

GENERATIONMINING

**Unaudited Interim Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2023 and 2022
(expressed in Canadian dollars)**

GENERATION MINING

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The unaudited interim condensed consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim condensed consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited interim condensed consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

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

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

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

"Jamie Levy" (signed)

President and Chief Executive Officer

"Brian Jennings" (signed)

Chief Financial Officer

NOTICE TO READER

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2023 and 2022 have not been reviewed by the Company's auditors.

GENERATIONMINING

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

	June 30, 2023	December 31, 2022
Assets		
Current:		
Cash and cash equivalents	\$ 9,067,517	\$ 18,766,791
Receivables (note 12)	176,189	1,731,987
Prepaid expenses and security deposits	207,144	218,165
	9,450,850	20,716,943
Non-Current:		
Restricted cash and cash equivalents (note 9)	38,229	38,229
Land, buildings and equipment (note 7)	888,583	933,573
Right-of-use assets (note 9)	859,041	1,948,310
Security deposits (note 13)	1,515,866	1,380,171
	3,301,719	4,300,283
Total Assets	\$ 12,752,569	\$ 25,017,226
Liabilities		
Current:		
Accounts payable and accrued liabilities (note 10)	\$ 4,075,810	\$ 5,029,890
Lease liability (note 9)	2,910,280	3,099,491
	6,986,090	8,129,381
Non-Current:		
Precious metals purchase agreement (note 14)	43,245,271	40,784,093
Lease liability (note 9)	90,711	201,368
Total Liabilities	50,322,072	49,114,842
Shareholders' Equity (Deficiency)		
Capital stock (note 11)	67,583,524	66,674,524
Reserve for share-based payments (note 11)	5,970,073	6,053,144
Accumulated other comprehensive income (loss) (note 14)	(2,602,649)	-
Deficit	(108,520,451)	(96,825,284)
Total Shareholders' Equity (Deficiency)	(37,569,503)	(24,097,616)
Total Liabilities and Shareholders' Equity (Deficiency)	\$ 12,752,569	\$ 25,017,226

Nature of operations and going concern uncertainty (note 1)

Commitments and contractual obligations (notes 6 and 13)

Approved on behalf of the Board of Directors on August 10, 2023

(signed) "Jamie Levy", Director

(signed) "Paul Murphy", Director

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

GENERATION MINING

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Expenses				
Acquisition, evaluation and exploration expenditures (note 6)	\$3,077,666	\$6,049,988	\$9,057,465	\$30,844,426
Share-based compensation (note 11c)	158,167	391,518	309,929	746,271
Audit, legal and advisory fees	741,343	206,556	1,187,795	1,017,425
Management and corporate administration	477,423	1,303,138	897,170	1,889,855
Shareholder and investor communications	130,842	222,921	343,724	441,761
Occupancy cost (note 9)	28,774	28,129	58,206	58,439
Interest (note 9)	113,841	14,329	199,281	21,390
	(4,728,056)	(8,216,579)	(12,053,570)	(35,019,567)
Other Income (Expenses)				
Unrealized loss on marketable securities	-	(297,000)	-	(864,000)
Fair value (loss) gain on financial liability (note 14)	(864,365)	838,238	141,471	838,238
Interest income	63,228	66,839	212,631	76,080
Foreign exchange gain (loss)	2,968	(791)	4,301	(791)
Net Loss and Comprehensive Loss	\$(5,526,225)	\$(7,609,293)	\$(11,695,167)	\$(34,970,040)
Loss per share:				
Basic and diluted loss per share	\$(0.03)	\$(0.04)	\$(0.06)	\$(0.20)
Weighted average number of common shares outstanding	183,365,509	179,917,408	182,744,299	175,834,105

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

GENERATION MINING

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net Loss for the period	\$(5,526,225)	\$(7,609,293)	\$(11,695,167)	\$(34,970,040)
Other Comprehensive Gain (loss)				
Gain (loss) on revaluation of financial liability (Note 14)	313,260	-	(2,602,649)	-
Total Net Loss and Comprehensive Loss for the period	\$(5,212,965)	\$(7,609,293)	\$(14,297,816)	\$(34,970,040)

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

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

	Capital stock		Reserves for			Total Equity
	Shares	Amount	Warrants	Share-based payments	Accumulated 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	8,182,278	(2,846,010)	-	-	5,336,268
Issued on exercise of finders' warrants	628,452	597,029	(270,233)	-	-	326,796
Share issue cost	-	(701,248)	701,248	-	-	-
Unexercised warrants	-	-	(249,781)	-	249,781	-
Fair value of options vested	-	-	-	746,271	-	746,271
Issued on exercise of options	-	-	-	-	-	-
Net loss and comprehensive loss	-	-	-	-	(34,970,040)	(34,970,040)
Balance, June 30, 2022	179,917,408	\$ 66,299,907	\$ -	\$ 5,663,995	\$ (75,561,673)	\$ (3,597,771)

	Capital stock		Reserves for			Total Deficiency
	Shares	Amount	Accumulated other comprehensive income (loss)	Share-based payments reserve	Accumulated deficit	
Balance, December 31, 2022	180,417,408	\$66,674,524	\$ -	\$6,053,144	\$(96,825,284)	\$(24,097,616)
Fair value of options vested	-	-	-	309,929	-	309,929
Issued on exercise of options	3,100,000	909,000	-	(393,000)	-	516,000
Loss on financial liability	-	-	(2,602,649)	-	-	(2,602,649)
Net loss and comprehensive loss for the period	-	-	-	-	(11,695,167)	(11,695,167)
Balance, June 30, 2023	183,517,408	\$67,583,524	\$ (2,602,649)	\$5,970,073	\$(108,520,451)	\$(37,569,503)

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

GENERATION MINING

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Operating Activities:				
Net loss for the period	\$(5,526,225)	\$(7,609,293)	\$(11,695,167)	\$(34,970,040)
Add items not affecting cash:				
Share-based compensation	158,167	391,517	309,929	746,271
Shares issued for property acquisition	-	-	-	19,289,426
Unrealized loss on marketable securities	-	297,000	-	864,000
Realized gain on marketable securities	-	-	-	-
Depreciation of buildings and equipment	22,495	13,990	44,990	40,931
Depreciation of right of use asset	332,231	25,857	966,607	49,744
Unrealized loss (gain) on financial liability (note 14)	864,365	(838,238)	(141,471)	(838,238)
Changes in non-cash working capital:				
Receivables	155,567	(250,694)	1,555,798	(40,101)
Prepaid expenses and other	(23,434)	29,633	11,021	(12,756)
Accounts payable and accrued liabilities	(148,790)	(602,799)	(954,080)	1,873,961
Cash used in operating activities	(4,165,624)	(8,543,027)	(9,902,373)	(12,996,802)
Investing Activities:				
Acquisition of land, buildings, and equipment	-	-	-	(466,845)
Right of use asset addition	-	-	-	(117,181)
Hycroft security deposit	(135,695)	-	(135,695)	-
Cash used in investing activities	(135,695)	-	(135,695)	(584,026)
Financing Activities:				
Proceeds precious metals purchase agreement (note 14)	-	-	-	20,000,000
Proceeds from exercise of warrants	-	-	-	5,336,268
Proceeds from exercise of finders' warrants	-	-	-	326,796
Proceeds from exercise of options	200,000	-	516,000	-
Repayment of lease liability	(77,188)	(13,536)	(177,206)	90,233
Cash provided from (used in) financing activities	122,812	(13,536)	338,794	25,753,297
Increase (Decrease) in cash	(4,178,507)	(8,556,563)	(9,699,274)	12,172,469
Cash at beginning of period	13,246,024	26,126,203	18,766,791	5,397,171
Cash at end of period	\$9,067,517	\$17,569,640	\$9,067,517	\$17,569,640

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

GENERATION MINING

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY:

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 and development companies, it relies on financings to fund its exploration, development and acquisition activities. The Company had a surplus of current assets over current liabilities of \$2,464,760 at June 30, 2023 (December 31, 2022 - \$12,587,562); had not yet achieved profitable operations; had accumulated losses of \$108,520,451 at June 30, 2023 (December 31, 2022 - \$96,825,284); and expects to incur further losses in the development of its business. Generation Mining does not have adequate cash resources to fund its operations over the next twelve months and will require additional financing in order to conduct its planned work programs on its mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. Additionally, the Company may enter into certain financial commitments for long lead capital equipment required for the development of the Marathon Project, see note 13 for further detail. There can be no certainty as to the ability of the Company to raise sufficient additional financing in order to continue to operate, and accordingly, there is a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

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

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION AND PRESENTATION:

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the Company's annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the IASB have been condensed or omitted. These interim condensed consolidated financial statements should be read in conjunction with the Company's last annual consolidated financial statements for the year ended December 31, 2022, which include information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies were presented in Note 3: Significant Accounting Policies to the consolidated financial statements for the year ended December 31, 2022.

These interim condensed consolidated financial statements were authorized and approved for issue by the Board of Directors on August 10, 2023.

Basis of Presentation

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

These interim condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and discharge of all liabilities in the normal course of business. The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for certain assets and liabilities which are measured at their fair values, as disclosed in Note 3 of the Company's annual consolidated financial statements for the year ended December 31, 2022.

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

Areas of judgment that have the most significant effect on the amounts recognized in these interim condensed consolidated financial statements are disclosed in Note 2 of the Company's annual consolidated financial statements for the year ended December 31, 2022.

3. RECENT ACCOUNTING POLICIES:

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

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(Expressed in Canadian dollars)

4. FINANCIAL RISK FACTORS AND FAIR VALUE

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

Credit Risk

Credit risk is the financial risk of non-performance of a contracted counter party. The Company's credit risk is primarily attributable to cash, restricted cash, and receivables. The Company reduces its credit risk by maintaining its cash with a Canadian chartered bank. The Company's maximum exposure to credit risk as at June 30, 2023 is the carrying value of cash and cash equivalents, restricted cash and cash equivalents and receivables. The credit risk on receivables is deemed low as the majority is related to federal government refunds.

Liquidity Risk

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations in full. The Company's main source of liquidity is its cash. These funds are primarily used to finance working capital, exploration expenditures, capital expenditures, and acquisitions. The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash. As at June 30, 2023, the Company has current assets of \$9,450,850 (December 31, 2022 - \$20,716,943) to cover current liabilities of \$6,986,090 (December 31, 2022 - \$8,129,381). The current assets include cash and cash equivalents, marketable securities, receivables, prepaid expenses and security deposits. The Company also manages liquidity risk on the basis of expected maturity dates. The following table analyzes financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows).

	Undiscounted lease liability – base contract	Undiscounted lease liability – operating costs	Accounts payable and accrued liabilities	Total
Less than 1 year	\$ 3,197,514	\$ 25,581	\$ 4,075,810	\$ 7,298,905
1-5 years	136,748	34,108	-	170,856
Balance at June 30, 2023	\$ 3,334,262	\$ 59,689	\$ 4,075,810	\$ 7,469,761

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.

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(Expressed in Canadian dollars)

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

Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. The Company is exposed to fluctuations in market prices of its marketable securities in a quoted mining exploration company. The fair value of these financial instruments represents the maximum exposure to price risk.

Precious Metal Purchase Agreement Fair Value Risk

The Company has entered into a Precious Metal Purchase Agreement (“PMPA”) with Precious Metals Corp. (“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 June 30, 2023 and classified as Level 1 in the fair value hierarchy as they are recorded at fair value by reference to market quoted prices.

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

5. CAPITAL MANAGEMENT:

The Company manages its capital structure and makes adjustments to it, based on the funds required and available to the Company, in order to support the acquisition, exploration and development of mineral properties. As at June 30, 2023 the Company’s capital consists of shareholders’ deficiency in the amount of \$37,569,503 (December 31, 2022 shareholder’s deficiency - \$24,097,616). The Board of Directors does not establish quantitative return on capital criteria for the Company, but rather relies on the expertise of the Company’s management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned and future exploration, and pay for administrative costs, the Company intends to raise additional amounts of working capital as needed although there is no guarantee this can be done on commercially suitable terms. The Company may continue to assess new properties and seek to acquire an interest in additional properties if there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. There was no change in the year to the Company’s approach to managing capital.

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(Expressed in Canadian dollars)

6. MINERAL PROPERTIES AND AGREEMENTS:

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

Darnley Bay, Northwest Territories: The Company held the exclusive rights to a mineral concession covering the Inuvialuit Settlement Region's lands where the Inuvialuit hold the mineral and surface rights and an exploration and development agreement with the Inuvialuit Regional Corporation (the "IRC"). On January 27, 2023, the Company sold its interest in the Darnley Bay mineral concession to Elton Resources ("Elton") under an Asset Purchase Agreement ("APA"). As per the agreement, \$150,000 was remitted by Elton to the IRC. The APA states that Elton is to complete a Going Public transaction by December 31, 2023 (originally August 31, 2024, but extended by mutual agreement). Prior to the transaction, \$4 million of Elton stock is to be issued to the Company and \$850,000 cash is to be paid to the Company upon completion of the Going Public transaction. If Elton does not complete the transaction, the property interest is to revert back to the Company.

Davidson, British Columbia: The Company has an option to acquire a 100% interest in a property hosting a molybdenum-tungsten deposit. The option agreement was signed on April 1, 2016 and cumulative payments totaling \$847,392 were made as at June 30, 2023 meeting all spending requirements. There is an ongoing commitment of \$100,000 payable on each anniversary of the agreement until commercial production is achieved or the agreement is terminated. Upon commercial production, the vendor will be entitled to a net smelter return royalty of 3%.

Mineral Property Expenditures:

Below are the acquisition, evaluation and exploration expenditures for the three and six months ended June 30, 2023 and 2022.

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Davidson	\$ 4,282	\$ 6,520	\$ 133,126	\$ 135,266
Marathon	3,073,384	6,043,468	8,924,339	30,709,160
Total mineral property expenditures	\$ 3,077,666	\$ 6,049,988	\$ 9,057,465	\$ 30,844,426

Below are the cumulative acquisition, evaluation and exploration expenditures as at June 30, 2023 and 2022.

	Cumulative December 31, 2022	Acquisition	Evaluation and exploration	Cumulative June 30, 2023
Darnley Bay	\$ 576,941	\$ -	\$ -	\$ 576,941
Davidson	715,018	133,126	-	848,144
Marathon	77,150,210	-	8,924,339	86,074,549
Total expenditures in the period	78,442,169	133,126	8,924,339	87,499,634
Mineral properties acquired	1,216,848	-	-	1,216,848
Total mineral property expenditures	\$ 79,659,017	\$ 133,126	\$ 8,924,339	\$ 88,716,482

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(Expressed in Canadian dollars)

6. MINERAL PROPERTIES AND AGREEMENTS (continued):

Mineral Property Expenditures (continued)

	Cumulative December 31, 2021	Acquisition	Evaluation and exploration	Cumulative June 30, 2022
Darnley Bay	\$ 576,941	\$ -	\$ -	\$ 576,941
Davidson	579,752	135,266	-	715,018
Marathon	29,718,094	18,949,720	11,759,440	60,427,254
Total expenditures in the year	30,874,787	19,084,986	11,759,440	61,719,213
Mineral properties acquired	1,216,848	-	-	1,216,848
Total mineral property expenditures	\$ 32,091,635	\$ 19,084,986	\$ 11,759,440	\$ 62,936,061

7. LAND, BUILDINGS AND EQUIPMENT:

	Land and buildings ⁽¹⁾	Vehicles	Total
Cost			
As at December 31, 2021	\$ 600,965	\$ 27,908	\$ 628,873
Disposals	466,845	40,586	507,431
As at December 31, 2022	\$ 1,067,810	\$ 68,494	\$ 1,136,304
Additions	-	-	-
As at June 30, 2023	\$ 1,067,810	\$ 68,494	\$ 1,136,304
Accumulated depreciation			
As at December 31, 2021	\$ 111,354	\$ 8,837	\$ 120,191
Depreciation expense	76,281	6,259	82,540
As at December 31, 2022	\$ 187,635	\$ 15,096	\$ 202,731
Depreciation expense	38,141	6,849	44,990
As at June 30, 2023	\$ 225,776	\$ 21,945	\$ 247,721
Net book value			
As at December 31, 2021	\$ 489,611	\$ 19,071	\$ 508,682
As at December 31, 2022	\$ 880,175	\$ 53,398	\$ 933,573
As at June 30, 2023	\$ 842,035	\$ 46,549	\$ 888,583

⁽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 June 30, 2023.

8. MARKETABLE SECURITIES:

As of June 30, 2023, the Company held 5,400,000 Major Precious Metals Shares (December 31, 2022 - 5,400,000) valued at nil (December 31, 2022 - nil). The fair value was determined using the market value on June 30, 2023 and December 31, 2022. The fair value adjustments resulted in a value of nil for the three months ended June 30, 2023 (June 30, 2022 – unrealized loss of \$297,000) and a value of nil for the six months ended June 30, 2023 (June 30, 2022 – unrealized loss of \$864,000). During the six months ended June 30, 2023 and 2022, the Company sold nil shares.

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(Expressed in Canadian dollars)

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

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

	June 30, 2023	December 31, 2022
Opening balance	\$ 1,948,310	\$ 158,747
Lease remeasurement	(148,236)	3,411,456
Addition	25,574	
Depreciation	(966,607)	(1,621,893)
Ending Balance	\$ 859,041	\$ 1,948,310

At the commencement date of the lease, the lease liabilities were measured at the present value of the lease payments. The lease payments are discounted using an interest rate of 15%, which is considered the Company's unsecured incremental borrowing rate. The continuity of lease liabilities is outlined below:

	June 30, 2023	December 31, 2022
Opening balance	\$ 3,300,859	\$ 191,415
Lease remeasurement	(148,236)	3,411,456
Addition	25,574	
Accretion of interest	199,281	235,511
Payments	(376,487)	(537,523)
Total lease liability	\$ 3,000,991	\$ 3,300,859
Less: current portion	(2,910,280)	(3,099,491)
Non-current portion of lease liability	\$ 90,711	\$ 201,368

The occupancy cost, vehicle lease cost and camp costs in the statement of loss and comprehensive loss for the three months ended June 30, 2023 is \$290,790 (June 30, 2022 - \$44,260). Of this amount, \$262,016 (June 30, 2022 - \$16,131) for vehicle lease cost and camp costs are included in evaluation and exploration expenditures in the statement of loss and comprehensive loss.

The occupancy cost, vehicle lease cost and camp costs in the statement of loss and comprehensive loss for the six months ended June 30, 2023 is \$945,907 (June 30, 2022 - \$90,177). Of this amount, \$887,701 (June 30, 2022 - \$31,738) 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 June 30, 2023 (December 31, 2022 - \$38,229).

10. RELATED PARTY TRANSACTIONS:

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Salaries and bonuses	\$ 515,837	\$ 1,241,088	\$ 1,081,675	\$ 1,499,630
Share-based payments - options	57,680	206,970	149,947	279,327
Total compensation to key management	\$ 573,517	\$ 1,448,058	\$ 1,231,622	\$ 1,778,957

As at June 30, 2023, accrued compensation includes \$1,295,500 (June 30, 2022 - \$205,299) primarily due to key management of the Company.

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(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 six month period ended June 30, 2023

	Number of shares	\$
Balance as at December 31, 2021	150,414,599	38,932,422
Issued for property acquisition ⁽²⁾	21,759,332	19,289,426
Shares issued for exercise of warrants ⁽¹⁾	7,743,477	8,078,059
Shares issued for exercise of options	500,000	374,617
Balance as at December 31, 2022	180,417,408	66,674,524
Shares issued for exercise of options	3,100,000	909,000
Balance as at June 30, 2023	183,517,408	67,583,524

Warrants

The following table summarizes the continuity of warrants for the six month period ended June 30, 2023.

	Number of warrants
Outstanding, December 31, 2021	8,870,251
Warrants exercised ⁽¹⁾	(7,743,477)
Warrants expired ⁽¹⁾	(1,126,774)
Outstanding, December 31, 2022 and June 30, 2023	-

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

⁽²⁾ On January 26, 2022, the Company completed the acquisition of the remaining interest in the Marathon Project from Stillwater whereby the Company issued 21,759,332 common shares of the Company to Stillwater at \$0.89 per common share, or total consideration \$19,289,426, of which \$18,822,582 was allocated to mineral property expenditures and \$466,845 was allocated to land and buildings. The Company now holds 100% of the Marathon Project, and the joint venture agreement dated July 10, 2019 between Stillwater and Generation PGM has been terminated in accordance with its terms.

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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. The Company subsequently adopted an Omnibus Equity Incentive plan (the “Equity Plan”) on May 11, 2023, which received shareholder approval on June 28, 2023. With the approval of the Equity Plan, the Option Plan was terminated and all of the issued and outstanding stock options granted under the Option Plan are now governed by the Equity Plan.

Under the Equity Plan, the Company can issue stock options (“Options”), deferred share units (“DSUs”), restricted share units (“RSUs”) and performance share units (“PSUs”, and collectively with Options, DSUs and PSUs, the “Awards”), as applicable, to directors, employees and consultants in accordance with the terms of the Equity Plan. The maximum number of Common Shares issuable under the Equity Plan will not exceed 10% of the issued and outstanding Common Shares from time to time. Limits have also been set in respect of the maximum number of Awards that may be issued to insiders at any time, as well as within any one-year period. The Equity Plan is a rolling plan, therefore, the number of shares that have been reserved for issuance under the Equity Plan will increase when the Company's issued and outstanding common shares increase.

The Awards are non-assignable and non-transferable, except upon death. As of June 30, 2023, the Company has not granted any new Awards under the Equity Plan.

The continuity of outstanding stock options for the six month period ended June 30, 2023 is as follows:

	Number of options	Weighted Average Exercise Price
Outstanding, December 31, 2021	14,750,000	0.52
Options granted	900,000	0.85
Outstanding, March 31, 2022	15,650,000	0.54
Options granted	2,125,000	0.80
Options exercised	(500,000)	0.49
Options forfeited	(500,000)	0.63
Outstanding, December 31, 2022	16,775,000	0.57
Options granted	602,059	0.58
Options exercised	(3,100,000)	0.17
Options forfeited	(75,000)	1.06
Outstanding, June 30, 2023	14,202,059	0.65

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11. CAPITAL STOCK (continued):

Stock Option Plan

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	1/3 rd vesting
12-May-21	1,550,000	1.06	1.02	129	0.53	3 / 0%	1,162,500	Immediate
12-May-21	575,000	1.06	1.02	129	0.53	1.5 - 2 / 0%	419,750	1/3 rd vesting
21-Sept-21	1,150,000	0.80	0.67	108	0.55	3 / 0%	525,000	1/3 rd vesting
18-Feb-22	900,000	0.85	0.85	97	1.57	3 / 0%	468,000	1/3 rd vesting
12-Apr-22	975,000	0.99	0.99	92	2.39	3 / 0%	575,250	1/3 rd vesting
21-Jun-22	200,000	0.80	0.61	86	3.34	3 / 0%	62,000	1/3 rd vesting
19-Jul-22	550,000	0.52	0.54	84	3.26	3 / 0%	165,000	1/3 rd vesting
02-Aug-22	400,000	0.64	0.66	84	3.00	3 / 0%	148,000	1/3 rd vesting
05-Apr-23	602,059	0.58	0.57	64	3.32	3 / 0%	150,515	1/3 rd vesting

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

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)
1.06	1,950,000	1,950,000	May 12, 2024	0.9
0.30	2,625,000	2,625,000	July 16, 2024	1.0
0.30	200,000	200,000	August 7, 2024	1.1
0.80	1,150,000	1,150,000	September 21, 2024	1.2
0.65	500,000	500,000	February 5, 2025	1.6
0.85	900,000	600,000	February 18, 2025	1.6
0.45	750,000	750,000	March 18, 2025	1.7
0.99	975,000	650,000	April 13, 2025	1.8
0.52	2,450,000	2,450,000	April 20, 2025	1.8
0.80	200,000	133,000	June 21, 2025	2.0
0.52	550,000	283,000	July 19, 2025	2.1
0.64	400,000	133,000	August 2, 2025	2.1
0.52	450,000	450,000	November 6, 2025	2.4
1.00	500,000	500,000	March 8, 2026	2.7
0.58	602,059	200,686	April 5, 2026	2.8
0.65⁽¹⁾	14,202,059	12,574,686		1.6⁽¹⁾

⁽¹⁾ Weighted average

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(Expressed in Canadian dollars)

12. RECEIVABLES:

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

The amounts receivable are as follows:

	June 30, 2023		December 31, 2022	
HST receivable	\$	157,179	\$	1,713,589
Miscellaneous		19,010		18,398
Total	\$	176,189	\$	1,731,987

13. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The following table summarizes the future commitments and contractual obligations as at June 30, 2023:

	Office Lease	Vehicles	Hycroft Mining Equipment	Valard Equipment	Total
2023	41,226	77,085	-	2,980,000	3,098,311
2024	82,453	72,607	15,936,000	-	16,091,060
2025	68,710	12,181	-	-	80,891
Total	\$192,389	\$161,873	\$15,936,000	\$2,980,000	\$19,270,262

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 June 30, 2023. Commitments pursuant to various property option agreements are outlined under note 6.

On February 20, 2019, the Company co-signed a lease for office space commencing on May 1, 2019 for a term of six years and six months. The Company has an average monthly commitment of \$11,067 for its share of the basic and additional rent.

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

On August 8, 2022, Generation PGM entered into an agreement with Hycroft Mining Holding Corporation ("Hycroft") for the purchase of an unused surplus SAG mill, ball mill and main substation and power transformers (the "Mills") currently stored in Nevada and Texas, USA for US\$13,600,000, of which US\$500,000 was paid on signing, a second payment of US\$500,000 was paid on September 9, 2022, a third payment of US\$50,000 was paid December 30, 2022. On May 15, 2023 the terms of the agreement were amended to include a payment of US\$100,000 on signing (paid), US\$50,000 for every US\$1,000,000 raised in equity like financings, to a maximum of US\$400,000, with the balance outstanding due June 30, 2024 (previously June 30, 2023). The balance outstanding as at June 30, 2023 is US\$12,450,000. Generation PGM will pay interest on the balance outstanding of 5% per annum for the period January 1, 2023 to March 31, 2023 and 7.5% per annum for the period April 1, 2023 to June 30, 2024. Generation PGM will also assume certain costs related to the Mills, including storage, insurance and financing charges, if any, until completion of the sale.

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14. PRECIOUS METALS PURCHASE AGREEMENT

The Company and its 100% owned subsidiary Generation PGM entered into a definitive Precious Metal Purchase Agreement (“PMPA”) with Wheaton in respect to the Marathon Project which became effective on January 26, 2022.

Pursuant to the PMPA, Wheaton will pay the Company total upfront cash consideration of \$240,000,000, \$40,000,000 of which was paid (\$20,000,000 on March 31, 2022 (“First Early Deposit”) and \$20,000,000 on September 7, 2022) on an early deposit basis prior to construction to be used for development of the Marathon Project. The remainder of \$200,000,000 is payable in four staged instalments during construction, subject to various customary conditions being satisfied. Generation Mining and its subsidiary Generation PGM, have provided Wheaton a first ranking security interest over all their assets and various time sensitive performance guarantees relating to the development of the Project.

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.

Wheaton will make ongoing payments for the gold and platinum ounces delivered equal to 18% of the spot prices (“Production Payment”) until the value of gold and platinum delivered less the Production Payment is equal to the upfront consideration of \$240,000,000, at which point the Production Payment will increase to 22% of the spot price.

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

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

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

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

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

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

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14. PRECIOUS METALS PURCHASE AGREEMENT (continued):

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

Precious metals purchase agreement, December 31, 2021	-
Deposit received	40,000,000
Fair value loss through profit and loss	784,093
Precious metals purchase agreement, December 31, 2022	\$ 40,784,093
Fair value gain through profit and loss	(141,471)
Fair value loss relating to changes in Company's own credit risk	2,602,649
Precious metals purchase agreement, June 30, 2023	\$ 43,245,271