GENERATION MINING LIMITED

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019 AND THE PERIOD FROM JANUARY 11, 2018 (INCORPORATION) TO MARCH 31, 2018
(Expressed in Canadian dollars)

GENERATION MINING LIMITED

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim condensed 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 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 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 interim condensed 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 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 unaudited interim condensed 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 unaudited interim condensed 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)	"Halina McGregor" (signed)
President and Chief Executive Officer	Chief Financial Officer

NOTICE TO READER

The accompanying unaudited interim condensed financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim condensed financial statements for the three month period ended March 31, 2019 and the period from January 11 to March 31, 2018 have not been reviewed by the Company's auditors.

GENERATION MINING LIMITED

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

	As at	
	March 31, 2019	December 31, 2018
ASSETS		
CURRENT		
Cash	$ 689,426	$ 1,167,899
Receivables (note 10)	586,321	531,744
Prepaid expenses and deposits	176,562	49,226
Marketable securities (note 7)	1,575,000	1,502,550
	$ 3,027,309	$ 3,251,419
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 219,019	$ 183,388
Debt (note 12)	167,524	163,405
	386,543	346,793
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 9 a)	3,237,812	3,237,812
RESERVE FOR WARRANTS (note 9 b)	839,007	839,007
RESERVE FOR SHARE-BASED PAYMENTS (note 9 c)	320,626	320,626
DEFICIT	(1,756,679)	(1,492,819)
	2,640,766	2,904,626
	$ 3,027,309	$ 3,251,419

Nature of operations and going concern (note 1)
Commitments and contractual obligations (notes 6, 11)
Subsequent events (note 13)

Approved on behalf of the Board of Directors on May 28, 2019

(signed) "*Jamie Levy*", Director

(signed) "*Brian Jennings*", Director

The accompanying notes are an integral part of the financial statements.
The external auditors have not reviewed these unaudited interim condensed statements.

GENERATION MINING LIMITED

UNAUDITED INTERIM CONDENSED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Three months ended March 31, 2019	January 11, 2018 to March 31, 2018
EXPENSES		
Acquisition, evaluation and exploration expenditures (note 6)	$ 208,878	$ 1,367,728
Professional fees	58,613	25,000
Management and corporate administration services	92,197	14,591
Shareholder and investor communications	16,087	10,767
Occupancy cost	24,186	6,793
Operating loss	(399,961)	(1,424,879)
Gain on marketable securities and receivable marketable securities (note 7 and 10)	136,101	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$ (263,860)	$ (1,424,879)
Loss per share:		
Basic and diluted loss per share	$ (0.006)	$ (0.089)
Weighted average number of common shares outstanding	45,469,934	15,969,934

GENERATION MINING LIMITED

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

	Capital stock		Reserves for			
	Shares	Amount	Warrants	Share-based payments	Accumulated deficit	Total Equity
Balance, January 11, 2018	1	$ 1	-	-	-	$ 1
Issued pursuant to the Arrangement (note 1)	15,969,934	1,533,115	-	-	-	1,533,115
Cancellation of incorporation share (note 1)	(1)	(1)	-	-	-	(1)
Net loss	-	-	-	-	(1,424,879)	(1,424,879)
Balance, March 31, 2018	15,969,934	$ 1,533,115	-	-	$ (1,424,879)	$ 108,236
Balance, December 31, 2018	45,469,934	$ 3,237,812	$ 839,007	$ 320,626	$ (1,492,819)	$ 2,904,626
Net loss	-	-	-	-	(263,860)	(263,860)
Balance, March 31, 2019	45,469,934	$ 3,237,812	$ 839,007	$ 320,626	$ (1,756,679)	$ 2,640,766

GENERATION MINING LIMITED

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

	Three months ended March 31, 2019	January 11, 2018 to March 31, 2018
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Net loss for the period	$ (263,860)	$ (1,424,879)
Add items not affecting cash:		
Mineral properties transferred from Arrangement	-	1,216,848
Interest accrued but not paid	4,119	1,253
Unrealized gain on marketable securities	(72,450)	-
Changes in non-cash working capital:		
Accounts and marketable securities receivable	(54,577)	(19,297)
Prepaid expenses and deposits	(127,336)	-
Accounts payable and accrued liabilities	35,631	139,595
Cash used in operations	(478,473)	(86,480)
CASH PROVIDED BY FINANCING ACTIVITIES:		
Cash transferred from Arrangement	-	381,875
Cash provided by financing activities	-	381,875
INCREASE (DECREASE) IN CASH	(478,473)	295,395
CASH AT BEGINNING OF PERIOD	1,167,899	-
CASH AT END OF PERIOD	$ 689,426	$ 295,395

The accompanying notes are an integral part of the financial statements.
The external auditors have not reviewed these unaudited interim condensed statements.

1. NATURE OF OPERATIONS AND GOING CONCERN:

Generation Mining Limited ("Generation Mining" or the "Company") is a base and precious metal exploration and development company with various property interests throughout Canada. The Company was incorporated on January 11, 2018 under the Business Corporations Act (Ontario). The Company's registered office is located at 365 Bay Street, Suite 400, Toronto, Ontario M5H 2V1. The Company's shares are listed on the Canadian Securities Exchange (the "CSE") under the symbol GENM.

On December 15, 2017, Pine Point Mining Limited ("Pine Point") entered into an arrangement agreement (the "Agreement") with Osisko Metals Incorporated ("Osisko Metals") pursuant to which Osisko Metals acquired, by way of court approved plan of arrangement (the "Arrangement"), all of the issued and outstanding common shares of Pine Point, including common shares that became outstanding after the date of the execution of the Arrangement but before the effective time of the Arrangement upon the exercise of outstanding share options and warrants of Pine Point.

Under the Arrangement, Pine Point shareholders received, in exchange for each of their existing common shares of Pine Point: (i) 0.271 of a common share of Osisko Metals, (ii) 0.0677 of a common share purchase warrant of Osisko Metals, and (iii) one common share of Generation Mining; consolidated on a 10:1 basis under the Arrangement. The Company was formed for the sole purpose of participating in the Arrangement and had not carried on any active business other than in connection with the Arrangement and related matters. On February 16, 2018, Pine Point shareholders approved the Arrangement which was subsequently finalized on February 23, 2018. Pine Point shareholders received in aggregate 15,969,934 common shares of Generation Mining valued at $0.096 per share for a total consideration of $1,533,114.

Pursuant to the Arrangement all exploration assets owned by Pine Point other than the Pine Point Project located in the Northwest Territories, as well as certain other assets and liabilities of Pine Point, were transferred to Generation Mining. The shares of Generation Mining were distributed to Pine Point shareholders under the terms of the Arrangement, the Company became a reporting issuer in British Columbia, Alberta, Nova Scotia, Northwest Territories, Yukon and Nunavut, and its shares became eligible for trading on the CSE on May 9, 2018. The primary business objective of the Company is to explore and further develop its mineral properties, and to continue to increase its portfolio of base and precious metal property assets through acquisition.

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 unaudited interim condensed financial statements of the Company have been prepared on the basis that the Company will continue as a going concern, which presumes that it will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The financial statements do not reflect any adjustments that might be necessary to the carrying value of the assets and liabilities which might be significant if the Company is unable to continue as a going concern.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued):

As at March 31, 2019, the Company has a working capital of $1,065,766 (excluding marketable securities) (December 31, 2018 - $1,402,076) and an accumulated deficit of $1,756,679 (December 31, 2018 - $1,492,819). Management is continuously evaluating the market and financing opportunities. The ability of the Company to continue as a going concern is dependent on the Company having access to financing to meet its operational cash needs. It is not possible to determine with any certainty the success or adequacy of these initiatives.

2. BASIS OF PREPARATION:

Statement of Compliance

The unaudited interim condensed financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited interim condensed financial statements were authorized and approved for issue by the Board of Directors on May 28, 2019.

Basis of Measurement

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

Functional and Presentation Currency

The interim condensed financial statements are presented in Canadian dollars, which is the functional currency of the Company.

Use of Estimates and Judgement

The preparation of these financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Significant estimates and judgements include valuation of shares issued in non-cash transactions, the fair value of mineral properties transferred, the recoverability of mineral properties, management going concern assessment and the recognition of deferred income tax. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

3. SIGNIFICANT ACCOUNTING POLICIES:

Income Taxes

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

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

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

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

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

Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the stock options note (see note 9(c)).

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

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

For those options that expire after vesting, the recorded value is transferred to retained earnings (deficit).

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

Financial Instruments

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

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

Asset / liability	**Classification**	**Measurement model**
Cash	Amortized cost	Amortized cost
Receivables	FVTPL	Fair value
Investments	FVTPL	Fair value
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Debt	Amortized cost	Amortized cost

Financial instruments recorded at fair value

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

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

The Company's cash is classified as Level 1 and investments are classified as Level 2. There have been no transfers between levels.

Provisions

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

Mineral Properties

Exploration and evaluation costs including acquisition costs are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalised to mineral property, or plant and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated reserves as the depletion base. Consideration received under mineral property option agreements is recorded as other income.

Basic and Diluted Earnings (Loss) per Share

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

Reclamation Obligations

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

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

Share Issuance Costs

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

Flow-through Shares

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

Warrants

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

Accounting Pronouncement

Effective January 1, 2019, the Company adopted IFRS 16 *Leases* which requires the recognition of lease contracts, with exceptions for certain short-term leases and leases of low-value assets, on a lessee's statement of financial position as a 'right-of-use asset' and a lease liability reflecting future lease payments. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. The Company has applied IFRS 16 using the modified retrospective approach, with the cumulative effect of initially applying the standard as an adjustment to retained earnings and no restatement of comparative information. Upon adoption, the Company has elected to apply the available exemptions for short-term leases and leases of low-value assets. The Company has also elected to apply the practical expedient whereby leases whose term ends within 12 months of the date of the initial application would be accounted for in the same way as short-term leases. The lease payments associated with these leases are charged directly to the statement of comprehensive income (loss). As a result there is no initial adjustment to retained earnings upon adoption of IFRS 16.

The lease liability is initially recognized as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset. The Company has included the estimated extension of their leases in the lease term in assessing the present value of future lease payments. The lease liability is subsequently measured by reducing the carrying amount to reflect lease payments made and to reflect any reassessments or modifications.

The right-of-use asset is initially measured at cost, which comprises the amount of the initial measurement of the lease liability and any lease payments made at or before the commencement date. The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Right-of use assets would be depreciated in accordance with the Company's accounting policy on property and equipment. Variable lease payments not included in the initial measurement of the lease liability are charged directly to the statement of comprehensive income (loss).

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 and interest rate), credit risk and liquidity risk, through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility. Financial risks are primarily managed and monitored through operating and financing activities. The Company does not use derivative financial instruments. The financial risks are evaluated regularly with due consideration to changes in key economic indicators and to up-to-date market information. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the financial risk of non-performance of a contracted counter party. The Company's credit risk is primarily attributable to cash and receivables. The Company reduces its credit risk by maintaining its cash with a Canadian chartered bank. The credit risk on the receivables is reduced as the majority of the amount owing is in shares. The Company's maximum exposure to credit risk as at March 31, 2019 is the carrying value of cash and receivables.

Liquidity Risk

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations in full. The Company's main source of liquidity is its cash and marketable securities. These funds are primarily used to finance working capital, exploration expenditures, capital expenditures, and acquisitions. The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash. As at March 31, 2019, the Company has current assets of $3,027,309 (December 31, 2018 - $3,251,419) to cover current liabilities of $386,543 (December 31, 2018 - $346,793). The current assets include marketable securities and receivables that are restricted (note 7 and 10).

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, interest bearing investments, 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 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 is exposed to interest rate fair value risk to the extent that a portion of the debt is at a fixed interest rate.

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

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

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. The fair value of long-term debt is not considered to be materially different from its carrying value. Investments and receivables are recorded at fair value as of March 31, 2019 and classified as Level 2 in the fair value hierarchy as they are recorded at fair value by reference to market quoted prices less adjustments for any restrictions

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, 2019, the Company's capital consists of shareholder's equity in the amount of $2,640,766 (December 31, 2018 - $2,904,626). 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. In this relatively formative stage of the Company's existence, it is likely that primary emphasis will continue to be placed on equity instruments, as funded debt is currently not available to the Company.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned and future exploration, and pay for administrative costs, the Company intends to raise additional amounts of working capital as needed. The Company may continue to assess new properties and seek to acquire an interest in additional properties if there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

6. MINERAL PROPERTIES AND AGREEMENTS:

Darnley Bay Anomaly, Northwest Territories: The Company holds 100% of the rights to a mineral concession covering the Inuvialuit Settlement Region's 7(1)(a) lands where the Inuvialuit hold the mineral and surface rights. The area hosts potential base metal and diamond exploration targets. The Company has an agreement regarding exploration and development with the Inuvialuit Regional Corporation which requires cash payments of $50,000 per year commencing in 2020, or when the TSX-Venture Exchange composite index reaches 1500, and minimum exploration expenditures of $1,000,000 per year commencing in 2020 and cumulative exploration expenditures of $6.3 million by 2025.

Darnley Bay Diamond, Northwest Territories: The property consists of 13 jointly held mineral leases on the Parry Peninsula northeast of Paulatuk in the Inuvialuit Settlement Region's 7(1)(b) lands where the Inuvialuit hold the surface rights and the Crown holds the mineral rights. The focus is on diamond exploration. The Company and Diadem Resources Ltd. continue to cooperate to advance exploration on the property with Diadem currently responsible for all expenses relating to the project.

6. MINERAL PROPERTIES AND AGREEMENTS (continued):

Davidson, British Columbia: The Company has an option to acquire a 100% interest in a property hosting a molybdenum-tungsten deposit which consists of six mineral leases and two mining claims covering an area of 2,087 hectares. The option agreement was signed on April 1, 2016 and payments totalling $250,000 were made prior to March 31, 2018. There is an ongoing commitment of $100,000 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%. On April 1, 2019, the third anniversary payment of $100,000 on the Davidson property was paid

Clear Lake, Yukon Territory: On May 24, 2016, the Company entered into an option agreement to earn a 100% interest in a zinc-lead-silver property consisting of 121 claims covering approximately 2,479 hectares. Agreement payments and work commitments of $23,320 were made in the period from January 11, 2018 to October 1, 2018. On October 1, 2018, the Company entered into an Assignment, Assumption and Amending Agreement with Eastern Zinc Corp. ("Eastern Zinc") and the optionor of the Clear Lake property to assign the exclusive right and option to acquire a 100% interest in the property to Eastern Zinc. Pursuant to the agreement, Eastern Zinc paid $50,000 in cash and issued 4,200,000 common shares of Eastern Zinc to the Company. The shares were subject to a hold period ended on February 1, 2019. An additional $50,000 in cash will be paid and 1,670,000 common shares of Eastern Zinc will be issued to the Company on October 1, 2019. On October 19, 2018, Eastern Zinc undertook a split of its issued and outstanding shares on three shares for one existing share basis. At March 31, 2019, the Company held 12,600,000 common shares of Eastern Zinc valued at $1,575,000 and an additional 5,010,000 common shares valued at $511,177 are receivable on October 1, 2019 (note 7 and 10).

Nak, **British Columbia**: The Company has an option to earn a 100% interest in a copper-gold project consisting of 14 mineral claims over 1,603 hectares. The option agreement was signed on August 30, 2016 and is subject to a 2% royalty of which 62.5% can be purchased from the vendor for $1.5 million. There has been $45,000 in cash payments and a $33,942 work commitment made as at March 31, 2019. Continuing commitments include $15,000 on the next anniversary of signing the option agreement, $30,000 on the fourth anniversary and $60,000 on the fifth anniversary. Bonus payments to the vendor will consist of $25,000 on 1,500 metres of drilling and a further $25,000 upon a total of 3,000 metres of drilling on or before December 31, 2022. The Company has a work commitment balance of $466,058 to be made prior to August 31, 2019.

Rawdon Zinc (formerly Kennetcook), Nova Scotia: On March 16, 2018, the Company entered into a Claims Acquisition Agreement to acquire a 100% interest in an exploration property with potential to host lead-zinc-silver-copper mineralization in central Nova Scotia consisting of nine mineral licenses totalling 11,171 hectares. Pursuant to the agreement, the Company issued 3,000,000 common shares valued at $191,400 to the vendors (note 9). In May, 2018, the Company acquired nine additional mineral licenses covering an area of 9,504 hectares for a total area of 20,675 hectares at March 31, 2019.

Alberta Zinc, Alberta: On May 10, 2018, the Company entered into an option agreement to acquire a 100% interest in the Alberta Zinc project near High Level, Alberta covering 60,000 hectares and consisting of eight mineral rights permits. The Company paid $10,000 and issued 500,000 common shares valued at $31,900 to the vendor upon signing the agreement, and committed to a minimum of $100,000 in expenditures on the property fulfilled in the period ended March 31, 2019. A further payment of $50,000 (in cash or shares) is required on the first anniversary date and $200,000 before the second anniversary of the agreement. The property is subject to a 2% gross metals royalty, of which the Company can purchase half at any time for $1 million.

(Expressed in Canadian dollars)

6. MINERAL PROPERTIES AND AGREEMENTS (continued):

Below are the cumulative mineral property expenditures:

	December 31, 2018	Acquisition and Evaluation	March 31, 2019
Darnley Bay Anomaly	552,135	24,806	576,941
Darnley Bay Diamond	-	-	-
Davidson	181,289	133,191	314,480
Nak	28,013	8,429	36,442
Clear Lake	23,320	-	23,320
Rawdon Zinc (formerly Kennetcook)	524,899	16,434	541,333
Alberta Zinc	153,757	26,018	179,775
Total expenditures in the period	$ 1,463,413	$ 208,878	$ 1,672,291
Transfer of mineral properties	1,216,848		1,216,848
Total cumulative mineral property expenditures	$ 2,680,261		$ 2,889,139

7. MARKETABLE SECURITIES:

In consideration of the assignment of the Clear Lake option agreement dated October 1, 2018, the Company holds 12,600,000 common shares of Eastern Zinc Corp. The Company may, depending on market and other conditions, or as future circumstances may dictate, from time to time, on an individual or joint basis, increase or dispose of some or all of the existing or additional securities it holds or will hold through market transactions, private agreements, or otherwise.

As at March 31, 2019, the Company has 18.7% of the outstanding common shares of Eastern Zinc and accounts for the common shares of Eastern Zinc as a portfolio investment at fair value.

As of March 31, 2019, the Eastern Zinc common shares were valued at $1,575,000 based on a 30-day volume weighted average price (December 31, 2018 - $1,502,550). A fair value adjustment (gain) of $72,450 for the three month period (December 31, 2018 - $494,550) was included in the statement of comprehensive loss for the change in the fair value of the investment in Eastern Zinc.

8. RELATED PARTY TRANSACTIONS:

Key management of the Company includes its directors, Chief Executive Officer and Chief Financial Officer. Compensation to key management is paid in the form of cash and share-based payments (note 9 c).

During the three month period ended March 31, 2019, key management of the Company charged consulting fees in the amount of $94,350 (January 11, 2018 to March 31, 2018 - $35,175).

On March 16, 2018, two directors of the Company acted as vendors in the Claims Acquisition Agreement for the Rawdon Zinc (formerly Kennetcook) property, through companies under their control. Under the terms of the Claims and Acquisition Agreement, each director received 750,000 common shares of the Company.

As at March 31, 2019, accounts payable include $48,170 (December 31, 2018 - $30,955) due to the related parties mentioned above.

Management believes these transactions are in the normal course of business and are measured at the fair value.

9. CAPITAL STOCK:

a) Common shares:

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

On January 11, 2018, the Company issued one issuer share.

On February 23, 2018, as a result of the Arrangement agreement, the issuer share was cancelled and each of the common shares of Pine Point were exchanged for one common share of the Company which were consolidated on a 10:1 basis resulting in a total of 15,969,934 common shares issued to shareholders of Pine Point. The issued shares were independently valued at $0.096.

There were no shares issued in the three-month period ended March 31, 2019.

(Expressed in Canadian dollars)

9. CAPITAL STOCK (continued):

b) Warrants:

On April 20, 2018, there were 11,275,000 warrants at $0.20 and 1,299,000 finder's warrants at $0.10 issued and exercisable for up to two years. The fair value of the warrants is recorded as $792,693 and was estimated on the date of measurement under Black Scholes. The fair value of the finder's warrants is $98,408 and is considered a share issue cost.

On April 25, 2018, there were 250,000 warrants at $0.20 and 30,000 finder's warrants at $0.10 issued and exercisable for up to two years. The fair value of the warrants is recorded as $17,571 and was estimated on the date of measurement under Black Scholes. The fair value of the finder's warrants is $2,272 and is considered a share issue cost.

The fair value of each warrant was recorded in reserve for warrants using the following inputs and assumptions at the measurement date:

	April 20, 2018	April 20, 2018	April 25, 2018	April 25, 2018
Number of warrants	11,275,000	1,299,000	250,000	30,000
Exercise price ($)	$ 0.20	$ 0.10	$ 0.20	$ 0.10
Market Price ($)	$ 0.09	$ 0.09	$ 0.09	$ 0.09
Expected volatility (%)*	202	202	202	202
Risk-free interest rate (%)	1.93	1.93	1.93	1.93
Expected life (years)	2.00	2.00	2.00	2.00
Dividend yield (%)	-	-	-	-
Fair value of warrants	$ 792,693	$ 98,408	$ 17,571	$ 2,272

*Based on volatility of comparable companies.

The following table summarizes warrants that have been issued during the period from incorporation on January 11, 2018 to March 31, 2019:

	Number of warrants	Exercise price	Expiry date
Outstanding, January 11, 2018	0		
Warrants issued during the period	11,275,000	$ 0.20	April 20, 2020
	1,299,000	$ 0.10	April 20, 2020
	250,000	$ 0.20	April 25, 2020
	30,000	$ 0.10	April 25, 2020
Outstanding, December 31, 2018 and March 31, 2109	12,854,000		

c) Stock Options:

On May 9, 2018, the Company adopted an incentive Stock Option Plan (the "Plan"). Under the Plan, options are non-assignable and may be granted for a term not exceeding five 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 discounted market price of the common shares on the Canadian Securities Exchange. The options are non-transferable. Outstanding options may be adjusted by the Board in certain events, as to exercise price and number of common shares, to prevent dilution or enlargement.

(Expressed in Canadian dollars)

9. CAPITAL STOCK (continued):

c) Stock Options (continued):

There were no options granted in the three month period ended March 31, 2019 or the period from January 11, 2018 to March 31, 2018.

On May 11, 2018, pursuant to the adoption of the Plan and in accordance with its terms, the Company granted an aggregate of 3,000,000 options to purchase common shares for a price of $0.10 over a period of five years to officers, directors and consultants of the Company.

On November 21, 2018, the Company granted an additional 300,000 options to purchase common shares for a price of $0.15 over a period of two years to consultants of the Company.

The fair value of options granted under the Plan is estimated on the date of grant using Black-Scholes and expensed to net income. The fair value assigned to options issued on May 11, 2018 was $295,183 and for options granted on November 21, 2018 the value was $25,443 using the following inputs and assumptions at the measurement date:

	May 11, 2018	November 21, 2018
Number of options	3,000,000	300,000
Exercise price ($)	0.10	0.15
Market Price ($)	0.10	0.11
Expected volatility (%)*	214	196
Risk-free interest rate (%)	2.21	2.23
Expected life (years)	5.00	2.00
Dividend yield (%)		
Fair value of options	$ 295,183	$ 25,443

*****Based on the volatility of comparable companies

10. RECEIVABLES:

As part of the sale of the Clear Lake property, Eastern Zinc Inc. has agreed to pay additional consideration of $50,000 and 5,010,000 shares of Eastern Zinc on October 1, 2019. The additional consideration has been set up as a receivable and the shares to be received recorded at fair value. As at March 31, 2019, the shares were valued based on the 30-day volume weighted average price less a 18.38% discount or $511,177 (December 31, 2018 - $447,526). The gain on the receivable in the three month period ended March 31, 2019 was $63,651(December 31, 2018 – $130,641). A total receivable of $561,177 (December 31, 2018 - $497,526) is related to the Clear Lake option assignment.

11. COMMITMENTS AND CONTRACTUAL OBLIGATIONS:

In the three month period ended March 31, 2019 and the period from January 11, 2018 to March 31, 2018, the Company's office lease consisted of a monthly commitment of $8,889 including basic and additional rent.

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 a monthly commitment of $10,687 for its share of the basic and additional rent.

12. DEBT:

Debt consists of unsecured debt plus accrued interest owing to a former officer of Darnley Bay Resources Limited (renamed Pine Point Mining Limited) and assigned to the Company on February 23, 2018. The debt bears interest at 10% and is repayable in monthly blended principal and interest payments of $1,000. Payments were suspended on March 30, 2012.

13. SUBSEQUENT EVENTS:

a) On April 1, 2019, the Company made the third anniversary payment of $100,000 to the vendor of the Davidson property.

b) On April 17, 2019, the Company announced that it has signed a binding Letter of Intent (“LOI”) with Sibanye Gold Limited (“Sibanye”) allowing it to earn an initial 51% and up to 80% interest in the Marathon PGM deposit near Marathon, Ontario. The property consists of 44 mining leases (3,013 hectares) and 82 contiguous mining claims (13,312 hectares). The LOI gives the Company until June 15, 2019 to complete a due diligence review, negotiate a definitive agreement and close a minimum $8,000,000 equity financing to earn the initial 51% interest. The Company paid $100,000 upon signing the LOI. An additional $2,900,000 in cash will be payable and $3,000,000 worth of the Company’s common shares (at the offering price) will be issued pursuant to the financing. To earn a further 29% interest, the Company is required to maintain the property and spend $10,000,000 in exploration and development expenditures in the four years following the closing date. The parties will fund future exploration expenditures on an 80/20 pro rata basis and be subject to normal dilution provisions. Upon completion of a definitive feasibility study and making a positive commercial production decision, Sibanye will have an option to increase its interest to 51% by paying 31% (if it has maintained a 20% interest) of the total capital cost prescribed by the feasibility study within 90 days of the commercial production decision date.

c) On May 6, 2019, the Company announced a private placement of 28,572,000 subscription receipts (each a “Subscription Receipt”) or up to 32,857,800 Subscription Receipts if an underwriter’s option of an additional fifteen percent of the aggregate number of Subscription Receipts is exercised in full. Each Subscription Receipt can be purchased for $0.28 (the “Issue Price”) and represents the right to one unit (a “Unit”) subject to certain escrow release conditions. Each Unit entitles the holder to purchase one common share and one-half of one share purchase warrant. Each full warrant entitles the holder to purchase one common share for a period of two years after the escrow release date at a price of $0.45. The underwriters are entitled to a cash commission of 7% of the gross proceeds of the Subscription Receipts sold plus an additional 7% in compensation subscription receipts each representing a compensation option to exercise one Unit (at the Issue Price) for a period of two years after the escrow release date. The gross proceeds of the private placement, less 50% of the cash commission and certain Subscription Receipt issue costs, will be held in escrow for up to 90 days or upon satisfaction of the release conditions to include earning the initial 51% interest in the Marathon PGM deposit (note 13 b). The private placement is scheduled to close on or about June 5, 2019.

d) On May 10, 2019, there were 184,750 common shares issued upon the exercise of finder’s warrants issued on April 20, 2018 (note 9 b). The Company received proceeds of $18,475 from the warrant exercise.