GENERATIONMINING

Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(expressed in Canadian dollars)

GENERATIONMINING

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Generation Mining Limited (the "Company") are the responsibility of the management and Board of Directors of the Company.

The 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 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 consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Jamie Levy" (signed)	"Brian Jennings" (signed)
President and Chief Executive Officer	Chief Financial Officer

RSM

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Generation Mining Limited

Opinion

We have audited the consolidated financial statements of Generation Mining Limited and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company had cumulative losses of $96,825,284 at December 31, 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

<u>Classification and Valuation of Precious Metals Purchase Agreement</u>

Refer to Note 3 - Significant and Future Accounting Policies, Note 4 – Financial Risk Factors and Fair Value, and Note 15 – Precious Metals Purchase Agreement to the consolidated financial statements.

The Company has a precious metals purchase agreement which management has classified as a financial liability at fair value through profit and loss. This determination required management judgement in assessing the appropriateness of the classification. At December 31, 2022, the financial liability was valued at $40,784,093, and management recorded a change in fair value of the liability of $784,093 during the year in net loss and comprehensive loss. Management developed an internal model to determine the fair value of the liability.

We considered this a key audit matter due to the significance of its value in the consolidated financial statements and the heightened complexity, estimation uncertainty, and management judgment required in making significant assumptions used in determining an appropriate classification and to determine fair value. In addition, significant auditor judgment and the involvement of professionals with specialized skills and knowledge were required in evaluating the results of our audit procedures.

How our audit addressed the Key Audit Matter

Our audit procedures included the following, among others:

- Engaging the assistance of professionals with specialized skill and knowledge in the field of financial instruments to evaluate the classification under IFRS.
- Engaging the assistance of professionals with specialized skill and knowledge in the field of financial instrument valuations who evaluated the valuation methodology and the discount rate.
- Evaluating key inputs to the valuation model including commodities forward prices, foreign exchange forward rates and the amount and timing of expected production through external market data and assessment of information from management's expert.

Other Information

Management is responsible for the other information. The other information comprises Management's discussion and analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management discussion and analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Octavio Cabral.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
March 31, 2023
Toronto, Ontario

GENERATIONMINING

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

		December 31, 2022		December 31, 2021
Assets				
Current:				
Cash and cash equivalents	$	**18,766,791**	$	5,397,171
Marketable securities (note 8)		**-**		1,242,000
Receivables (note 12)		**1,731,987**		727,966
Prepaid expenses and security deposits		**218,165**		100,311
		20,716,943		7,467,448
Non-Current:				
Restricted cash and cash equivalents (note 9)		**38,229**		38,229
Land, buildings and equipment (note 7)		**933,573**		508,682
Right-of-use assets (note 9)		**1,948,310**		158,747
Security deposits (note 14)		**1,380,171**		-
		4,300,283		705,658
Total Assets	$	**25,017,226**	$	8,173,106
Liabilities				
Current:				
Accounts payable and accrued liabilities (note 10)	$	**5,029,890**	$	2,308,183
Lease liability (note 9)		**3,099,491**		39,920
		8,129,381		2,348,103
Non-Current:				
Precious metals purchase agreement (note 15)		**40,784,093**		-
Lease liability (note 9)		**201,368**		151,495
Total Liabilities		**49,114,842**		2,499,598
Shareholders' Equity				
Capital stock (note 11)		**66,674,524**		38,932,422
Reserve for warrants (note 11)		**-**		2,664,776
Reserve for share-based payments (note 11)		**6,053,144**		4,917,724
Deficit		**(96,825,284)**		(40,841,414)
Total Shareholders' Equity (Deficit)		**(24,097,616)**		5,673,508
Total Liabilities and Shareholders' Equity	$	**25,017,226**	$	8,173,106

Nature of operations and going concern uncertainty (note 1)
Commitments and contractual obligations (notes 6 and 14)
Subsequent events (note 16)

Approved on behalf of the Board of Directors on March 31, 2023

(signed) "*Jamie Levy*", Director

(signed) "*Paul Murphy*", Director

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

GENERATIONMINING

CONSOLIDATED STATEMENTS OF LOSS & COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Year Ended December 31,	
	2022	2021
Expenses		
Acquisition, evaluation and exploration expenditures (note 6)	**$47,567,381**	$12,576,470
Share-based compensation (note 11c)	**1,257,837**	2,273,858
Audit, legal and advisory fees	**1,769,382**	420,706
Management and corporate administration	**2,727,145**	974,147
Shareholder and investor communications	**791,527**	871,351
Occupancy cost (note 9)	**108,978**	148,404
Interest (note 9)	**235,511**	31,386
	(54,457,761)	(17,296,322)
Other Income (Expenses)		
Fair value change on marketable securities (note 8)	**(1,242,000)**	186,765
Fair value loss on financial liability (note 15)	**(784,093)**	-
Interest income	**253,659**	26,145
Foreign exchange loss	**(3,456)**	-
Net Loss and Comprehensive Loss	**$(56,233,651)**	$(17,083,412)
Loss per share:		
Basic and diluted loss per share	**$(0.32)**	$(0.12)
Weighted average number of common shares outstanding	**178,065,918**	145,744,893

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

GENERATIONMINING

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(Expressed in Canadian dollars)

	Capital stock		Reserves for			
	Shares	Amount	Warrants	Share-based payments	Accumulated deficit	Total Equity
Balance, December 31, 2020	136,315,292	$28,372,920	$6,363,638	$2,722,866	$(23,758,002)	$13,701,422
Issued on exercise of warrants	11,384,093	8,798,036	(3,060,186)	-	-	5,737,850
Issued on exercise of finders warrants	2,415,214	1,560,466	(638,676)	-	-	921,790
Fair value of options vested	-	-	-	2,273,858	-	2,273,858
Issued on exercise of options	300,000	201,000		(79,000)	-	122,000
Net loss and comprehensive loss for the year	-	-	-	-	(17,083,412)	(17,083,412)
Balance, December 31, 2021	**150,414,599**	**$38,932,422**	**$2,664,776**	**$4,917,724**	**$(40,841,414)**	**$ 5,673,508**

	Capital stock		Reserves for			
	Shares	Amount	Warrants	Share-based payments	Accumulated deficit	Total Deficit
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	-	-	-	1,257,837	-	1,257,837
Issued on exercise of options	500,000	374,617	-	(122,417)	-	252,200
Net loss and comprehensive loss for the year	-	-	-	-	(56,233,651)	(56,233,651)
Balance, December 31, 2022	**180,417,408**	**$66,674,524**	**$ -**	**$6,053,144**	**$(96,825,284)**	**$(24,097,616)**

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

GENERATIONMINING

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year Ended December 31,	
	2022	2021
Operating Activities:		
Net loss for the period	**$(56,233,651)**	$(17,083,412)
Add items not affecting cash:		
Share-based compensation	**1,257,837**	2,273,858
Shares issued for property acquisition (note 11)	**18,822,581**	-
Unrealized loss on marketable securities	**1,242,000**	1,106,425
Realized gain on marketable securities	**-**	(1,293,190)
Depreciation of buildings and equipment	**82,540**	55,924
Depreciation of right of use asset	**1,621,893**	41,412
Unrealized loss on revaluation financial liability (note 15)	**784,093**	-
Changes in non-cash working capital:		
Receivables	**(1,004,021)**	(244,865)
Prepaid expenses and security deposits	**(117,854)**	42,444
Accounts payable and accrued liabilities	**2,721,707**	572,742
Cash used in operating activities	**(30,822,875)**	(14,528,662)
Investing Activities:		
Purchase of equipment	**(40,586)**	-
Hycroft security deposit	**(1,380,171)**	
Proceeds from sale of marketable securities	**-**	1,513,590
Cash provided from (used in) investing activities	**(1,420,757)**	1,513,590
Financing Activities:		
Proceeds precious metals purchase agreement (note 15)	**40,000,000**	-
Proceeds from exercise of warrants	**5,336,268**	5,737,850
Proceeds from exercise of finders' warrants	**326,796**	921,790
Proceeds from exercise of options	**252,200**	122,000
Repayment of lease liability	**(302,012)**	(31,757)
Cash provided from financing activities	**45,613,252**	6,749,883
Increase (Decrease) in cash	**13,369,620**	(6,265,189)
Cash and cash equivalents at beginning of the year	**5,397,171**	11,662,360
Cash and cash equivalents at end of the year	**$18,766,791**	$5,397,171

The accompanying notes are an integral part of the 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 $12,587,562 at December 31, 2022 (2021 - $5,119,345); had not yet achieved profitable operations; had accumulated losses of $96,825,284 at December 31, 2022 (2021 - $40,841,414); 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 14 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 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

The consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These annual consolidated financial statements were authorized and approved for issue by the Board of Directors on March 31, 2023.

Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Generation PGM Inc. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Company's subsidiary is wholly owned and all inter-company balances, transactions, including income and expenses arising from inter-company transactions are eliminated in preparing the consolidated financial statements.

Basis of Measurement

The financial statements are 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 consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary. Transactions in foreign currencies are translated to the functional currency at the rate on the date of the transactions.

Use of Judgement

The preparation of these financial statements requires management to make judgements 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 judgements include incremental borrowing rate on the lease liability, accounting for acquisitions and accounting for the joint venture. On an ongoing basis, management evaluates its judgements in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements.

The assessment of the Company's ability to continue as a going concern and to execute its strategy by funding future working capital requirements involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. SIGNIFICANT AND FUTURE ACCOUNTING POLICIES:

Significant Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires that management use judgement in applying its accounting policies, making estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from those estimates.

Significant estimates used in the preparation of these financial statements include the following. Actual results could differ from management's best estimates.

a) Fair value of marketable securities

The value of the Company's marketable securities is based on the quoted prices (unadjusted) in active markets.

b) Fair value of equity instruments

The Company uses the Black-Scholes option pricing model to determine the fair value of warrants and options issued. Option pricing models require the use of highly subjective estimates and assumptions including the expected volatility used. Changes in the underlying assumptions can materially affect the fair value estimates.

c) Income taxes

The interpretation of existing tax laws or regulations in Canada where the Company's operations are located requires the use of judgement. Differing interpretation of these laws or regulations could result in an increase in the Company's taxes, or other government charges, duties or impositions. In addition, the recoverability of deferred income tax assets, including expected periods of reversal of temporary differences and expectations of future taxable income, are assessed by management at the end of each reporting period.

d) Precious metals streaming agreement

The company has applied significant judgment in determining that the appropriate accounting of the obligation represents a financing contract with embedded derivatives. The value of the embedded derivatives changes in response to various factors, such as metal prices and the economic output of the underlying mines.

e) Determination of technical feasibility and commercial viability

The determination of technical feasibility and commercial viability of a mineral property requires significant judgement and takes into account, among other factors, a combination of the extent to which mineral reserves or mineral resources have been defined in a definitive feasibility study, the results of any optimization studies and further technical evaluation carried out to mitigate project risks identified in the definitive feasibility study, the status of environmental permits, and the status of mining leases or permits.

f) Determination of decommissioning liabilities

The company has determined that there are no decommissioning liabilities due to the stage of development of the Company. No formal development decision has been made.

3. SIGNIFICANT AND FUTURE ACCOUNTING POLICIES (continued):

Land, Buildings and Equipment

On the initial recognition, land, building and equipment are valued at cost, being the purchase price and directly attributable costs of acquisition. Land, buildings and equipment are subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses. When parts of an item of land, buildings and equipment have different useful lives, they are accounted for as separate items of land, buildings and equipment. Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying cost amount and are recognized net within other income in the statement of profit or loss.

The company reviews and evaluates its long-lived assets for indicators of impairment at the end of each reporting period. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Depreciation is recognized in profit or loss and buildings and equipment are amortized over their estimated useful lives using the following methods:

Buildings	10 years straight-line
Vehicles	2-5 years straight-line

Leases

The Company applies 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 interest payments associated with these leases are charged directly to the statement of comprehensive income (loss).

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 lease liability is subsequently measured by reducing the carrying amount to reflect lease payments made and to reflect any reassessments or modifications. Variable lease payments not included in the initial measurement of the lease liability are charged directly to the statement of comprehensive income (loss).

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 on a straight-line basis over the term of the lease

Cash and Cash Equivalents

Cash and cash equivalents comprise cash and short-term deposits in banks that are readily convertible to known amounts of cash and with original maturities of three months or less.

3. SIGNIFICANT AND FUTURE ACCOUNTING POLICIES (continued):

Mineral Properties: Acquisition, Exploration and Evaluation Expenditures

Acquisition, exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources are charged to the statement of loss and comprehensive loss as incurred. Currently, all acquisition, exploration and evaluation expenditures are expensed as incurred. The Company may occasionally enter into transfer-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures that would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the transferee on its behalf. Any cash consideration received from the agreement is recorded to the acquisition, exploration and evaluation expenditures in the statement of loss and comprehensive loss.

Income Taxes

Income tax on the profit or loss for the period 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 period, 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 do not constitute a business and 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.

3. SIGNIFICANT AND FUTURE ACCOUNTING POLICIES (continued):

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 share-based payments note (see note 11).

For options to employees that do not immediately vest, the fair value is measured, using the Black-Scholes option pricing model, 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). For options that are exercised, the recorded value, along with the exercise proceeds are recorded as capital stock.

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.

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. A liability on the statement of financial position represents a premium if the financing price is in excess of the market share price for a common share without the flow through feature 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 AND FUTURE ACCOUNTING POLICIES (continued):

Warrants

Proceeds from unit placements are allocated between capital stock and warrants issued by calculating the value of the warrants using the Black-Scholes option pricing model with the residual being allocated to capital stock . The fair value of the capital stock component is credited to capital stock 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).

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 unless the provision relates to reclamation obligations as described below. 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.

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 property and equipment asset or acquisition, evaluation and exploration expense depending if the related property has achieved technical feasibility and commercial validity. The liability is increased over time to reflect an accretion element considered in the initial measurement.

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.

3. SIGNIFICANT AND FUTURE ACCOUNTING POLICIES (continued):

Financial Instruments (continued)

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

Asset / liability	**Classification**	**Measurement Model**
Cash and cash equivalents	Amortized cost	Amortized cost
Restricted cash and cash equivalents	Amortized cost	Amortized cost
Receivables	Amortized cost	Amortized cost
Marketable securities	FVTPL	Fair Value
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Lease liability	Amortized cost	Amortized cost
Precious metals purchase agreement	FVTPL	Fair Value

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 marketable securities are classified as Level 1. There have been no transfers between levels.

The Company has a precious metals purchase agreement with Wheaton Precious Metals Corp. ("Wheaton"). The precious metals purchase agreement is classified as Level 3 for fair value. For accounting purposes, the Company has determined that this obligation represents a financing contract with embedded derivatives. The value of the embedded derivatives changes in response to various factors, such as metal prices and the economic output of the underlying mines. The Company has designated the payments received from Wheaton as a financial liability at FVTPL, with initial and subsequent measurement at fair value, as permitted under IFRS 9. Fair value of the non-current derivative financial liability on initial recognition was determined by the amount of the payments received. Subsequent fair value is calculated on each reporting date with gains and losses recorded in net earnings, except changes in the Company's own credit risk which are recorded in Other Comprehensive Income. Fair value adjustments are recorded in the consolidated statement of comprehensive loss, as required by IFRS 9 for financial liabilities designated as at FVTPL. Components of the adjustment to fair value for the noncurrent derivative financial liability at each reporting date include:

Financial Instrument	**Components of the adjustment to fair value**
Wheaton Precious Metals Stream obligation	• 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

3. SIGNIFICANT AND FUTURE ACCOUNTING POLICIES (continued):

Future Accounting Changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRS Interpretation Committee that are not yet effective for the relevant reporting periods. Updates that are not applicable or are not consequential to the Company have been excluded there from. The Company is in the process of evaluating the impact on its financial statements

New Accounting Pronouncement

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In January 2020, the IASB issued amendments to IAS 1, "Presentation of Financial Statements" to clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and is unaffected by expectations about whether or not an entity will exercise their right to defer settlement of a liability. The amendments further clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. These amendments were effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. At its meeting on June 22/23, 2021, the Board tentatively decided to defer the effective date of the 2020 amendments to IAS 1 to no earlier than January 1, 2024. The adoption of these amendments is not expected to have a significant impact on the consolidated financial statements.

4. FINANCIAL RISK FACTORS AND FAIR VALUE

The Company manages its exposure to a number of different financial risks arising from operations as well as from the use of financial instruments, including market risks (foreign currency exchange rate, interest rate and other price risk), credit risk and liquidity risk, through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility. Financial risks are primarily managed and monitored through operating and financing activities. The Company does not use derivative financial instruments. The financial risks are evaluated regularly with due consideration to changes in key economic indicators and to up-to-date market information. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the financial risk of non-performance of a contracted counter party. The Company's credit risk is primarily attributable to cash, 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 December 31, 2022 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 December 31, 2022, the Company has current assets of $20,716,943 (December 31, 2021 - $7,467,448) to cover current liabilities of $8,129,381 (December 31, 2021 - $2,348,103). 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.

(Expressed in Canadian dollars)

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

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	$ 3,470,097	$ 25,581	$ 5,029,890	$ 8,525,568
1-5 years	194,510	46,899	-	241,409
Balance at December 31, 2022	**$ 3,664,607**	**$ 72,480**	**$ 5,029,890**	**$ 8,766,977**

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rate, foreign exchange rates, and commodity and equity prices affecting its cash and cash equivalents, receivables and marketable securities.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of a change in foreign exchange rates. The Company has no significant exposure to foreign currency exchange risk as it has no significant transaction balances denominated in a foreign currency.

Interest Rate Risk

Interest rate risk is the risk borne by an interest-bearing asset or liability as a result of fluctuations in interest rates. The Company has no significant exposure to interest rate risk as it has no material interest bearing assets or liabilities.

Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. The Company is exposed to fluctuations in market prices of its marketable securities 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 December 31, 2022 and classified as Level 1 in the fair value hierarchy as they are recorded at fair value by reference to market quoted prices.

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 15 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 December 31, 2022 the Company's capital consists of shareholder's deficit in the amount of $24,097,616 (December 31, 2021 shareholder's equity - $5,673,508). 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.

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"). The Company was in default under the various agreements with the IRC. In October 2021, the IRC agreed in principle that the exclusive rights to the mineral rights will be reinstated and an amended exploration agreement will be negotiated. Pursuant to the agreement in principle, the Company will pay $150,000 per year to the IRC upon finalization of the amended agreements. On January 27, 2023, the Company sold its interest in the Darnley Bay mineral concession to Elton Resources under an Asset Purchase Agreement (note 16).

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 $714,266 were made as at December 31, 2022 meeting all spending requirements. There is an ongoing commitment of $100,000 payable on each anniversary of the agreement until commercial production is achieved or the agreement is terminated. Upon commercial production, the vendor will be entitled to a net smelter return royalty of 3%.

(Expressed in Canadian dollars)

6. MINERAL PROPERTIES AND AGREEMENTS (continued):

Mineral Property Expenditures:

Below are the acquisition, evaluation and exploration expenditures for the year ended December 31, 2022 and 2021.

	Year Ended	
	2022	2021
Davidson	**135,266**	128,765
Marathon	**47,432,115**	12,447,705
Total mineral property expenditures	**$ 47,567,381**	$ 12,576,470

Below are the cumulative acquisition, evaluation and exploration expenditures as at December 31, 2022 and 2021.

	Cumulative December 31, 2020	**Acquisition**	**Evaluation and exploration**	**Cumulative December 31, 2021**
Darnley Bay	$ 576,941	$ -	$ -	$ 576,941
Davidson	450,987	128,765	-	579,752
Marathon	17,270,389	57,655	12,390,050	29,718,095
Total expenditures in the year	18,298,317	186,420	12,390,050	30,874,788
Mineral properties acquired	1,216,848	-	-	1,216,848
Total mineral property expenditures	$ 19,515,165	$ 186,420	$ 12,390,050	$ 32,091,636

	Cumulative December 31, 2021	**Acquisition**	**Evaluation and exploration**	**Cumulative December 31, 2022**
Darnley Bay	$ 576,941	**$ -**	**$ -**	**$ 576,941**
Davidson	579,752	**135,266**	**-**	**715,018**
Marathon	29,718,095	**18,949,719**	**28,482,396**	**77,150,210**
Total expenditures in the year	30,874,788	**19,084,985**	**28,482,396**	**78,442,169**
Mineral properties acquired	1,216,848	**-**	**-**	**1,216,848**
Total mineral property expenditures	$ 32,091,636	**19,084,985**	**$ 28,482,396**	**$ 79,659,017**

(Expressed in Canadian dollars)

7. LAND, BUILDINGS AND EQUIPMENT:

	Land and buildings [(1)]		Vehicles		Total	
Cost						
As at December 31, 2020	$	600,965	$	51,113	$	652,078
Disposals		-		(23,205)		(23,205)
As at December 31, 2021	$	600,965	$	27,908	$	628,873
Additions		466,845		40,586		507,431
As at December 31, 2022	**$**	**1,067,810**	**$**	**68,494**	**$**	**1,136,304**
Accumulated depreciation						
As at December 31, 2020	$	66,812	$	20,660	$	87,472
Depreciation expense		44,542		(11,823)		32,719
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**
Net book value						
As at December 31, 2020	$	534,153	$	30,453	$	564,606
As at December 31, 2021	$	489,611	$	19,071	$	508,682
As at December 31, 2022	**$**	**880,175**	**$**	**53,398**	**$**	**933,573**

(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 December 31, 2022.

8. MARKETABLE SECURITIES:

As of December 31, 2022, the Company held 5,400,000 Major Precious Metals Shares (December 31, 2021 - 5,400,000) valued at nil (December 31, 2021 - $1,242,000). The fair value was determined using the market value on December 31, 2022 and December 31, 2021. The fair value adjustments resulted in an unrealized loss of $1,242,000 for the year ended December 31, 2022 (December 31, 2021 – unrealized loss of $1,106,425).

During the year ended December 31, 2022, the Company sold nil shares (December 31, 2021 – 2,755,000) for total proceeds of nil (December 31, 2021 - $1,513,590), and a realized gain of nil (December 31, 2021 - $1,293,190).

(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 a right -of- use assets as follows:

	December 31, 2022	December 31, 2021
Opening balance	$ 158,747	$ 200,159
Additions	3,411,456	-
Depreciation	(1,621,893)	(41,412)
Ending Balance	$ 1,948,310	$ 158,747

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:

	December 31, 2022	December 31, 2021
Opening balance	$ 191,415	$ 223,172
Additions	3,411,456	-
Accretion of interest	235,511	31,386
Payments	(537,523)	(63,143)
Total lease liability	$ 3,300,859	$ 191,415
Less: current portion	(3,099,491)	(39,920)
Non-current portion of lease liability	$ 201,368	$ 151,495

The occupancy cost, vehicle lease cost and camp costs in the statement of loss and comprehensive loss for the year ended December 31, 2022 is $1,689,938 (December 31, 2021 - $148,404). Of this amount, $1,580,960 (December 31, 2021 – $Nil) 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 December 31, 2022 (December 31, 2021 - $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:

	Year ended December 31	
	2022	2021
Salaries and bonuses	$ 2,586,533	$ 1,932,646
Share-based compensation	542,601	1,590,198
Total compensation to key management	$ 3,129,134	$ 3,522,844

As at December 31, 2022, accrued compensation includes $650,912 (December 31, 2021 - $485,750) 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 year ended December 31, 2022.

	Number of shares	$
Balance as at December 31, 2020	136,315,292	27,671,672
Shares issued for exercise of warrants [2]	13,799,307	10,358,502
Shares issued for exercise of options	300,000	201,000
Balance as at December 31, 2021	**150,414,599**	**38,231,174**
Issued for property acquisition [3]	21,759,332	19,289,426
Shares issued for exercise of warrants [2]	7,743,477	8,779,307
Shares issued for exercise of options	500,000	374,617
Balance as at December 31, 2022	**180,417,408**	**66,674,524**

Warrants

The following table summarizes the continuity of warrants for the year ended December 31, 2022.

	Number of warrants
Outstanding, December 31, 2020 [1]	**22,068,284**
Warrants issued [2]	639,711
Warrants exercised [2]	(13,799,307)
Warrants expired [2]	(38,437)
Outstanding, December 31, 2021	**8,870,251**
Warrants exercised [2]	(7,743,477)
Warrants expired [2]	(1,126,774)
Outstanding, December 31, 2022	-

[1] The warrant reserve opening number was adjusted to reclassify expired warrants share issue costs of $701,258 to equity.

[2] 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

[3] 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 year ended December 31, 2022 is as follows:

	Number of options	Weighted Average Exercise Price
Outstanding, December 31, 2020	**11,225,000**	**0.36**
Options granted	3,875,000	**0.97**
Options exercised	(300,000)	**0.41**
Options forfeited	(50,000)	**1.06**
Outstanding, December 31, 2021	**14,750,000**	**0.52**
Options granted	3,025,000	**0.80**
Options exercised	(500,000)	**0.49**
Options forfeited	(500,000)	**0.63**
Outstanding, December 31, 2022	**16,775,000**	**0.57**

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	2,400,000	2,400,000	May 11, 2023	0.4
1.06	2,025,000	2,025,000	May 12, 2024	1.4
0.30	3,025,000	3,025,000	July 16, 2024	1.5
0.30	200,000	200,000	August 7, 2024	1.6
0.80	1,150,000	1,150,000	September 21, 2024	1.7
0.65	500,000	500,000	February 5, 2025	2.1
0.85	900,000	300,000	February 18, 2025	2.1
0.45	750,000	750,000	March 18, 2025	2.2
0.99	975,000	325,000	April 13, 2025	2.3
0.52	2,750,000	2,750,000	April 20, 2025	2.3
0.80	200,000	67,000	June 21, 2025	2.5
0.52	550,000	283,000	July 19, 2025	2.6
0.64	400,000	133,000	August 2, 2025	2.6
0.52	450,000	450,000	November 6, 2025	2.9
1.00	500,000	500,000	March 8, 2026	3.2
0.57[(1)]	**16,775,000**	**14,858,000**		**1.8[(1)]**

(1) Weighted average

12. RECEIVABLES:

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

The amounts receivable are as follows:

	December 31, 2022	December 31, 2021
HST receivable	**$ 1,713,589**	$ 709,595
Miscellaneous	**18,398**	18,371
Total	**$ 1,731,987**	$ 727,966

(Expressed in Canadian dollars)

13. INCOME TAXES:

a) At December 31, 2022 the Company has non-capital losses of $14,432,136 that can be used to reduce future taxable income and capital losses of $2,985. The capital losses do not expire and the non-capital losses expire as follows:

2038	683,000
2039	1,612,000
2040	2,241,000
2041	2,155,000
2042	7,741,000

The movement in deferred tax in the statement of financial position and the Company's deferred tax assets and liabilities as follows:

		2022		2021
Non-capital and capital losses carry forwards	**$**	**3,825,000**	$	1,669,294
WPM liability		**208,000**		-
Other deferred tax assets		**433,000**		(107,325)
Share issue costs		**312,000**		275,864
Mineral property		**17,513,000**		6,876,203
Deferred tax assets not recognized		**(22,291,000)**		(8,714,036)
Net asset	**$**	**-**	$	-

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable income will be available against which the Company can utilize the benefits.

b) The Company's provision for income taxes differs from the amounts computed by applying the basic current rates to loss for the year before taxes, as shown in the following table:

	2022	2021
Expected income tax recovery based on statutory rate of 26.5%	**$(14,975,000)**	$(4,527,105)
Adjustment to expected income tax benefit:		
Stock-based compensation	**333,000**	602,500
Other	**1,251,000**	116,885
Qualifying E&E expenses	**-**	3,332,765
Change in deferred tax assets not recognized & other	**13,391,000**	474,955
Deferred income recovery	**$ -**	$ -

(Expressed in Canadian dollars)

14. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The following table summarizes the future commitments and contractual obligations as at December 31, 2022:

	Office Lease	Vehicles	Hycroft Mining Equipment	Valard Equipment	Total
2023	82,453	121,499	16,064,000	3,310,000	19,577,952
2024	82,453	-	-	-	82,453
2025	68,710	-	-	-	68,710
Total	**$233,616**	**$121,499**	**$16,064,000**	**$3,310,000**	**$19,729,115**

On February 20, 2019, the Company co-signed a lease for office space commencing on May 1, 2019 for a term of six years and six months. The Company has an average monthly commitment of $11,067 for its share of the basic and additional rent. Commitments pursuant to various property option agreements are outlined under note 6.

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 December 31, 2022.

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.

15. 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)

15. PRECIOUS METALS PURCHASE AGREMENT (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 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**

16. SUBSEQUENT EVENTS:

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.

Subsequent to year end, 75,000 options expired and 1,100,000 options were exercised for total proceeds of $316,000.