cash and cash equivalents pursuant to guaranteed investment certificates held as security for the corporate office lease, land and building acquired pursuant to the acquisition of the Marathon Property and the corporate office and other right of use assets.

### **Liabilities**

As at March 31, 2022, the Company had total liabilities of \$25,080,127 (December 31, 2021 - \$2,499,598) which consisted of current liabilities of \$4,888,394 (December 31, 2021 - \$2,348,103) and long-term liabilities of \$20,191,733 (December 31, 2021 - \$151,495).

Current liabilities as at March 31, 2022 primarily consist of accounts payable and accrued liabilities of \$4,784,943 (December 31, 2021 - \$2,308,183) and short term lease liability of \$103,451 (December 31, 2021 - \$39,920). The increase in accounts payable is due mainly to the increased expenditures relating to the advancement of the Marathon Property.

Long-term liabilities as at March 31, 2022 primarily consist of a \$20,000,000 liability related to the Precious Metal Purchase Agreement with Wheaton Precious Metals Corp. As a result of applying IFRS 16, the Company recognized a right-of-use asset for its corporate office lease and other equipment. As at March 31, 2022, the balance of the current lease liability is \$103,451 and the long-term lease liability is \$191,733.

### **LIQUIDITY AND GOING CONCERN UNCERTAINTY**

The Company relies on equity and potentially debt or other structured financings to fund its acquisition, evaluation and exploration activities, cover administrative expenses and to meet its obligations as they become due.

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 \$22,572,882 at March 31, 2022; had not yet achieved profitable operations; had accumulated losses of \$67,952,380 at March 31, 2022; 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.

The Company's main source of liquidity is its cash. These funds are primarily used to finance working capital, exploration and evaluation 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. Cash is held on deposit in guaranteed investment certificates with a major Canadian chartered bank.

Cash used in operating activities during the three months ended March 31, 2022 was \$4,453,775 compared with \$3,770,814 in the same period of the prior period. The cash used in operations in both periods relate mainly to the acquisition, exploration and evaluation of the Marathon Property, and corresponding increases in audit, legal and advisory fees, investor communications expenses and general and administrative expenses.

Cash used in investing activities was \$584,026 during the three months ended March 31, 2022 compared to cash provided by investing activities of \$153,660 in the same period in 2021. Cash used in investing activities in the current period consists of the acquisition of the remaining interest in the Marathon property and a right of use asset addition.

Cash generated from financing activities during the three months ended March 31, 2022 amounted to \$25,766,833, compared to \$2,127,681 in the prior period. Financing activities during both periods consisted of proceeds from the exercise of common share purchase warrants and the exercise of stock options. (See Outstanding Security Data section below for further details). Financing activities also consists of proceeds from the Precious Metals Purchase Agreement.

### **CAPITAL RESOURCES**

The Company does not have any debt or credit facilities with financial institutions.

At present, the Company's operations do not generate cash in-flows and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. To finance the Company's exploration programs, detailed engineering, environmental assessment and to cover administrative and overhead expenses, the Company raises money through equity, debt, and metal streaming financings. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and caliber of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activities.

Management believes it will be able to raise capital as required in the long term but recognizes there will be risks involved that may be beyond their control. If the Company is unable to raise sufficient financing, it may need to scale back its intended operational programs and its other expenses. Other than as discussed herein, the Company is not aware of any trends, demands, commitments, events or uncertainties that may result in its liquidity either materially increasing or decreasing at present or in the foreseeable future, other than general market conditions, which are uncertain for junior exploration companies. Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of its exploration and development programs, as well as its continued ability to raise capital.

### **OUTLOOK**

The Company intends to continue to aggressively advance the development of the Marathon Project. Key areas of focus over the next twelve months will include completion of Joint Panel Review and recommendation from the federal and provincial Ministers of the environment, final negotiations with First Nations, detailed engineering, and project financing.

The timing for the start of early works construction is based on achieving the following milestones:

- completion of the Joint Review Panel review (recommendation due in late August 2022),
- acceptance by the federal and provincial Ministers of the environment of the recommendation on the JRP (to be completed no more than 120 days following the delivery of the JRP report), and
- receiving several key permits to allow for tree harvesting in the first quarter of 2023.

### **DIVIDENDS**

The Company has neither declared nor paid any dividends on its common shares. The Company intends to retain its earnings, if any, to finance growth and expand its operation and therefore does not anticipate paying any dividends on its common shares in the foreseeable future.

## **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:

	3 months ended	
	March 31, 2022	March 31, 2021
Salaries and bonuses	\$ 304,375	\$ 250,875
Share-based payments - options	72,357	193,727
<b>Total compensation to key management</b>	<b>\$ 376,732</b>	<b>\$ 444,602</b>

As at March 31, 2022, accounts payable includes \$544,750 (March 31, 2021 - \$33,545) due to key management of the Company.

## **OFF-BALANCE SHEET ARRANGEMENTS**

As at March 31, 2022, the Company did not have any off-balance sheet items.

## **OUTSTANDING SECURITY DATA**

### **Common Shares**

The following table summarizes the continuity of common shares for the three months ended March 31, 2022 and as at May 12, 2022:

	Number of shares	\$
<b>Balance as at December 31, 2020</b>	<b>136,315,292</b>	<b>28,372,920</b>
Shares issued for exercise of warrants <sup>(1)</sup>	13,799,307	10,358,502
Shares issued for exercise of options	300,000	201,000
<b>Balance as at December 31, 2021</b>	<b>150,414,599</b>	<b>38,932,422</b>
Issued for property acquisition <sup>(2)</sup>	21,759,332	19,289,426
Shares issued for exercise of warrants <sup>(1)</sup>	7,743,477	8,078,059
<b>Balance at March 31, 2022 and May 12, 2022</b>	<b>179,917,408</b>	<b>66,299,907</b>

### **Warrants**

The following table summarizes the continuity of warrants for the three months ended March 31, 2022 and as at May 12, 2022:

	Number of warrants
<b>Outstanding, December 31, 2020</b>	<b>22,068,284</b>
Warrants issued <sup>(1)</sup>	639,711
Warrants exercised <sup>(1)</sup>	(13,799,307)
Warrants expired <sup>(1)</sup>	(38,437)
<b>Outstanding, December 31, 2021</b>	<b>8,870,251</b>
Warrants issued <sup>(1)</sup>	(7,743,477)
Warrants exercised <sup>(1)</sup>	(1,126,774)
<b>Outstanding, March 31, 2022 and May 12, 2022</b>	<b>-</b>

<sup>(1)</sup> The exercise and share issuance or expiry of warrants relate to financings completed on June 5, 2019, August 29, 2019, and February 13, 2020.

<sup>(2)</sup> On January 26, 2022, the Company completed the acquisition of the remaining interest in the Marathon Project from Stillwater whereby the Company issued 21,759,332 common shares of the Company to Stillwater at a price of \$0.89 per common share, or total consideration \$19,289,426. The Company now holds 100% of the Marathon Project, and the joint venture agreement dated July 10, 2019 between Stillwater and Generation PGM has been terminated in accordance with its terms.

## Stock Options

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 following table sets forth the continuity of outstanding stock options for the three months ended March 31, 2022 and as at May 12, 2022:

	Number of options
<b>Outstanding, December 31, 2020</b>	<b>11,225,000</b>
Options granted	3,875,000
Options exercised	(300,000)
Options forfeited	(50,000)
<b>Outstanding, December 31, 2021</b>	<b>14,750,000</b>
Options granted	900,000
<b>Outstanding, March 31, 2022</b>	<b>15,650,000</b>
Options granted	975,000
<b>Outstanding, May 12, 2022</b>	<b>16,625,000</b>

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 (%) <sup>(1)</sup>	Risk-free Interest Rate (%)	Expected Life (years)/ Dividend Yield %	Fair Value of Options (\$)	Vesting
08-Mar-21	500,000	1.00	0.95	132	0.92	2.5 - 3 / 0%	343,333	1/3 <sup>rd</sup> 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%	419,750	1/3 <sup>rd</sup> vesting
21-Sept-21	1,250,000	0.80	0.67	108	0.55	3 / 0%	525,000	1/3 <sup>rd</sup> vesting
18-Mar-22	900,000	0.85	0.85	97	1.57	3 / 0%	468,000	1/3 immediate 1/3 1 year 1/3 2 years

<sup>(1)</sup>Based on the Company’s historical volatility.

As at March 31, 2022, stock options 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	0.3
0.52	75,000	75,000	September 11, 2022	0.4
0.52	100,000	100,000	November 6, 2022	0.6
0.10	2,400,000	2,400,000	May 11, 2023	1.1
1.06	2,075,000	1,933,000	May 12, 2024	2.1
0.30	3,100,000	3,100,000	July 16, 2024	2.3
0.30	200,000	200,000	August 7, 2024	2.4
0.80	1,250,000	833,000	September 21, 2024	2.5
0.65	500,000	500,000	February 5, 2025	2.9
0.85	900,000	300,000	February 18, 2025	2.9
0.45	750,000	750,000	March 18, 2025	3.0
0.52	2,750,000	2,750,000	April 20, 2025	3.1
0.52	450,000	450,000	November 6, 2025	3.6
1.00	500,000	333,000	March 8, 2026	3.9
<b>0.54<sup>(1)</sup></b>	<b>15,650,000</b>	<b>14,491,000</b>		<b>2.3<sup>(1)</sup></b>

(1) Weighted average

## **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reporting amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ materially from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are generally recognized in the period in which the estimates are revised.

Our significant judgments, estimates and assumptions are disclosed in note 2 of the audited consolidated financial statements for the year ended December 31, 2021.

## **ACCOUNTING POLICIES AND BASIS OF PRESENTATION**

The Company's accounting policies are disclosed in note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2021.

## **NON-IFRS MEASURES**

The Company has included certain terms or performance measures commonly used in the mining industry that are not defined under International Financial Reporting Standards ("IFRS") in this MD&A. These include operating costs, AISC, LOM average AISC, LOM average operating cost, and Free Cash Flow. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore, they may not be comparable to similar measures employed by other companies. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

- Operating Costs include mining, processing, general and administrative and other, concentrate transportation costs, treatment and refining charges, and royalties.
- AISC include Operating Costs, closure, and reclamation, and sustaining capital.
- LOM Average AISC includes LOM AISC divided by LOM PdEq.
- LOM Average Operating Cost includes LOM Operating Costs divided by LOM PdEq.
- Free Cash Flow includes total revenue less Operating Costs, working capital adjustments, equipment financing, initial capital, sustaining capital and closure costs.

## **RECENT ACCOUNTING PRONOUNCEMENTS**

### **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.

## **FINANCIAL RISK MANAGEMENT**

The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk, foreign currency risk, interest rate risk, other price risk and fair valuation risk, and are detailed in Note 4 of the Company's audited consolidated financial statements for the year ended December 31, 2021.

### **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, 2022 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 and evaluation 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, 2022, the Company has current assets of \$27,461,276 (December 31, 2021 - \$7,467,448) to cover current liabilities of \$4,888,394 (December 31, 2021 - \$2,348,103). The current assets include restricted cash, 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).

	<b>Undiscounted lease liability – base contract</b>	<b>Undiscounted lease liability – operating costs</b>	<b>Accounts payable and accrued liabilities</b>	<b>Total</b>
Less than 1 year	\$ 96,318	\$ 33,726	\$ 4,784,943	\$ 4,914,987
1-5 years	132,981	225,318	-	358,299
<b>Balance at March 31, 2022</b>	<b>\$ 229,299</b>	<b>\$ 259,044</b>	<b>\$ 4,784,943</b>	<b>\$ 5,273,286</b>

### **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 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.

### **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 in 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, 2022, comprehensive income would have changed by approximately \$67,500.

### **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, 2022 and classified as Level 1 in the fair value hierarchy as they are recorded at fair value by reference to market quoted prices.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

The President and Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control framework was designed based on the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

There was no change in the Company's internal controls over financial reporting that occurred during the three months ended March 31, 2022 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

### **Disclosure Controls and Procedures**

Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate to allow timely decisions regarding required disclosure. The Company's President and Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design of the disclosure controls and procedures, that as of March 31, 2022, the Company's disclosure controls and procedures have been designed to provide reasonable assurance that material information is made known to them by others within the Company.

### **Limitations of Controls and Procedures**

The Company's management, including the Chief Executive Officer and President and Chief Financial Officer, believe that any internal controls over financial reporting and disclosure controls and procedures, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

## **RISKS AND UNCERTAINTIES**

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. The risk of financial resources has been further amplified by the recent COVID-19 pandemic which has a significant impact on global economies and financial markets resulting in supply chain delays and inflationary pressures. Should depressed market condition continue in the medium to long term, it may be more difficult for the Company to obtain the required financing to complete its long-term objectives. Failure to obtain financing could result in delay or postponement of further development of the Company's properties. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking information relating to the Company. Accordingly, any investment in securities of the Company is speculative and investors should not invest in securities of the Company unless they can afford to lose their entire investment.

The Company assesses and attempts to minimize the effects of these risks through careful management and planning of its operations and hiring qualified personnel but is subject to a number of limitations in managing risk resulting from its early stage of development. Readers are encouraged to read and consider the risk factors and related uncertainties in the Company's Annual Information Form and Annual Management Discussion and Analysis for the year ended December 31, 2021.

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). Forward-looking statements reflect current expectations or beliefs regarding future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", "targets" or "believes", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, including statements relating to the Company's Feasibility Study and results therefrom (including NPV, IRR, capital and operating costs and other financial metrics), Mineral Resource and Mineral Reserve potential, exploration and development plans, or the timing of milestones, including public hearings, government approvals and receipt of permits, for advancing construction of the Marathon Project. All forward-looking statements, including those herein are qualified by this cautionary statement.

Although the Company believes that the expectations expressed in such statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the statements. There are certain factors that could cause actual results to differ materially from those in the forward-looking information. These include commodity price volatility, continued availability of capital and financing within the timing required by the Company and on terms acceptable to the Company, uncertainties involved in interpreting geological data, increases in costs, environmental compliance and changes in environmental legislation and regulation, the Company's relationships with First Nations communities, exploration successes, and general economic, market or business conditions, as well as those risk factors set out in the Company's AIF for the year ended December 31, 2021, the Technical Report dated March 23, 2021 and in the continuous disclosure documents filed by the Company on SEDAR at [www.sedar.com](http://www.sedar.com). Readers are cautioned that the risk factors and related uncertainties in the Company's Annual Information Form and Annual Management Discussion and Analysis for the year ended December 31, 2021 is not exhaustive of the factors that may affect forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date or dates specified in such statements.

Forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions relating to: the availability of financing for the Company's



operations; operating and capital costs; results of operations; the mine development and production schedule and related costs; the supply and demand for, and the level and volatility of commodity prices; timing of the receipt of regulatory and governmental approvals for development projects and other operations; the accuracy of Mineral Reserve and Mineral Resource Estimates, production estimates and capital and operating cost estimates; and general business and economic conditions.

Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking information. For more information on the Company, investors are encouraged to review the Company's public filings on SEDAR at [www.sedar.com](http://www.sedar.com). The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.

### **Information Concerning Estimates of Mineral Reserves and Resources**

The Mineral Reserve and Mineral Resource estimates in this MD&A have been disclosed in accordance with NI 43-101, which differs significantly from the requirements of the U.S. Securities and Exchange Commission (the "SEC"), and information with respect to mineralization and Mineral Reserves and Mineral Resources contained herein may not be comparable to similar information disclosed by U.S. companies. The requirements of NI 43-101 for identification of "reserves" are not the same as those of the SEC, and reserves reported by the Company in compliance with NI 43-101 may not qualify as "reserves" under SEC standards. Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. In addition, and without limiting the generality of the foregoing, this MD&A uses the terms "Measured Resources", "Indicated Resources" and "Inferred Resources". U.S. investors are advised that, while such terms are recognized and required by Canadian securities laws, the SEC has not recognized them in the past. U.S. investors are cautioned not to assume that any part of a "Measured Resource" or "Indicated Resource" will ever be converted into a "reserve". U.S. investors should also understand that "Inferred Resources" have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of "Inferred Resources" exist, are economically or legally mineable or will ever be upgraded to a higher category. Under Canadian securities laws, "Inferred Resources" may not form the basis of feasibility or pre-feasibility studies except in certain cases. Disclosure of "contained ounces" in a Mineral Resource is a permitted disclosure under Canadian securities laws, however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade, without reference to unit measures. Accordingly, information concerning mineral deposits set forth in this MD&A may not be comparable with information made public by companies that report in accordance with U.S. standards.

The SEC has adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). These amendments became effective February 25, 2019 (the "SEC Modernization Rules") with compliance required for the first fiscal year beginning on or after January 1, 2021. Under the SEC Modernization Rules, the historical property disclosure requirements for mining registrants included in Industry Guide 7 under the U.S. Securities Act of 1933, as amended, will be rescinded and replaced with disclosure requirements in subpart 1300 of SEC Regulation S-K. As a result of the adoption of the SEC Modernization Rules, the SEC now recognizes estimates of "Measured Mineral Resources", "Indicated Mineral Resources" and "Inferred Mineral Resources." In addition, the SEC has amended its definitions of "Proven Mineral Reserves" and "Probable Mineral Reserves" to be "substantially similar" to the corresponding standards under NI 43-101. While the SEC will now recognize "Measured Mineral Resources", "Indicated Mineral Resources" and "Inferred Mineral Resources", U.S. investors should not assume that any part or all of the mineralization in these categories will ever be converted into a higher category of Mineral Resources or into Mineral Reserves. Mineralization described using these terms has a greater amount of uncertainty as to its existence and feasibility than mineralization that has been characterized as reserves. Accordingly,

U.S. investors are cautioned not to assume that any Measured Mineral Resources, Indicated Mineral Resources, or Inferred Mineral Resources that the Company reports are or will be economically or legally mineable. Further, “Inferred Mineral Resources” have a greater amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Therefore, U.S. investors are also cautioned not to assume that all or any part of the “Inferred Mineral Resources” exist. There is no assurance that any Mineral Reserves or Mineral Resources that the Company may report as “Proven Mineral Reserves”, “Probable Mineral Reserves”, “Measured Mineral Resources”, “Indicated Mineral Resources” and “Inferred Mineral Resources” under NI 43-101 would be the same had the Company prepared the reserve or resource estimates under the standards adopted under the SEC Modernization Rules.

Mineral Resources are not Mineral Reserves, and do not have demonstrated economic viability, but do have reasonable prospects for economic extraction. Measured and Indicated Mineral Resources are sufficiently well defined to allow geological and grade continuity to be reasonably assumed and permit the application of technical and economic parameters in assessing the economic viability of the Mineral Resource. Inferred Mineral Resources are estimated on limited information not sufficient to verify geological and grade continuity or to allow technical and economic parameters to be applied. Inferred Mineral Resources are too speculative geologically to have economic considerations applied to them to enable them to be categorized as Mineral Reserves. There is no certainty that Mineral Resources of any classification can be upgraded to Mineral Reserves through continued exploration.

The Company’s Mineral Reserve and Mineral Resource figures are estimates and the Company can provide no assurances that the indicated levels of mineral will be produced or that the Company will receive the price assumed in determining its Mineral Reserves. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that these Mineral Reserve and Mineral Resource Estimates are well established and the best estimates of the Company’s management, by their nature Mineral Reserve and Mineral Resource Estimates are imprecise and depend, to a certain extent, upon analysis of drilling results and statistical inferences which may ultimately prove unreliable. If the Company’s Mineral Reserve or Mineral Reserve Estimates are inaccurate or are reduced in the future, this could have an adverse impact on the Company’s future cash flows, earnings, results or operations and financial condition.

The Company estimates the future mine life of the Marathon Project. The Company can give no assurance that its mine life estimate will be achieved. Failure to achieve this estimate could have an adverse impact on the Company’s future cash flows, earnings, results of operations and financial condition.