GENERATIONMINING

Unaudited Interim Condensed Consolidated Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(expressed in Canadian dollars)

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)
President and Chief Executive Officer

“Brian Jennings” (signed)
Chief Financial Officer

GENERATIONMINING

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

		March 31, 2023		December 31, 2022
Assets				
Current:				
Cash and cash equivalents	**$**	**13,246,024**	$	18,766,791
Receivables (note 12)		**331,756**		1,731,987
Prepaid expenses and security deposits		**183,710**		218,165
		13,761,490		20,716,943
Non-Current:				
Restricted cash and cash equivalents (note 9)		**38,229**		38,229
Land, buildings and equipment (note 7)		**911,078**		933,573
Right-of-use assets (note 9)		**1,165,698**		1,948,310
Security deposits (note 13)		**1,380,171**		1,380,171
		3,495,176		4,300,283
Total Assets	**$**	**17,256,666**	$	25,017,226
Liabilities				
Current:				
Accounts payable and accrued liabilities (note 10)	**$**	**4,224,599**	$	5,029,890
Lease liability (note 9)		**2,960,152**		3,099,491
		7,184,751		8,129,381
Non-Current:				
Precious metals purchase agreement (note 14)		**42,694,166**		40,784,093
Lease liability (note 9)		**92,453**		201,368
Total Liabilities		**49,971,370**		49,114,842
Shareholders' Equity (Deficiency)				
Capital stock (note 11)		**67,223,524**		66,674,524
Reserve for share-based payments (note 11)		**5,971,906**		6,053,144
Accumulated other comprehensive income (loss) (note 14)		**(2,915,908)**		-
Deficit		**(102,994,226)**		(96,825,284)
Total Shareholders' Equity (Deficiency)		**(32,714,707)**		(24,097,616)
Total Liabilities and Shareholders' Equity (Deficiency)	**$**	**17,256,666**	$	25,017,226

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

Approved on behalf of the Board of Directors on May 11, 2023

(signed) "*Jamie Levy*", Director

(signed) "*Paul Murphy*", Director

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

GENERATIONMINING

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

	Three Months Ended March 31,	
	2023	2022
Expenses		
Acquisition, evaluation and exploration expenditures (note 6)	**$ 5,979,799**	$24,794,438
Share-based compensation (note 11)	**151,762**	354,753
Audit, legal and advisory fees	**446,452**	810,869
Management and corporate administration	**419,747**	586,717
Shareholder and investor communications	**212,882**	218,840
Occupancy cost (note 9)	**29,432**	30,310
Interest (note 9)	**85,440**	7,061
	(7,325,514)	(26,802,988)
Other Income (Expenses)		
Fair value change on marketable securities (note 8)	**-**	(567,000)
Fair value gain on financial liability (note 14)	**1,005,835**	-
Interest income	**149,403**	9,241
Foreign exchange gain	**1,333**	-
Net Loss for the period	**$(6,168,943)**	$(27,360,747)
Loss per share:		
Basic and diluted loss per share	**$(0.03)**	$(0.16)
Weighted average number of common shares outstanding	**181,517,408**	171,462,569

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

GENERATIONMINING

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Three Months Ended March 31,	
	2023	2022
Net Loss for the period	**$(6,168,943)**	$(27,360,747)
Other Comprehensive Loss		
Loss on revaluation of financial liability (Note 14)	**(2,915,909)**	-
Total Net Loss and Comprehensive Loss for the period	**$(9,084,852)**	$(27,360,747)

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

GENERATIONMINING

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

	Capital stock		Reserves for			
	Shares	Amount	Warrants	Share-based payments	Accumulated deficit	Total Equity
Balance, December 31, 2021	150,414,599	$ 38,932,422	$ 2,664,776	$ 4,917,724	$ (40,841,414)	$ 5,673,508
Issued for property acquisition	21,759,332	19,289,426				19,289,426
Issued on exercise of warrants	7,115,025	7,481,030	(2,144,762)	-	-	5,336,268
Issued on exercise of finders warrants	628,452	597,029	(270,233)	-	-	326,796
Unexercised warrants	-	-	(249,781)	-	249,781	-
Fair value of options vested	-	-	-	354,753	-	354,753
Issued on exercise of options	-	-	-	-	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(27,360,747)	(27,360,747)
Balance, March 31, 2022	**179,917,408**	**$ 66,299,907**	**$ -**	**$ 5,272,477**	**$ (67,952,380)**	**$ 3,620,004**

	Capital stock		Reserves for			
	Shares	Amount	Accumulated other comprehensive income (loss)	Share-based payments reserve	Accumulated deficit	Total Deficiency
Balance, December 31, 2022	180,417,408	$66,674,524	$ -	$6,053,144	$(96,825,284)	$(24,097,616)
Fair value of options vested	-	-	-	151,762	-	151,762
Issued on exercise of options	1,100,000	549,000	-	(233,000)	-	316,000
Loss on financial liability			$ (2,915,908)			(2,915,908)
Net loss and comprehensive loss for the period					(6,168,943)	(6,168,943)
Balance, March 31, 2023	**181,517,408**	**$67,223,524**	**$ (2,915,908)**	**$5,971,906**	**$(102,994,226)**	**$(32,714,707)**

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

GENERATIONMINING

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Operating Activities:		
Net loss for the period	**$(6,168,943)**	$(27,360,747)
Add items not affecting cash:		
Share-based compensation	**151,762**	354,753
Shares issued for property acquisition (note 11)	**-**	19,289,426
Unrealized loss on marketable securities	**-**	567,000
Depreciation of buildings and equipment	**22,495**	26,942
Depreciation of right of use asset	**634,377**	23,887
Unrealized loss on revaluation financial liability (note 14)	**1,005,835**	-
Changes in non-cash working capital:		
Receivables	**1,400,231**	210,593
Prepaid expenses and security deposits	**34,455**	(42,389)
Accounts payable and accrued liabilities	**(805,291)**	2,476,760
Cash used in operating activities	**(5,736,749)**	(4,453,775)
Investing Activities:		
Purchase of equipment	**-**	(466,845)
Right of use asset addition	**-**	(117,181)
Cash used in investing activities	**-**	(584,026)
Financing Activities:		
Proceeds precious metals purchase agreement (note 14)	**-**	20,000,000
Proceeds from exercise of warrants	**-**	5,336,268
Proceeds from exercise of finders' warrants	**-**	326,796
Proceeds from exercise of options	**316,000**	-
Repayment of lease liability	**(100,018)**	103,769
Cash provided from financing activities	**215,982**	25,766,833
(Decrease) Increase in cash	**(5,520,767)**	20,729,032
Cash and cash equivalents at beginning of the period	**18,766,791**	5,397,171
Cash and cash equivalents at end of the period	**$13,246,024**	$26,126,203

The accompanying notes are an integral part of the interim condensed consolidated financial 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 ("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 $6,576,739 at March 31, 2023 (December 31, 2022 - $12,587,562); had not yet achieved profitable operations; had accumulated losses of $102,994,226 at March 31, 2023 (December 31, 2022 - $96,825,284); 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. Additionally, the Company may enter into certain financial commitments for long lead capital equipment required for the development of the Marathon Project, see note 13 for further detail. 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 interim condensed 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. Such adjustments could be material.

2. BASIS OF PREPARATION AND PRESENTATION:

Statement of compliance

These interim condensed consolidated 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 interim condensed consolidated financial statements should be read in conjunction with the Company’s last annual consolidated financial statements for the year ended December 31, 2022, 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, 2022.

These interim condensed consolidated financial statements were authorized and approved for issue by the Board of Directors on May 11, 2023.

Basis of Presentation

These 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 interim condensed 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 interim condensed 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, 2022.

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 interim condensed consolidated financial statements are disclosed in Note 2 of the Company’s annual consolidated financial statements for the year ended December 31, 2022.

3. RECENT ACCOUNTING POLICIES:

The accounting policies applied by the Company in these interim condensed consolidated financial statements are the same as those applied by the Company in its audited consolidated financial statements for the year ended December 31, 2022.

(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, restricted 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, 2023 is the carrying value of cash and cash equivalents, restricted cash and cash equivalents 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. These funds are primarily used to finance working capital, exploration expenditures, capital expenditures, and acquisitions. The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash. As at March 31, 2023, the Company has current assets of $13,761,490 (December 31, 2022 - $20,716,943) to cover current liabilities of $7,184,751 (December 31, 2022 - $8,129,381). The current assets include cash and cash equivalents, marketable securities, receivables, prepaid expenses and security deposits. 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).

	Undiscounted lease liability – base contract	Undiscounted lease liability – operating costs	Accounts payable and accrued liabilities	Total
Less than 1 year	$ 3,340,342	$ 25,581	$ 4,224,599	$ 7,590,522
1-5 years	130,550	40,503	-	171,053
Balance at March 31, 2023	**$ 3,470,892**	**$ 66,084**	**$ 4,224,599**	**$ 7,761,575**

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 in a quoted mining exploration company. The fair value of these financial instruments represents the maximum exposure to price risk.

Precious Metal Purchase Agreement Fair Value Risk

The Company has entered into a Precious Metal Purchase Agreement ("PMPA") with Wheaton. The Company is subject to movements in the fair value measurement of the financial liability. The movements in fair value during the period can be material.

Fair Value

The carrying value of cash and cash equivalents, restricted cash and cash equivalents, receivables, accounts payable and accrued liabilities and lease 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, 2023 and classified as Level 1 in the fair value hierarchy as they are recorded at fair value by reference to market quoted prices.

Financial liability associated with the Company's precious metal purchase agreement is recorded at fair value and classified as Level 3 in the fair value hierarchy as some of the inputs do not have an observable or corroborated market data. The fair value of the stream obligation is calculated using the risk-free interest rate derived from the Bank of Canada long term treasury rate, consensus metal prices, company specific credit spread based on various debt term sheets received and expected gold and platinum ounces to be delivered from the current life of mine plan for the Marathon Project. See note 14 for further details.

5. CAPITAL MANAGEMENT:

The Company manages its capital structure and makes adjustments to it, based on the funds required and available to the Company, in order to support the acquisition, exploration and development of mineral properties. As at March 31, 2023 the Company's capital consists of shareholders' deficiency in the amount of $32,714,707 (December 31, 2022 shareholder's deficiency - $24,097,616). 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 although there is no guarantee this can be done on commercially suitable terms. 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. There was no change in the year to the Company's approach to managing capital.

(Expressed in Canadian dollars)

6. MINERAL PROPERTIES AND AGREEMENTS:

Marathon, Ontario: On January 26, 2022, Generation completed the acquisition whereby Generation issued 21,759,332 common shares of the Company to Stillwater (note 11). The Company now holds 100% of the Marathon Project, and the joint venture agreement dated July 10, 2019 between Stillwater and the Company has been terminated in accordance with its terms.

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"). On January 27, 2023, the Company sold its interest in the Darnley Bay mineral concession to Elton Resources ("Elton") under an Asset Purchase Agreement ("APA"). As per the agreement, $150,000 was remitted by Elton to the IRC. The APA states that Elton is to complete a Going Public transaction by August 31, 2024. Prior to the transaction, $4 million of Elton stock is to be issued to the Company and $850,000 cash is to be paid to the Company upon completion of the Going Public transaction. If Elton does not complete the transaction, the property interest is to revert back to the Company

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 totaling $843,110 were made as at March 31, 2023 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 months ended March 31, 2023 and 2022.

	Three months ended March 31,	
	2023	2022
Davidson	**128,844**	128,746
Marathon	**5,850,955**	24,665,692
Total mineral property expenditures	**$ 5,979,799**	$ 24,794,438

Below are the cumulative acquisition, evaluation and exploration expenditures as at March 31, 2023 and 2022.

	Cumulative December 31, 2022	**Acquisition**	**Evaluation and exploration**	**Cumulative March 31, 2023**
Darnley Bay	$ 576,941	**$ -**	**$ -**	**$ 576,941**
Davidson	715,018	**128,844**	**-**	**843,862**
Marathon	77,150,210	**-**	**5,850,955**	**83,001,164**
Total expenditures in the period	78,442,169	**128,844**	**5,850,955**	**84,421,968**
Mineral properties acquired	1,216,848	**-**	**-**	**1,216,848**
Total mineral property expenditures	$ 79,659,017	**$ 128,844**	**$ 5,850,955**	**$85,638,816**

(Expressed in Canadian dollars)

6. MINERAL PROPERTIES AND AGREEMENTS (continued):

Mineral Property Expenditures (continued)

	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**
Total expenditures in the period	30,874,787	**19,071,330**	**5,723,108**	**55,669,225**
Mineral properties acquired	1,216,848	**-**	**-**	**1,216,848**
Total mineral property expenditures	$ 32,091,635	**$ 19,071,330**	**$ 5,723,108**	**$56,886,073**

7. LAND, BUILDINGS AND EQUIPMENT:

	Land and buildings [1]	**Vehicles**	**Total**
Cost			
As at December 31, 2021	$ 600,965	$ 27,908	$ 628,873
Disposals	466,845	40,586	507,431
As at December 31, 2022	$ 1,067,810	$ 68,494	$ 1,136,304
Additions	-	-	-
As at March 31, 2023	**$ 1,067,810**	**$ 68,494**	**$ 1,136,304**
Accumulated depreciation			
As at December 31, 2021	$ 111,354	$ 8,837	$ 120,191
Depreciation expense	76,281	6,259	82,540
As at December 31, 2022	$ 187,635	$ 15,096	$ 202,731
Depreciation expense	19,070	3,425	22,495
As at March 31, 2023	**$ 206,705**	**$ 18,521**	**$ 225,226**
Net book value			
As at December 31, 2021	$ 489,611	$ 19,071	$ 508,682
As at December 31, 2022	$ 880,175	$ 53,398	$ 933,573
As at March 31, 2023	**$ 861,105**	**$ 49,973**	**$ 911,078**

(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 which is 100% as at March 31, 2023.

8. MARKETABLE SECURITIES:

As of March 31, 2023, the Company held 5,400,000 Major Precious Metals Shares (December 31, 2022 - 5,400,000) valued at nil (December 31, 2022 - nil). The fair value was determined using the market value on March 31, 2023 and December 31, 2022. The fair value adjustments resulted in a value of nil for the three months ended March 31, 2023 (March 31, 2022 – unrealized loss of $567,000). During the three months ended March 31, 2023 and 2022, the Company sold nil shares.

(Expressed in Canadian dollars)

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

The Company has entered into a camp lease and other leases. Accordingly, the Company recognized right -of- use assets. The camp lease was remeasured due to a lease extension.

		March 31, 2023		December 31, 2022
Opening balance	**$**	**1,948,310**	$	158,747
Lease remeasurement		**(148,236)**		3,411,456
Depreciation		**(634,377)**		(1,621,893)
Ending Balance	**$**	**1,165,698**	$	1,948,310

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 considered the Company's unsecured incremental borrowing rate. The continuity of lease liabilities is outlined below:

		March 31, 2023		December 31, 2022
Opening balance	**$**	**3,300,859**	$	191,415
Lease remeasurement		**(148,236)**		3,411,456
Accretion of interest		**85,440**		235,511
Payments		**(185,458)**		(537,523)
Total lease liability	**$**	**3,052,605**	$	3,300,859
Less: current portion		**(2,960,152)**		(3,099,491)
Non-current portion of lease liability	**$**	**92,453**	$	201,368

The occupancy cost, vehicle lease cost and camp costs in the statement of loss and comprehensive loss for the three months ended March 31, 2023 is $655,117 (March 31, 2022 - $45,917). Of this amount, $625,685 (March 31, 2022 – $15,607) for vehicle lease cost and camp costs are included in evaluation and exploration expenditures in the statement of loss and comprehensive loss.

As required under the office lease agreement, the Company has $38,229 of funds held in GICs as security for the lease as at March 31, 2023 (December 31, 2022 - $38,229).

10. RELATED PARTY TRANSACTIONS:

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

	Three months ended March 31,	
	2023	2022
Salaries and bonuses	**$ 565,838**	$ 304,375
Share-based compensation	**92,267**	72,357
Total compensation to key management	**$ 658,105**	$ 376,732

As at March 31, 2023, accrued compensation includes $886,574 (March 31, 2022 - $544,750) primarily due to key management of the Company.

(Expressed in Canadian dollars)

11. CAPITAL STOCK:

Common shares

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

The following table summarizes the continuity of common shares for the three month period ended March 31, 2023

	Number of shares	$
Balance as at December 31, 2021	**150,414,599**	**38,932,422**
Issued for property acquisition [2]	21,759,332	19,289,426
Shares issued for exercise of warrants [1]	7,743,477	8,078,059
Shares issued for exercise of options	500,000	374,617
Balance as at December 31, 2022	**180,417,408**	**66,674,524**
Shares issued for exercise of options	1,100,000	549,000
Balance as at March 31, 2023	**181,517,408**	**67,223,524**

Warrants

The following table summarizes the continuity of warrants for the three month period ended March 31, 2023.

	Number of warrants
Outstanding, December 31, 2021	**8,870,251**
Warrants exercised [1]	(7,743,477)
Warrants expired [1]	(1,126,774)
Outstanding, December 31, 2022 and March 31, 2023	**-**

[1] The exercise and share issuance or expiry of warrants relate to financings completed on June 5, 2019, August 29, 2019, and February 13, 2020. Pursuant to a private placement completed on July 9, 2019, 2,000,040 finders options were issued which entitled the holder to purchase a unit at $0.28 consisting of one common share and one half warrant exercisable at $0.45 until July 9, 2021. The fair value of the finders options have an estimated grant date fair value of $488,655 which was estimated using the Black Scholes option pricing model and the following assumptions: Risk-free interest rate 1.64%, expected volatility using Company historical 193%, dividend yield nil, expected life 2 years

[2] 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 $0.89 per common share, or total consideration $19,289,426, of which $18,822,582 was allocated to mineral property expenditures and $466,845 was allocated to land and buildings. 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.

(Expressed in Canadian dollars)

11. CAPITAL STOCK (continued):

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 three month period ended March 31, 2023 is as follows:

	Number of options	Weighted Average Exercise Price
Outstanding, December 31, 2021	**14,750,000**	**0.52**
Options granted	900,000	**0.85**
Outstanding, March 31, 2022	**15,650,000**	**0.54**
Options granted	2,125,000	**0.80**
Options exercised	(500,000)	**0.49**
Options forfeited	(500,000)	**0.63**
Outstanding, December 31, 2022	**16,775,000**	**0.57**
Options exercised	(1,100,000)	**0.29**
Options forfeited	(75,000)	**1.06**
Outstanding, March 31, 2023	**15,600,000**	**0.59**

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
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%	419,750	1/3rd vesting
21-Sept-21	1,150,000	0.80	0.67	108	0.55	3 / 0%	525,000	1/3rd vesting
18-Feb-22	900,000	0.85	0.85	97	1.57	3 / 0%	468,000	1/3rd vesting
12-Apr-22	975,000	0.99	0.99	92	2.39	3 / 0%	575,250	1/3rd vesting
21-Jun-22	200,000	0.80	0.61	86	3.34	3 / 0%	62,000	1/3rd vesting
19-Jul-22	550,000	0.52	0.54	84	3.26	3 / 0%	165,000	1/3rd vesting
02-Aug-22	400,000	0.64	0.66	84	3.00	3 / 0%	148,000	1/3rd vesting

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

(Expressed in Canadian dollars)

11. CAPITAL STOCK (continued):

Stock Option Plan

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)
0.10	2,000,000	2,000,000	May 11, 2023	0.1
1.06	1,950,000	1,950,000	May 12, 2024	1.1
0.30	2,625,000	2,625,000	July 16, 2024	1.3
0.30	200,000	200,000	August 7, 2024	1.4
0.80	1,150,000	1,150,000	September 21, 2024	1.5
0.65	500,000	500,000	February 5, 2025	1.9
0.85	900,000	600,000	February 18, 2025	1.9
0.45	750,000	750,000	March 18, 2025	2.0
0.99	975,000	325,000	April 13, 2025	2.0
0.52	2,450,000	2,450,000	April 20, 2025	2.1
0.80	200,000	67,000	June 21, 2025	2.2
0.52	550,000	283,000	July 19, 2025	2.3
0.64	400,000	133,000	August 2, 2025	2.3
0.52	450,000	450,000	November 6, 2025	2.6
1.00	500,000	500,000	March 8, 2026	2.9
0.59(1)	**15,600,000**	**13,983,000**		**1.6(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:

		March 31, 2023		December 31, 2022
HST receivable	**$**	**284,799**	$	1,713,589
Miscellaneous		**46,957**		18,398
Total	**$**	**331,756**	$	1,731,987

(Expressed in Canadian dollars)

13. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The following table summarizes the future commitments and contractual obligations as at March 31, 2023:

	Office Lease	Vehicles	Hycroft Mining Equipment	Valard Equipment	Total
2023	61,839	69,543	16,064,000	3,145,000	3,276,382
2024	82,453	43,347	-	-	16,189,799
2025	68,710	-		-	68,710
Total	**$213,002**	**$112,890**	**$16,064,000**	**$3,145,000**	**$19,534,892**

The Company indemnifies subscribers of flow-through share offerings against any tax related amounts that may become payable. There were no unrenounced losses as at March 31, 2023. Commitments pursuant to various property option agreements are outlined under note 6.

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.

On July 12, 2022, Generation PGM entered into an agreement with Valard Equipment LP for the lease of a construction camp located in Marathon, Ontario until December 31, 2023 (originally June 30, 2023 but extended by mutual agreement) (the “Lease Term”) and an option, exercisable at Generation PGM’s discretion, to purchase the Camp on or before the end of the Lease Term. In connection with this agreement, Generation PGM has also leased the existing serviced camp site from the Town of Marathon.

On August 8, 2022, Generation PGM entered into an agreement with Hycroft Mining Holding Corporation (“Hycroft”) for the purchase of an unused surplus SAG mill, ball mill and power transformers (the “Mills”) currently stored in Nevada and Texas, USA for US$13,550,000, of which US$500,000 was paid on signing and a second payment of US$500,000 was paid on September 9, 2022. A final payment of US$12,550,000 is due June 30, 2023 (originally March 31, 2023, but extended by mutual agreement). Generation PGM will also assume certain costs related to the Mills, including storage, insurance and financing charges, if any, until completion of the sale.

14. PRECIOUS METALS PURCHASE AGREEMENT

The Company and its 100% owned subsidiary Generation PGM entered into a definitive Precious Metal Purchase Agreement (“PMPA”) with Wheaton Precious Metals Corp. (“Wheaton”) in respect to the Marathon Project which became effective on January 26, 2022. On March 31, 2022, Generation received, through Generation PGM Inc., the first $20,000,000 payment pursuant to the PMPA (“Early Deposit”). On September 7, 2022 Generation received, through Generation PGM Inc., the second $20,000,000 payment.

Pursuant to the PMPA, Wheaton will pay the Company total upfront cash consideration of $240,000,000, $40,000,000 million of which was paid in 2022 on an Early Deposit basis prior to construction to be used for development of the Marathon Project, with the remainder payable in four staged instalments during construction, subject to various customary conditions being satisfied. Generation Mining and its subsidiary Generation PGM, which is the owner of the Marathon Project, have provided Wheaton a first ranking security interest over all their assets.

Under the 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.

(Expressed in Canadian dollars)

14. PRECIOUS METALS PURCHASE AGREEMENT (continued):

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 upfront consideration of $240,000,000, at which point the Production Payment will increase to 22% of the spot price.

The term of the agreement is 20 years, renewable at WPM's election for an additional 10 years.

After the first anniversary date of the first Early Deposit, if the Company has not met certain conditions precedent under the PMPA it will be subject to a Delay Payment of 250 ounces of gold per month until the conditions have been satisfied. The Delay Ounce balance is payable in gold deliveries from operations and the Company has an option to settle in cash.

The Company has designated the stream obligation as a financial liability at fair value through profit or loss ("FVTPL") under the scope of IFRS 9. Fair value adjustments are recorded in the consolidated statement of income and fair value adjustments related to the Company's own credit risk are recorded in other comprehensive income, as required by IFRS 9 for financial liabilities designated as at FVTPL.

Accordingly, the Company values the liability at the present value of its expected future cash flows at each reporting period with changes in fair value reflected in the consolidated income statements and consolidated statements of comprehensive income. Fair value adjustments represent the net effect of changes in the variables included in the Company's valuation model reporting dates.

Components of the adjustment to fair value for the derivative financial liabilities at each reporting date include:

- Accretion expense
- Change in the risk-free interest rate
- Change in the amount or timing of any expected ounces to be delivered
- Change in future metal prices
- Change in future foreign exchange assumptions
- Change in the Company specific credit spread

The following is a summary of the change in non-current derivative financial liability:

Precious metals purchase agreement, December 31, 2021	**-**
Deposit received	**40,000,000**
Fair value loss through profit and loss	**784,093**
Precious metals purchase agreement, December 31, 2022	**$ 40,784,093**
Fair value gain through profit and loss	**(1,005,835)**
Fair value loss relating to changes in Company's own credit risk	**2,915,909**
Precious metals purchase agreement, March 31, 2023	**$ 42,694,166**

15. SUBSEQUENT EVENTS:

Subsequent to quarter end, 2,000,000 options were exercised for total proceeds of $200,000 and 602,059 stock options granted, exercisable for three years at $0.58, with one third vesting immediately, one third after one year and one third after two years.