

# **ESKAY MINING CORP.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED FEBRUARY 29, 2020**

**(Expressed in Canadian Dollars)**

**Prepared by:**

**ESKAY MINING CORP.**

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**Discussion dated June 25, 2020**

## **Introduction**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Eskay Mining Corp. ("Eskay" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended February 29, 2020. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the years ended February 29, 2020 and February 28, 2019, together with the notes thereto. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). Information contained herein is presented as of June 25, 2020, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Eskay common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on Eskay's website at [www.eskaymining.com](http://www.eskaymining.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Cautionary Note Regarding Forward-Looking Information**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

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Forward-looking statements	Assumptions	Risk factors
For fiscal 2021, the Company's operating expenses are estimated to be \$20,000 to \$30,000 per month for recurring operating costs.	The Company has anticipated all material costs; the operating and exploration activities of the Company for fiscal 2020 and the costs associated therewith, will be consistent with Eskay's current expectations.	Unforeseen costs to the Company will arise; any particular operating costs increase or decrease from the date of the estimation; changes in economic conditions.
The Company's cash position at February 29, 2020 is not anticipated to be sufficient to fund its operating expenses for the twelve months ending February 29, 2021. The Company expects to complete an equity financing. The Company anticipates it will defer amounts payable, to the extent possible, while the Company searches for financing.	Financing will be available for the Company's exploration and evaluation activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favourable to the Company; the price of gold and/or other applicable metals will be favourable to the Company; no title disputes exist with respect to the Company's properties.	Gold and other metals price volatility, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff; availability of permits; market competition.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## **Description of Business**

The Company was incorporated under the British Columbia Business Corporations Act and continued on November 2, 2010, under the Business Corporations Act of Ontario. Its common shares are listed on the TSX Venture Exchange ("TSXV") (symbol "ESK") and the Frankfurt Stock Exchange (symbol "WKN 878985"). The Company is a natural resource company engaged in the acquisition and exploration of mineral properties in British Columbia, Canada. To date, the Company has not generated significant revenues from operations.

The Company has no revenues, so its ability to ensure continuing operations is dependent on its completing the acquisition of its mineral property interests, the discovery of economically recoverable reserves, confirmation of its interest in the underlying mineral claims, and its ability to obtain necessary financing to complete the exploration activities, development, if they are proven successful, and future profitable production.

Eskay's goal is to deliver superior returns to shareholders by concentrating on the exploration of its existing properties and the acquisition of properties that have the potential to contain gold or silver. The Company currently plans to focus on its material properties, as set out below under "Mineral Property Interests".

The Company will continue to attempt to raise capital to meet its ongoing operating activities.

## **Highlights**

- On March 6, 2019, the Company granted of an aggregate of 2,500,000 stock options to officers, directors and consultants of the Company. The stock options are exercisable at \$0.08 per share for five years.
- On September 4, 2019, the Company entered into an agreement to settle \$90,000 of management fees owed to a company controlled by an officer of Eskay in consideration for the issuance of 1,263,157 common shares.
- On September 4, 2019, the Company granted an aggregate of 1,300,000 stock options to officers, directors and consultants of the Company. The stock options are exercisable at \$0.095 per share for five years.
- On September 11, 2019, the Company announced the addition of Dr. Quinton Hennigh to its geological advisory team. The Company also granted 350,000 stock options to Dr. Hennigh. The stock options are exercisable at \$0.10 per share for five years.
- On October 16, 2019, the Company announced that it has teamed up with an economic geology research team, the Colorado School of Mines ("CSM") to enhance its chances for discovery at its Eskay Creek area properties, the St. Andrew Goldfield (SIB) and Corey. The research team is led by Dr. Thomas Monecke, Associate Professor of Economic Geology, a globally renowned expert in volcanogenic massive sulfide ("VMS") deposits. Dr. Monecke will be working in close collaboration with Dr. John DeDecker on this project. Dr. DeDecker (Ph.D. Geology, CSM) will be conducting a post-doctorate study on geochemical vectoring to ore deposits, in particular on how it pertains to VMS exploration.

Drs. Monecke and DeDecker join Dr. Hennigh P. Geo. and Charles Greig M.Sc. P.Geo., (technical advisors to the Company), Thomas Weis (Chief Geophysicist), and geologists Neil Prowse M.Sc. and Andrew Mitchell P.Geo, who ran the 2017 and 2018 exploration programs on Eskay's SIB property, in an effort to better outline high-value exploration targets, and to better understand their geologic

framework. Collectively, Eskay's technical exploration team will comprise one of the most capable in the Golden Triangle of northwest British Columbia, and should be especially capable of designing and implementing exploration for Eskay-style VMS deposits.

- On December 5, 2019, the Company announced the closing of a non-brokered private placement offering with the sale of 3,350,000 working capital units ("WC Units") of the Company at a price of \$0.12 per WC Unit for \$402,000 and 250,000 flow-through units ("FT Units") of the Company at a price of \$0.16 per FT Unit for \$40,000 for aggregate proceeds of \$442,000.
- On December 9, 2019, the Company granted of an aggregate of 1,550,000 stock options to one director and five consultants of the Company. The stock options are exercisable at \$0.135 per share for five years.
- On January 8, 2020, the Company announced the retention of Focus Communications Investor Relations Inc. ("Focus") to provide investor relations services. The Company also granted 300,000 stock options to Mr. Leo Karabelas, the principal of Focus. The stock options are exercisable at \$0.22 per share for three years.
- On May 15, 2020, the Company announced the extension of 1,282,000 warrants currently exercisable until June 1, 2020 (as to 1,082,000) and June 7, 2020 (as to 200,000) at \$0.40 per share, issued pursuant to the private placement financing which closed in June of 2018, for further year until June 1, 2021 and June 7, 2021 respectively. There has been no change to the warrant event that the closed price of the common shares of the Company on the TSX Venture Exchange is at least \$0.60 for ten (10) consecutive trading days, the warrants will expire if unexercised by the date which is thirty (30) days from the final trading day. The extension is subject to TSXV approval.
- On May 22, 2020, the Company commenced a private placement offering of up to 5,900,000 FT Units of the Company at a price of \$0.255 per FT Units for up to \$1,504,500 and up to 3,000,000 WC Unit at a price of \$0.17 per WC Unit for up to \$510,000 to fund its 2020 exploration.
- On June 4, 2020, the Company had closed the first tranche of its non-brokered private placement with the sale of 1,000,000 FT Units of the Company at a price of \$0.255 per FT Units for \$255,000 and 550,000 WC Unit at a price of \$0.17 per WC Unit for \$93,500. A finder was paid a cash fee of \$1,275. The Company also announced that it plans to increase its flow-through offering by a further 2,050,000 FT Units to up to 8,950,000 FT Units of the Company at a price of \$0.255 per FT Unit for up to \$2,282,250 to fund its 2020 exploration.
- On June 22, 2020, the Company had closed the final tranche of its non-brokered private placement with the sale of 7,950,000 FT Units of the Company at a price of \$0.255 per FT Units for \$2,027,250 and 2,452,941 WC Unit at a price of \$0.17 per WC Unit for \$417,000. The Company raised an aggregate of \$2,282,250 in flow-through funds and \$510,500 in working capital funds pursuant to the Offering. Proceeds from the Offering will be used to fund the Company's 2020 exploration program and for general working capital.
- On June 23, 2020, the Company entered into an agreement to settle a debt of \$80,400 owed to Balkam Partners Ltd., a company controlled by the President and CEO of the Company, Hugh (Mac) Balkam, for management fees, and a debt of \$281,782 owed to Mac Balkam for management fees, as to \$250,000, and accrued interest on funds loaned to the Company by Mac Balkam, as to \$31,782, for an aggregate of \$362,122 of debt to be settled in consideration for the issuance of 2,130,129 common shares of the Company at a price of \$0.17 per share.

- On June 24, 2020, the Company announced the grant of an aggregate of 1,500,000 stock options to directors and consultants of the Company. The stock options are exercisable at \$0.24 per share for five years.

### **Overall Objective**

The primary business objective of Eskay is the acquisition, exploration and evaluation of mineral properties based upon Eskay's current holdings in British Columbia, Canada. In furtherance of this objective, the Company established the following business strategy:

- Develop and implement a discretionary exploration budget on acquired property interests with a view to establishing a viable mineral deposit; and
- Capitalize on management's technical expertise and ability to identify, evaluate and acquire exploration properties.

With the current market environment, the Company will explore the possibility of entering into a joint venture with senior mineral companies to fully explore its projects.

See "Risks and Uncertainties" below.

### **Trends**

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. Strong equity markets are favourable conditions for completing a public merger, financing or acquisition transaction. Apart from these and the risk factors noted under the heading "Risks and Uncertainties", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

### **Off-Balance-Sheet Arrangements**

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity, capital expenditures and capital resources that would be material to investors.

### **Outlook**

For the immediate future, the Company plans to continue to search for financing, and once funds are raised, develop an exploration program for its projects. The Company is continually evaluating direct or indirect acquisitions of additional properties. The Company continues to monitor its spending and will amend its plans and budgets based on exploration results and expectations of being able to raise financing as and when required.

### **Mineral Property Interests**

Charles J. Greig, P. Geo., a member of the Company's Advisory Team, is a Qualified Person under the definition of National Instrument 43-101. Mr. Greig has approved the disclosure contained under the heading "Mineral Property Interests" and has verified the scientific and technical data contained herein.

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The following table summarizes the Company's current exploration programs at the SIB Property and Corey Mineral Claims, and total estimated cost to complete each exploration program, and total expenditures incurred during the period presented. For more information about exploration expenditures incurred by category, please see "Additional Disclosure for Venture Issuers Without Significant Revenue" below.

<b>Summary of Completed Activities (Year Ended February 29, 2020)</b>	<b>(A) Spent (approx.)</b>	<b>Plans for the Project (Fiscal 2021)</b>	<b>(B) Planned Expenditures (approx.)</b>
<p>Based on the Company's working capital deficit of \$497,021 at February 29, 2020 (February 28, 2019 – working capital deficit of \$343,963), the Company will have to raise equity capital in fiscal 2020 in amounts sufficient to fund its exploration work requirements. The major variables are expected to be the size, timing and results of the Company's exploration program and its ability to continue to access capital to fund its ongoing operations.</p> <p>Notes 1 and 2 below.</p> <p>All the projects are in good standing until 2021.</p>	\$150,000	<p>Permitting has been completed for a large-scale deep drilling program at the SIB. The other areas discussed in Note 1 will also be the focus for work aimed at developing drill targets. On the North Mitchell block, the focus will be on geologic mapping to help target mineralizing systems on the block, which lies north of Brucejack and east of Fe Cap. On the southernmost Eskay tenures, the Company is currently flying an airborne geophysical survey aimed at targeting Ni-Cu-Co mineralization akin to that intersected at Garibaldi's Nickel Mtn. occurrence on the adjacent property to the west. Follow-up reconnaissance prospecting, geochemical surveys, and mapping will be undertaken to better evaluate the potential for this style of mineralization, as well as for Eskay Creek-style mineralization in the Middle Jurassic felsic submarine volcanic stratigraphy farther south on the property. At the same time, copper porphyry style mineralization in the Big Red area will be further assessed for its depth potential.</p>	\$2,000,000
	<b>\$150,000</b>		<b>\$2,000,000</b>

The Company is in the process of assessing several options and preparing a budget for the 2021 fiscal year. The Company's land claims are in good standing until 2029.

**Note 1**

**Corey Mineral Claims**

In September 1990, the Company acquired a 100% interest in mineral tenures located in the Skeena Mining Division, Province of British Columbia for \$30,000 cash and a royalty of 5% of net profits from these claims to a maximum of \$250,000.

These mineral properties are located in northwestern British Columbia, 70 km northwest of Stewart. The Company holds a 100% interest in these mineral tenures subject to a 2% net smelter royalty.

### Red Lightning

On the southernmost part of the Corey Property, the 2016 fieldwork and sampling strongly suggested that rocks similar in age, lithology, and alteration to those hosting the Eskay Creek deposit not only underlie parts of Eskay's 100% owned Corey block on the southwestern part of the property, as was previously known, but also underlie most of the area to the east and southeast of there, toward the Frank Mackie icefield, which has been regarded previously as being underlain by older rocks. Very encouraging results were returned by preliminary soil and rock geochemical sampling in that area, east of Ted Morris glacier, including two strings of soil geochemical samples across 400 to 500 meters which all yield anomalous precious metals values, along with very strongly anomalous "pathfinder" elements such as, Sb, Cu, Pb, Mo and Zn, which are characteristic of "Eskay-style" mineralization.

Immediately after the 2017 field season, highly-regarded geologist and magmatic Ni-Cu sulphide system expert Dr. Peter Lightfoot was contracted by the Company to carry out a review of previous work on Eskay's Red Lightning zone magmatic Ni-Cu-Co occurrence. Dr. Lightfoot, who was recently involved closely in Garibaldi Resources' recognition and exploration of the potential at the nearby E&L Ni-Cu-PGE- Au-Ag massive sulphide occurrence (20 km northwest), has confirmed that the mineralization at Red Lightning is indeed that of a magmatic nickel-copper sulphide system, and that this system intrudes the Eskay-equivalent rocks now recognized as common throughout the Corey Property. And while the grades intersected to date are sub-economic (20.4 m at 0.79% Cu, 0.42% Ni and 0.08% Co, including 10 m at 1.03% Cu, 0.55% Ni and 0.10% Co [estimated true thicknesses of 10.8 m and 5.3 m, respectively]), the Ni-Cu system remains prospective.

The prospectively evident at Red Lightning and nearby is also evident from a review of previous work in the belt by the Company. This work, which included stream sediment sampling and airborne geophysics, strongly suggests that Red Lightning should be viewed as just one small part of what is likely a much larger, 15 km long, relatively underexplored belt that likely includes other mafic-ultramafic bodies. The belt is outlined by anomalous Ni-Cu stream sediment geochemistry and airborne magnetic highs that may well run from the Red Lightning zone along a northwest trend toward Garibaldi's Ni-Cu prospects and the E&L Zone. It is clear from the figures and this data that the Red Lightning-E&L trend warrants follow-up exploration work focusing on Ni-Cu-PGE mineralization.

### North Mitchell block

The Company's North Mitchell Block consists of six tenures comprising 1446 hectares that lies in "Elephant Country," less than 2 km east-southeast of Seabridge Gold's porphyry Au-Cu deposit, Iron Cap, and a similar distance across the Mitchell glacier from Pretium's Snowfield gold deposit. Recent mapping of the property has confirmed that the same stratigraphic units which host many of the occurrences on Pretium's Brucejack property track across and are preserved at North Mitchell. This is significant because many of the occurrences at Brucejack, which are aligned along a NNE trend that runs from south of the Valley of the Kings (Brucejack deposit) north at least as far as the Snowfield deposit, occur at, or near, a similar stratigraphic level within the Early Jurassic section. Along that trend, intrusive and host stratified rocks below that stratigraphic level are commonly much more altered than the rocks above. This is particularly so near discordant structures (faults) which cut the host rocks and appear to have acted as controls for mineralization and alteration along the trend, but commonly at high angles to it. As has been shown at Brucejack, these faults also appear to have acted as basin-bounding extensional structures during deposition of the Early Jurassic volcanic and associated clastic rocks. In the Sulphurets Camp, these discordant structures may also have been reactivated and locally inverted much later, during contractional deformation associated with development of Skeena fold belt in mid- Cretaceous time. Examples of such inverted structures in the Camp probably include the Sulphurets and Mitchell thrust faults, as well as folds at various scales, including the Valley of Kings syncline along the Brucejack trend, and folds and faults running sub- parallel to the trends of the Sulphurets and Mitchell thrusts.



On the North Mitchell Block direct evidence for the presence of a mineralizing system is restricted to locally pervasive quartz-sericite-pyrite (qsp) alteration at lower stratigraphic levels and locally associated veining that to date has only returned anomalous gold grades. Our mapping, however, has revealed good evidence on the property for the existence of a possible inverted Early Jurassic structure, and this structure is coincident with the most intense alteration. The structure is manifest as a (faulted) mid-Cretaceous fold with a northeasterly trending axial plane across which a gently to moderately northerly-dipping sequence of relatively thin but distinctive volcanic strata on the northwest correlates well with similar but steeply southeasterly-dipping to slightly overturned strata on the east that appear to be part of a much thicker sequence than their correlatives to the west. The change in stratigraphic thickness of coeval strata across this strongly southeast-vergent structure may therefore mark the presence of an inverted syn-depositional Early Jurassic structure. Given its association with common qsp alteration of lower Hazelton Group rocks, and given its general spatial association with both the Brucejack trend and with the northeast trend marked by the Au-rich Cu porphyries at Kerr, Sulphurets, Mitchell, and Iron Cap on Seabridge's property (a trend which includes the emerging Au and Au-Cu systems still farther northeast on Tudor Gold's Treaty Creek property), this conceptual but blind target at North Mitchell is truly compelling.

The Company is considering a number of approaches to help refine targets for drilling at North Mitchell, including further geologic mapping, and a Magnetotelluric or deep-looking IP Survey.

## **Note 2**

### **St. Andrew Goldfield (SIB) - Eskay Project**

Pursuant to an option agreement dated May 7, 2008 with St. Andrew Goldfields Ltd., the Company earned a 70% interest in the SIB Property. Pursuant to an amending option agreement with St. Andrew Goldfields Ltd. dated January 17, 2013, Eskay can earn a further 10% undivided interest in the SIB Property for a total 80% working interest. Eskay had expended an aggregate of \$3.98 million on exploration of the SIB Property and pursuant to the amending agreement between the parties, issued a further 265,000 common shares (issued on January 22, 2013) to St. Andrew Goldfields Ltd. to earn its 80% interest. The Company is required to assume and thereafter satisfy the bonding requirements imposed by the B.C. Ministry of Energy and Mines in respect of the SIB Property, estimated to be a sum of approximately \$60,000. The bond repayment obligation has been satisfied with a promissory note, however the 80% earn-in is subject to the settlement of this promissory note. Upon transfer of the 80% interest in the SIB Property to the Company, the parties will enter into a joint venture for the further exploration, evaluation and development of the SIB Property, if the SIB Property is proven successful.

On November 20, 2013, the Company entered into a second amending option agreement with St. Andrew Goldfields Ltd. Pursuant to the second amending option agreement, the lease payment obligation of \$19,752 and the \$60,000 bond repayment obligation are consolidated into a single fixed term loan due on April 1, 2015, bearing interest of 8% per annum calculated semi-annually from October 1, 2013 until payment. This fixed term loan is governed by a promissory note between Eskay and St. Andrew Goldfields Ltd.

On June 2, 2015, the Company entered into a third amending option agreement with St. Andrew Goldfields Ltd. to extend the due date of the \$79,752 promissory note to April 1, 2016 on the same terms.

On January 26, 2016, Kirkland Lake Gold Inc. ("Kirkland Lake") announced it completed the acquisition of St. Andrew. St. Andrew is now a wholly-owned subsidiary of Kirkland Lake and continues to hold a 20% interest in the SIB Property.

On May 9, 2016, the Company repaid the promissory note together with accrued interest in the amount of \$97,421 and title to an 80% interest in the SIB Property has been transferred into the name of the Company.

On April 26, 2017, the Company announced that it has signed the Agreement with SSR Mining Inc. ("SSR Mining") pursuant to which SSR Mining may acquire up to a 60% undivided interest in part of Eskay's SIB Property, located in northwest British Columbia, Canada. SSR Mining formally abandon the option on January 30, 2019 without earning any interest in the SIB Property.

On July 7, 2017, the Company announced that the diamond drilling at its 4,400 hectare SIB property was underway. That drill campaign was the first part of a three year program in which SSR Mining committed to spend \$3.7 million in the first year.

On July 11, 2018, the Company announced the second part of the three year program in which SSR Mining committed to spend \$4.0 million in the second season. The second part of the drill program is expected to reach 7,000 to 9,000 meters.

SSR Mining was responsible for all deposits with the B.C Ministry of Energy and Mines in order to permit SSR Mining to conduct exploration and evaluation activities on Eskay's SIB Property. As a result, the B.C. Ministry of Energy and Mines refunded \$60,000 to the Company on August 7, 2018. On September 24, 2019, the Company entered into an agreement with SSR Mining and is now obligated to pay the sum of \$70,000 plus interest from January 30, 2019 at the prime rate of the Royal Bank of Canada plus 2% until the date of payment as reimbursement for the cash deposits made by SSR Mining.

The SIB property drilling will target highly prospective precious metals-enriched VMS-style mineralization south along trend from Barrick's Eskay Creek mine, which was the world's richest volcanogenic massive sulphide (VMS) deposit in terms of precious metals grades - it produced 3.3 million ounces of gold and 159 million ounces of silver from 2.18 million tonnes of ore between 1994 and 2008, as previously reported by Barrick Gold Corporation ("Barrick").<sup>(1)</sup> The mineralization and resources previously reported for the Eskay Creek Mine are not necessarily indicative of the mineralization, if any, hosted on the Company's property. The 2017 drill campaign's relatively deep holes (average approximately 900 meters) will target Eskay-style mineralization beneath the Lulu zone, which in previous and generally shallow drilling returned intercepts ranging up to 14.4 g/t gold and 1,060 g/t silver across 14.3 meters, and 10.8 g/t gold and 766 g/t silver across 24.8 meters <sup>(2)(3)</sup>. These high-grade intersections were of stratiform, Eskay-style sulphide-sulphosalt bearing mudstone occurring in close association with Eskay Creek rhyolite. Limited deep drilling by the Company in 2008 and 2010 indicate that similar volcanic and volcano-sedimentary host rocks, including the geochemically distinctive Eskay rhyolite, occur at depth beneath the Lulu zone, in the footwall of the Coulter Creek thrust fault, which truncates the Lulu zone at depth. Results from the Company's deep drilling conducted in 2008 included an intersection of 25.2 meters at a grade of 2.13 g/t gold, 4.0 g/t silver, 0.174% zinc and 0.124% lead <sup>(4)</sup> at 488 meters depth in the footwall to the thrust. The footwall stratigraphy, however, remains incompletely tested along what is a nearly 4 kilometer long trend, and this trend is the primary target of the program.

*Footnotes:*

1. BC Geological Survey MINFILE Database (<http://minfile.gov.bc.ca/Summary.aspx?minfilno=104B++008>).
2. McGuigan, P. J. (2002) *Technical Report on the Eskay Properties of Heritage Explorations Ltd. And Glenfred Holdings Inc.*
3. Rebagliati, C. M. et al (1991) *Diamond Drill Report on the Sib 1-16, 20-39 and Polo 1-13 Claims.*
4. McKinley, S. D. (2008) *2008 Exploration on the Eskay Property.*

Eskay and SSR Mining plan to continue to systematically drill-test the prospective volcanic package beneath the Coulter Creek fault by drilling widely-spaced, deeper holes from surface. This work will be supported by airborne geophysics (currently underway), by down-hole geophysics to help detect proximal mineralization to drillholes, and by lithogeochemical sampling to map the distinctive alteration patterns common to VMS deposits.

On August 2, 2017, the Company announced that drilling at the SIB property is targeting a virtually unexplored part of the property beneath this fault, known as the Coulter Creek Thrust Fault ("CCFT"). The program's objectives are to locate the favorable host volcanic rocks beneath the CCFT, determine their lateral and vertical extent, and test for the presence of classic massive sulphide alteration and precious metal mineralization.

On October 19, 2017, the Company announced the completion of the first year's 9,336 m, 12 hole diamond drill program on its SIB property. As mentioned, the drill program was designed to test for precious metals enriched massive sulphide mineralization and prospective lithologies beneath the CCTF, immediately south-southwest along strike from Barrick's past-producing Eskay Creek mine. The CCTF is a north-south trending, east dipping structure that separates Eskay rhyolite and interbedded sedimentary rocks of the Salmon River Formation to the east, from Bowser Lake Group sedimentary rocks to the west. Ten drill holes targeted CCTF footwall rocks, while two holes targeted a potential northern extension of known mineralization in the CCTF hanging wall (LULU Zone). Holes testing the CCTF footwall were drilled on 100-250 m centers over a strike length of approximately 1 km on a north-south trend. Hanging wall holes were drilled off a single pad approximately 150m to the northeast of the LULU Zone. Bore-Hole-Transient-Electro-Magnetic (BHTEM), IP, magnetic and optical televiwer surveys were performed upon the completion of drill holes.

Preliminary BHTEM interpretation from the program has outlined a number of weak off-hole conductors, all located to the west of the drill holes by 25-100 metres. These are likely hosted by prospective rhyolitic or basaltic rocks of the Salmon River Formation.

All of the 2017 drillholes targeting the CCTF footwall intersected alteration consistent with footwall alteration in a volcanogenic massive sulphide (VMS) setting (variably intense chlorite-sericite alteration); local sulphide-bearing veins were also intersected in a number of holes. Assays from the 2017 drilling were suggestive of the presence of two styles of mineralization: 1) disseminated sulphides hosting anomalous pathfinder elements within carbonaceous mudstone; and 2) polymetallic sulphide veins, locally up to 10 cm thick, consisting of pyrite, pyrrhotite, sphalerite, galena, +/- chalcopyrite and arsenopyrite. The former style occurs in mudstone stratigraphically overlying rocks correlative with the Eskay Creek Mine footwall rhyolite, and it has a similar geochemical signature to mineralization observed along the fringes of stratiform ore bodies at the mine. The polymetallic veins are hosted within the Eskay-type footwall rhyolite. A list of drillhole highlights from the 2017 drill program is given in Table 1.

**Table 1: 2017 Drillhole Highlights**

Hole	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)	Zn (%)	Pb (%)	As (ppm)	Sb (ppm)	Hg (ppm)
EK17-142	891.30	894.30	3.00	0.47	0.5	-	-	61	13	-
EK17-145	622.00	623.00	1.00	0.03	1.0	-	-	1980	241	3.58
EK17-146	221.00	223.00	2.00	0.30	1.5	0.02	-	352	57	-
EK17-147	337.63	339.19	1.56	0.02	0.3	0.04	0.01	972	89	-
EK17-148	132.30	135.30	3.00	0.02	5.2	0.04	-	3040	61	-
EK17-149	321.30	324.30	3.00	0.01	2.8	0.08	-	581	171	1.2
EK17-149	390.38	396.38	6.00	0.01	3.7	0.20	0.04	202	5	N/A
Incl.	395.38	396.38	1.00	0.03	11.6	0.44	0.11	667	7	N/A

N/A – Not analyzed

### **Exploration – focused review of historical data**

In late 2017, the Company also initiated a detailed review of all historical data collected from its extensive land package, which includes occurrences such as Red Lightning. This review, which differs from previous compilations in its more detailed scope, is intended to help focus field-based follow-up that will generate specific drill targets. That fieldwork will build on fieldwork undertaken in 2016 (See October 17, 2016 news release) and will likely consist of geological mapping, prospecting, geochemical sampling and local ground geophysical surveying, with drilling to follow, either later on in the 2018 field season, or in 2019. The compilation was undertaken by geologists Andrew Mitchell, Neil Prowse, and Arron Albano, under the supervision of Charlie Greig of C.J. Greig & Associates Ltd., all of whom are familiar with the area and who were closely involved in the 2017 SIB property exploration program that was funded by SSR Mining.

### **2018 Exploration**

The 2018 work focused on the westernmost part of the Corey property, in a largely unexplored belt adjacent to Garibaldi Resources' E & L nickel discovery (see attached figure). At its southern end, this belt encompasses the Company's Red Lightning prospect, in which drilling has returned up to 0.55% Ni over 10 m from magmatic sulphides hosted by mafic intrusive rocks.

In the same area, a belt of quartz-sericite-pyrite altered volcanic rocks is coincident with an extensive Au-in-soil geochemical anomaly and a number of encouraging broad and locally high- grade drill intercepts (e.g. 99.4 g/t Au over 1.5 m) and chip samples of up to 51.9 g/t gold. This is the partially-explored gold-rich C10-GFJ trend, within which a portion of the trend, bracketed by some of the most encouraging drill and surface sampling results, remains untested.

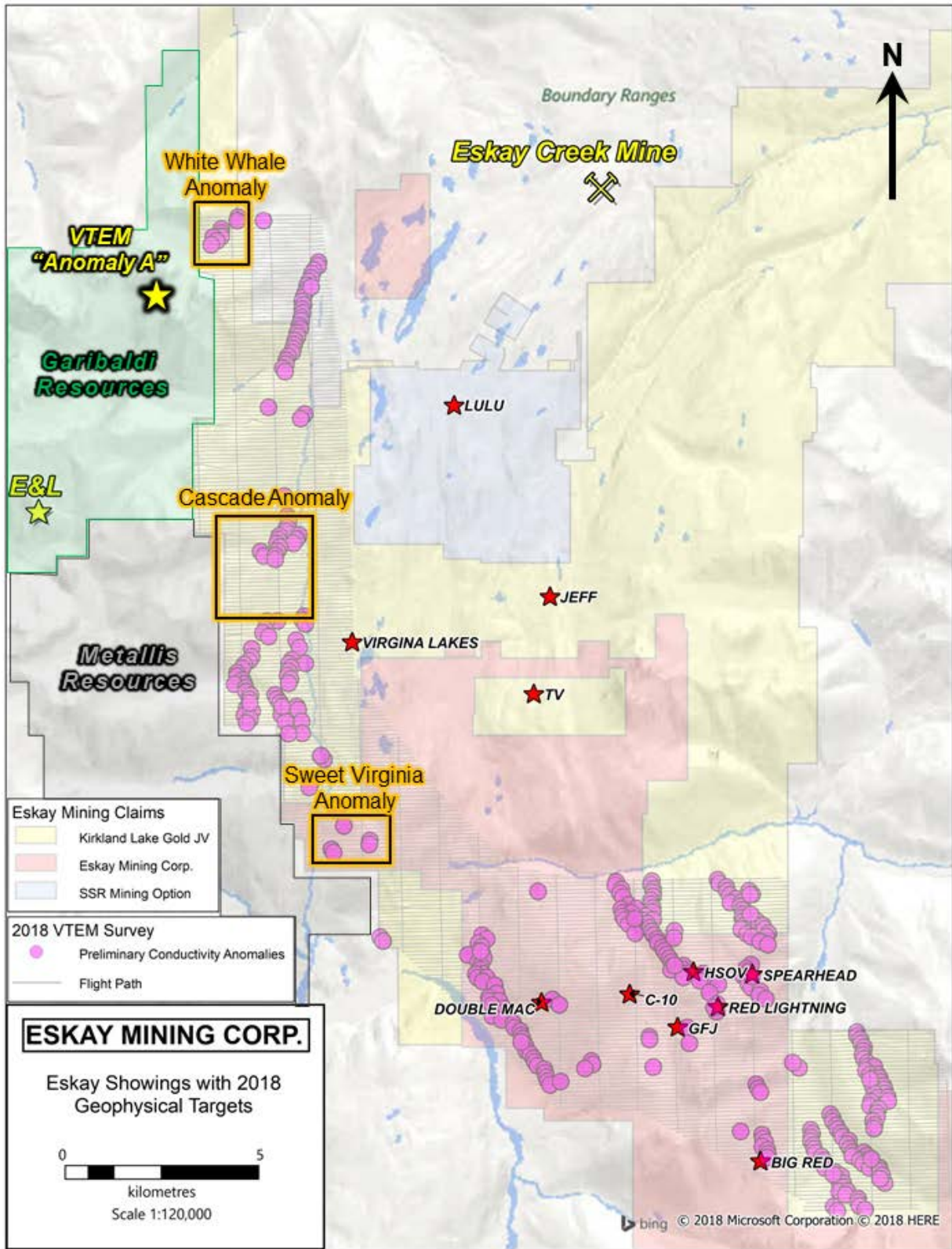
On September 18, 2018, the Company released the results of an extensive (136 km<sup>2</sup>) VTEM survey on its Corey property, along its boundary with properties to the west held by Garibaldi Resources and Metallis Resources as well as Red Lightning Ni-Cu trend in the same area. Three distinct VTEM anomalies deemed worthy of immediate follow-up were identified. The "White Whale anomaly" occurs along strike of Garibaldi Resources' E&L occurrence and VTEM Anomaly A. The "Cascade anomaly" is adjacent to Metallis Resources' Thunder North zone, which is coincident with a series of easterly trending gossans that continue onto the Company's ground. The Sweet Virginia anomaly occurs along the Red Lightning Ni-Cu trend, within the Company's 100% owned ground.

Preliminary fieldwork has been carried out at all VTEM conductors. The area surrounding the White Whale anomaly is steep and partially covered with ice, but samples of talus fines returned highly anomalous Cu

values ranging from 291 to 571 ppm, and a grab sample from an argillite horizon containing disseminated pyrite and chalcopyrite returned 0.55% Cu. Prospecting and stream sediment sampling along creeks draining the Cascade anomaly returned values of up to 351 ppm nickel, and a sample of float collected from a large boulder from within the most consistently anomalous drainage returned 817 ppm copper and 270 ppm Ni. The boulder appears to have fallen from the bluffs above, which could not be accessed from the drainage. Soil geochemical sampling at the Sweet Virginia anomaly outlined a northwest trending geochemical anomaly which yielded gold and silver values ranging up to 182 ppb and 7.4 ppm, respectively, with copper and zinc support.

On December 7, 2018, the Company reported the latest assay results and preliminary interpretations from the 2018 SIB property drill campaign. One highlight is that broad intervals of encouraging Volcanogenic Massive Sulphide (VMS) feeder-style mineralization were intercepted in two holes collared in the hangingwall of the Coulter Creek Thrust Fault (CCTF; figs 1-4). One of the holes, EK18-160, intersected 61.9 g/t gold and 8.9 g/t silver over 1.0 m within a 109.25 m interval grading 0.24 g/t gold, 3.6 g/t silver, 0.15% lead and 0.18% zinc, excluding the above-mentioned high-grade zone. Another hole, EK18-158, located 2.5 km south of EK18-160, cut several zones of gold mineralization, including an 11.93 m interval of elevated precious and base metals that included a 1.0 m interval of 2.81 g/t gold, 2.7 g/t silver, 0.10% lead and 0.11% zinc, and a 73.4 m interval grading 0.34 g/t gold.

Within the footwall of the CCTF, hole EK18-157 intersected sporadic gold mineralization over a 48 m wide zone (not fully sampled) which yielded anomalous gold geochemistry where sampled, and which graded up to 0.61 g/t Au. In this hole, the gold mineralization is hosted within rhyolite that is indistinguishable texturally and geochemically from that at the Eskay Creek mine, only 6 km distant to the north. Also of note is that hole EK18-157 represents the southwestern-most extent of drilling in the CCTF footwall. This suggests to the Company that exploration potential beneath Bowser Lake Group cover rocks in the footwall of the fault does indeed exist in this area, where favourable Eskay Rift stratigraphy remains untested, open to the south, and is well within reach of diamond drills. See Table 1 for drill highlights.



**Table 1: 2018 SIB Property Drilling Highlights**

Hole	Depth From (m)	Depth To (m)	Length (m)	Au g/t	Ag g/t	Zn ppm	Pb ppm
EK18-160	142.40	251.65	109.25	0.80	3.6	1833	1490
<i>including</i>	169.06	170.32	1.26	0.14	49.2	48800	36800
	201.97	203.10	1.13	1.85	20.0	28400	16650
	203.10	204.10	1.00	61.90	8.5	122	89
EK18-158	78.92	90.85	11.93	0.57	1.0	346	157
<i>including</i>	80.92	81.92	1.00	2.81	2.7	1125	1045
EK18-158	425.40	499.00	73.60	0.34	1.0	209	108
EK18-157	614.20	617.20	3.00	0.15	<0.5	90	16
EK18-157	619.20	620.20	1.00	0.61	<0.5	122	19

The 2018 drill campaign, fully funded by SSR Mining was designed to test for precious metals enriched VMS mineralization primarily in the footwall of the CCTF. The 2018 drill program consisted of 11 holes, including extensions of EK17-150 and -151 drilled in 2017 (See Table 2). Drilling reaffirmed our assertion that potential remains in the both hangingwall and footwall of the CCTF, and it expanded our understanding of the geometry of Eskay Creek-equivalent stratigraphy in the CCTF footwall. (See Figure 1). The Company is thankful to SSR Mining for its participation in exploration at SIB, and it looks forward to continuing that exploration by leveraging the knowledge and understanding gained in the programs funded by SSR Mining. Eskay is grateful to be able to maintain its 80 percent ownership share in the property along with minority partner Kirkland Lake Gold.

**Table 2: 2018 Drill Collar Details**

Hole Name	UTM NAD83 Easting	UTM NAD83 Northing	Elevation (m)	Length (m)	Azimuth	Dip
EK18-150X*	407563	6274156	960.98	452.30	100	-80
EK18-153*	408130	6274353	1139.06	592.05	293	-65
EK18-151X*	407420	6274024	954.59	375.00	110	-70
EK18-155*	407190	6274071	1005.70	1037.49	113	-53
EK18-154*	408424	6274903	1143.87	696.30	293	-70
EK18-156*	407545	6270945	795.00	1084.20	100	-75
EK18-157	407065	6273338	970.00	677.20	95	-54
EK18-158	408021	6273462	1103.00	939.55	264	-68
EK18-159*	407065	6273338	970.00	1266.30	95	-88
EK18-160	409232	6275687	1173.00	939.00	305	-54
EK18-161*	407065	6273338	970.00	1068.30	95	-70

\*No significant results to report

#### **DETAILS OF DRILLING: HANGINGWALL OF THE COULTER CREEK THRUST FAULT**

Four holes were collared and drilled east to west in the hangingwall block of the CCTF (Figure 1). Two of the holes (EK18-158 and EK18-160), located 2.5 km apart, intersected broad zones of semi-massive pyrite, chalcopyrite, galena and sphalerite veins within silicified volcanic rocks of the Betty Creek formation (See Figures 2 and 3 for cross-sections, and Table 1 above for results).

EK18-160, in the Northern SIB enclave block, returned the highest gold grades of discordant, VMS "feeder-style" mineralization ever drilled on the SIB property. Areas up-stratigraphy have been explored by wide-spaced shallow drilling but remain untested for up to 200 m up-dip, and for approximately 850 m along strike (total length of the enclave claim block); this represents an area that is open for further exploration drilling.

EK18-158 encountered several broad zones of anomalous gold mineralization in the hangingwall of the CCTF, including a 73.6 m wide intercept within silicified intermediate to felsic volcanic rocks that returned 0.34 g/t gold. EK08-134, located about 150 m north of EK18-158, encountered similar alteration and mineralization at the same stratigraphic level and returned 2.19 g/t gold over 20.20 m. We interpret these mineralized zones to represent VMS feeder systems, which remain largely untested in areas up-stratigraphy and along strike; it represents another highly prospective target.

#### **DETAILS OF DRILLING: FOOTWALL OF THE COULTER CREEK THRUST FAULT—A NEW GEOLOGIC INTERPRETATION YIELDING EXCITING DRILL TARGETS IN ESKAY-EQUIVALENT SALMON RIVER FORMATION STRATIGRAPHY**

Six drill holes were collared in the footwall of the CCTF in 2018, and similar to the 10 holes drilled in the same area in the 2017 SIB program, typically drilled blind through as much as 450 meters of Bowser Lake Group cover rocks. In the geology beneath the cover, the holes revealed complex relationships among basaltic pillowed flows and rhyolite flows and flow-domes of the Salmon River formation. These relationships are in part manifest as abrupt along-strike thickness changes (e.g., cross-section shown in Figure 4) that are interpreted to represent significant syn-volcanic tectonism coincident with active subsea volcanism. Such apparently active extensional faulting and microbasin development in a sea-floor environment is considered essential to the formation and preservation of massive sulfide deposits. This is particularly significant given that the host rocks are essentially indistinguishable geochemically and lithologically from the distinctive rocks which host the orebodies at the Eskay Creek mine. Importantly, given our new understanding of the geology, the steeply easterly dipping lithological contact between basalt and rhyolite, which hosts the orebodies at the Eskay Creek deposit, remains untested to the south.

The southernmost hole drilled during the 2018 SIB program (EK18-157) intersected a 48 m wide zone (between 614.2 and 662.2 m) of intermittent intervals containing elevated gold within silicified tuffaceous and flow-banded rhyolite. It is the Company's view that significant exploration potential remains in the CCTF footwall, particularly southward from the area drilled in 2017 and 2018, from which it is now inferred that the prospective rhyolite package appears to be thickening. The favourable Eskay stratigraphy remains open and untested to the south, well within reach of diamond drilling.

In summary, the 2018 drilling season at SIB was a success. It confirmed that the highly prospective conceptual stratigraphic target existed within the footwall of the CCTF, was reachable with the diamond drill and was mineralized. In addition, in discovering new gold mineralization within the hangingwall of the CCTF, the Company has shown that even the northern part of the SIB property retains its excellent exploration potential.



### **2019 Exploration**

No exploration was undertaken by the Company in 2019.

### **2020 Exploration Plans**

The Company is preparing a comprehensive geophysical survey program for the 2020 exploration season, in conjunction with geological mapping, stream sediment sampling, and historical drill core re-logging, and sampling.

A Magnetotelluric survey is planned over the SIB and North Mitchell Blocks, to identify the depth and location of prospective target horizons, and mineralized zones.

Induced Polarization (IP) Surveys are planned over the TV-Jeff Zones, and the C10-Tet-GFJ Showings. The C10 Area survey will expand upon a smaller 2010 survey that was successful in identifying several as yet untested chargeability anomalies.

An airborne electromagnetic survey using the SkyTEM Heliborne System is planned over the Northern Corey Property, to compliment and complete the similar 2018 VTEM Survey over the Red Lightning-Harrymel area.

A detailed re-logging and sampling program is planned for 2020, focusing on historical drilling from 2002-2010, on core located at the companies Sulphurets Creek Camp. This will compliment the ongoing geological re-interpretation of the Companies historical data, with the aim of providing more efficient and successful exploration strategies moving forward. This re-log effort will coincide with geological mapping over the historically drilled areas.

A regional stream sediment sampling program, using a Bulk Leach Extractable Gold (BLEG) analytical method is planned, to identify new target areas, and to confirm historically reported Au values with otherwise poorly detailed sampling information.

### **Deposits and Exploration Advances**

As at February 29, 2020, the Company had \$72,870 (February 28, 2019 - \$72,870) of deposits and exploration advances held by the provincial government of British Columbia. Such deposits were required by the B.C Ministry of Energy and Mines in order to permit the Company to conduct exploration and evaluation activities in that province.

### Selected Annual Financial Information

	Year ended February 29, 2020 (\$)	Year ended February 28, 2019 (\$)	Year ended February 28, 2018 (\$)
Revenue	nil	nil	nil
Net loss	(1,304,786)	(693,671)	(937,493)
Net loss per share – basic and diluted	(0.01)	(0.01)	(0.01)
	As at February 29, 2020 (\$)	As at February 28, 2019 (\$)	As at February 28, 2018 (\$)
Total assets	278,566	159,620	320,061
Total long-term liabilities	223,496	221,334	219,247

### Summary of Quarterly Results

Three Months Ended	Profit and Loss		Total Assets (\$)
	Total (\$)	Basic and Diluted Loss Per Share <sup>(9)</sup> <sup>(10)</sup> (\$)	
2020-February 29	(548,117) <sup>(1)</sup>	(0.00)	278,566
2019-November 30	(376,858) <sup>(2)</sup>	(0.00)	269,883
2019-August 31	(134,990) <sup>(3)</sup>	(0.00)	190,356
2019-May 31	(244,821) <sup>(4)</sup>	(0.00)	130,640
2019-February 28	(96,036) <sup>(5)</sup>	(0.00)	159,620
2018-November 30	(52,242) <sup>(6)</sup>	(0.00)	202,124
2018-August 31	(185,247) <sup>(7)</sup>	(0.00)	255,499
2018-May 31	(360,146) <sup>(8)</sup>	(0.00)	561,961

(1) Net loss of \$548,117 consisted primarily of: exploration and evaluation expenditures of \$231,091; professional fees of \$32,693, office and general of \$110,118; share-based payments of \$207,066 and management and consulting fees of \$49,110 offset by deferred tax recovery of \$28,619. All other expenses related to general working capital purposes.

(2) Net loss of \$376,858 consisted primarily of: exploration and evaluation expenditure of \$11,583; professional fees of \$42,103; office and general of \$55,522; share-based payments of \$140,000 and management and consulting fees of \$49,110. All other expenses related to general working capital purposes.

(3) Net loss of \$134,990 consisted primarily of: exploration and evaluation expenditures of \$540; professional fees of \$14,354 and management and consulting fees of \$116,610 offset by office and general of \$238. All other expenses related to general working capital purposes.

(4) Net loss of \$244,821 consisted primarily of: exploration and evaluation expenditures of \$3,316; professional fees of \$19,556; office and general of \$2,456; share-based payments of \$177,500 and management and consulting fees of \$41,610. All other expenses related to general working capital purposes.

- (5) Net loss of \$96,036 consisted primarily of: exploration and evaluation expenditures of \$8,381; professional fees of \$30,603 and management and consulting fees of \$47,220 offset by deferred tax recovery of \$1,310. All other expenses related to general working capital purposes.
- (6) Net loss of \$52,242 consisted primarily of: professional fees of \$33,253; office and general of \$15,271 and management and consulting fees of \$36,000 offset by exploration and evaluation expenditure recovery of \$44,190. All other expenses related to general working capital purposes.
- (7) Net loss of \$185,247 consisted primarily of: exploration and evaluation expenditures of \$55,816; professional fees of \$25,877; share-based payments of \$41,640 and management and consulting fees of \$41,610 offset by deferred tax recovery of \$8,333. All other expenses related to general working capital purposes.
- (8) Net loss of \$360,146 consisted primarily of: exploration and evaluation expenditures of \$269,513; professional fees of \$23,346; office and general of \$18,923 and management and consulting fees of \$41,610. All other expenses related to general working capital purposes.
- (9) Basic and diluted.
- (10) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

## **Discussion of Operations**

### *Year Ended February 29, 2020, Compared with Year Ended February 28, 2019*

Eskay's net loss totaled \$1,304,786 for the year ended February 29, 2020, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$693,671 with basic and diluted loss per share of \$0.01 for the year ended February 28, 2019. The difference of \$ 611,115 was principally because:

- There was an increase in share-based payments of \$482,605 for the year ended February 29, 2020, compared to the year ended February 28, 2019. During the year ended February 29, 2020, the Company granted 6,000,000 options compared to 200,000 options granted in the prior period. Share-based payments will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.
- The Company incurred a decrease in exploration and evaluation expenditures of \$42,990 for the year ended February 29, 2020, compared to the year ended February 28, 2019. These expenditures were lower due to decreased work on the Corey Mineral Claims. See heading "Mineral Property Interests" above.
- During the year ended February 29, 2020, the Company recorded a deferred income tax recovery of \$28,619 compared to \$10,581 the year ended February 28, 2019. The Company has a policy whereby proceeds from flow-through issuances are allocated between the offering of shares and the sale of tax benefits based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference and is extinguished by crediting deferred income tax recovery on a pro-rata basis as the expenditures are made.
- All other expenses related to general working capital purposes.

*Three Months Ended February 29, 2020, Compared with Three Months Ended February 28, 2019*

Eskay's net loss totaled \$548,117, for the three months ended February 29, 2020, with basic and diluted loss per share of \$0.00. This compares with a net loss of \$96,036 with basic and diluted loss per share of \$0.00 for the three months ended February 28, 2019. The difference of \$452,081 was principally because:

- The Company incurred an increase in share-based payments of \$207,066 for the three months ended February 29, 2020, compared to the three months ended February 28, 2019, due to 1,850,000 stock options issued in the current period while nil options were issued in the comparative period. Share-based payments will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.
- The Company incurred an increase in exploration and evaluation expenditures of \$222,710 for the three months ended February 29, 2020, compared to the three months ended February 28, 2019. These expenditures were lower due to decreased work on the Corey Mineral Claims. See heading "Mineral Property Interests" above.
- During the three months ended February 29, 2020, management and consulting fees increased by \$1,890 compared to the three months ended February 28, 2019 due to cost saving initiatives implemented to conserve on cash.
- All other expenses related to general working capital purposes.

### **Cash Flow**

At February 29, 2020, the Company had cash of \$177,307 compared to \$60,693 at February 28, 2019. The increase in cash of \$116,614 from the February 28, 2019 cash balance of \$60,693 was as a result of cash outflow in operating activities of \$418,386 offset by cash inflows from financing activities and investing activities of \$535,000 and \$nil, respectively.

Operating activities were affected by adjustments for share-based payments of \$524,566, accretion of \$2,162 and flow-through share liability recovery of \$28,619 and net change in non-cash working capital balances of \$388,291 because of an increase in amounts receivable of \$8,745, a decrease in prepaid expenses of \$6,413, an increase in accounts payable and accrued liabilities of \$230,503 and an increase in amounts due to related parties of \$160,120.

Financing activities provided cash of \$535,000 from the proceeds from private placements which closed in January 2020 in the amount of \$442,000 and from the exercise of options in the amount of \$93,000.

### **Liquidity and Financial Position**

The activities of the Company, principally the acquisition, exploration and evaluation of mineral properties, are financed through equity offerings and the exercise of warrants or options. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The Company has no operating revenues and therefore must utilize its current cash reserves and other financing transactions to maintain its capacity to meet ongoing discretionary and committed exploration and operating activities.

At February 29, 2020, the Company had a working capital deficiency of \$497,021 (February 28, 2019 – \$343,963).

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As at February 29, 2020, the Company has no debt. Its credit and interest rate risk is minimal and amounts payable and other liabilities are short term and non-interest bearing.

The Company has traditionally supplemented equity financing from time to time by obtaining loans from related parties. These are used to provide interim, short-term financing to meet day-to-day cash flow needs on occasion and are not intended to be a long-term source of capital.

The Company's use of cash at present occurs, and in the future will occur, principally in two areas, namely, funding of its general and administrative expenditures and funding of its investment activities. Those investing activities include the cash components of the cost of acquiring and exploring its mineral claims. For fiscal 2021, the Company's expected operating expenses are estimated to be \$20,000 to \$30,000 per month for recurring operating costs. The Company will continue to evaluate its exploration projects and is currently estimating a \$2 million budget for its projects.

The Company is not anticipated to have sufficient cash to fund its operating expenses and exploring its mineral claims for the twelve months ended February 28, 2021. The Company will have to raise additional equity capital for fiscal 2021 in amounts sufficient to fund both exploration work and working capital requirements. The major variables are expected to be the size, timing and results of the Company's exploration program and its ability to continue to access capital to fund its ongoing operations.

### **Related Party Transactions**

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Eskay was a party to the following transactions with related parties:

	<b>Year Ended February 29, 2020 \$</b>	<b>Year Ended February 28, 2019 \$</b>
<b>Management and Consulting Fees</b>		
Robert Myhill	45,000	Nil
Gordon McMehen	45,000	Nil
Hugh M. Balkam <sup>(1)</sup>	36,000	36,000
Balkam Partners Ltd. <sup>(2)</sup>	108,000	108,000
Marrelli Support Services Inc. <sup>(3)</sup>	22,440	22,440
<b>Total</b>	<b>256,440</b>	<b>166,440</b>

	<b>Year Ended February 29, 2020 \$</b>	<b>Year Ended February 28, 2019 \$</b>
<b>Professional Fees</b>		
Marrelli Support Services Inc. <sup>(4)</sup>	29,072	27,141
<b>Total</b>	<b>29,072</b>	<b>27,141</b>

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- (1) Fees for performing the function of Chief Executive Officer.
- (2) Management fees charged by Balkam Partners Ltd., a company controlled by Hugh M. Balkam, an officer of the Company. As at February 29, 2020, Balkam Partners Ltd. and Hugh M. Balkam were owed \$362,132, (February 28, 2019 - \$276,340) and these amounts were included in amounts due to related parties.
- (3) Fees for performing the function of Chief Financial Officer ("CFO") charged by Marrelli Support Services Inc., a company controlled by Carmelo Marrelli, CFO of the Company.
- (4) Professional fees charged by Marrelli Support Services Inc., a company controlled by Carmelo Marrelli, CFO of the Company. As at February 29, 2020, the Company owed Marrelli Support Services Inc. \$24,915 (February 28, 2019 - \$13,330).
- (5) During the year ended February 29, 2020, the Company received an advance of \$125,000 from an officer of the Company to assist with short-term cash flow needs. During the year ended February 29, 2020, the Company repaid the advance of \$125,000 to this officer. As at February 29, 2020, the Company owed this officer \$31,782 (February 28, 2019 - \$31,782) which pertained to interest accrued on a loan advanced to the Company during the year ended February 29, 2012.
- (6) As at February 29, 2020, the Company owed certain officers, directors and parties related to officers and directors \$458,407 (February 28, 2019 - \$289,670), excluding interest disclosed in (5) above, in relation to the transactions described above. These balances are unsecured, non-interest bearing and due on demand.
- (7) During the year ended February 29, 2020, the Company paid professional fees and disbursements of \$62,186 (year ended February 28, 2019 - \$33,248) to Gardiner Roberts LLP ("Gardiner"), a law firm of which William R. Johnstone, Corporate Secretary of the Company, is a partner. These services were incurred in the normal course of operations for general corporate matters. As at February 29, 2020, Gardiner is owed \$13,257 (February 28, 2019 - \$8,615) and this amount is included in amounts due to related parties.
- (8) During the year ended February 29, 2020, 1,200,000 stock options were exercised by directors and consultants for common shares of the Company for gross proceeds of \$93,000. The options were exercised for the following prices: (i) 600,000 common shares of the Company at \$0.075 per share; and (ii) 600,000 common shares of the Company at \$0.08 per share.

To the knowledge of the Company, as at February 29, 2020, Hugh Balkam owns 14,053,216 common shares of the Company carrying more 11.88% of the voting rights attached to all common shares of the Company. As at February 29, 2020, directors and officers of the Company control an aggregate of 21,910,920 common shares of the Company or approximately 18.52% of the shares outstanding.

The Company is currently not aware of any arrangements that may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

## **Other liabilities**

During the year ended February 28, 2017, the Company transferred \$161,105 of accounts payable (the "Statute-barred Claims") to non-current liabilities on the basis that any claims in respect of the Statute-barred Claims were statute-barred under the Limitations Act (Ontario). The Statute-barred Claims related to expenses billed by and third-party liabilities incurred by prior management of the Company prior to October 2010. However, for accounting purposes under IFRS, a debt can only be removed from the Company's Statement of Financial Position when it is extinguished meaning only when the contract is discharged or canceled or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation, but it does not formally extinguish the debt for accounting purposes. It is the position of management of the Company that the Statute-barred Claims cannot be enforced by the creditors, do not create any obligation for the Company to pay out any cash and do not affect the financial or working capital position of the Company. The Statute-barred Claims are required to be reflected on the Company's Statement of Financial Position as a result of the current interpretation of IFRS, but they are classified as long-term liabilities since the Company has no intention or obligation to pay these Statute-barred Claims and the creditors cannot enforce payment of the Statute-barred Claims. While inclusion of these items is intended solely to comply with the requirements of IFRS, the Company in no way acknowledges any of the Statute-barred Claims.

## **Financial Instruments**

The Company's financial instruments consist of:

<b>Description</b>	<b>February 29, 2020 \$</b>	<b>February 28, 2019 \$</b>
Cash	177,307	60,693
Amounts receivable	19,115	10,370
Amounts payable and other liabilities	212,530	72,027
Amounts due to related parties	490,187	330,067
Other liabilities	161,105	161,105

The primary goals of the Company's financial risk management policies are to ensure that the outcome of activities involving elements of risk is consistent with the Company's objectives and risk tolerance, while maintaining an appropriate risk/reward balance and protecting the Company's statement of financial position from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through: identifying risk appropriately, aligning risk with overall business strategy, diversifying risk, pricing appropriately for risk, mitigation through preventive controls, and transferring risk to third parties.

The long-term corporate objective and strategic plan remain unchanged. However, the short-term objective and plan continue to be modified to reflect global economic, financial and general market conditions, which will inevitably have an impact on the overall risk assessment of the Company. Such modifications include streamlining operational costs and preserving cash to the extent possible.

The Company's risk exposures and the impact on its financial instruments are summarized below:

### **Financial risk**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest risk rate, foreign currency risk and commodity and equity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee and Board of Directors. There have been no changes in the risks, objectives, policies and procedures of the Company during the years ended February 29, 2020 and February 28, 2019.

#### *(i) Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Cash is held with select major Canadian chartered banks, from which management believes the risk of loss to be minimal. Amounts receivable consist of sales taxes receivable from government authorities in Canada and other receivables. Management believes that the credit risk concentration with respect to amounts receivable is minimal.

#### *(ii) Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at February 29, 2020, the Company had cash of \$177,307 (February 28, 2019 - \$60,693) to settle current liabilities of \$702,717 (February 28, 2019 - \$430,713). All of the Company's current financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company's ability to continually meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

#### *(iii) Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

##### *(a) Interest rate risk*

The Company's overall exposure to the risk of changes in market interest rates relates primarily to its bank current account balances. At prevailing market interest rates, the impact on interest income is minimal.

##### *(b) Foreign currency risk*

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.



(c) Commodity and equity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as they relate to valuable minerals to determine the appropriate course of action to be taken by the Company.

Based on management's knowledge and experience of the financial markets, the Company does not believe it was exposed to any material movements in the underlying market risk variables during the year ended February 29, 2020.

### **Sensitivity analysis**

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

- (i) Cash is subject to floating interest rates. The Company has no variable interest bearing debt and receives low interest rates on its cash balances. As such, the Company does not have significant interest rate risk.
- (ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

### **Capital Management**

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook for the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Company's ability to continue to carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

The Company considers its capital to be deficiency, which comprises share capital, reserves and accumulated deficit, which at February 29, 2020, totaled a deficiency of \$647,647 (February 28, 2019 - deficiency of \$492,427).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral exploration properties. Selected information is provided to the Board of Directors of the Company.

The Company's capital management objectives, policies and processes have remained unchanged during the year ended February 29, 2020. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of February 29,

2020, the Company is not compliant with Policy 2.5. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

### **Environmental Contingency**

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

### **Commitments**

#### Management contract

The Company is party to management contracts that require additional payments of up to \$144,000 to be made upon the occurrence of certain events such as termination for any reason, other than for just cause. The Company is also party to management contracts that require additional payments of up to \$816,000 to be made upon the occurrence of certain events such as a change of control. As the triggering event has not occurred, the contingent payments have not been reflected in these financial statements.

### **Share Capital**

As of the date of this MD&A, the Company had 132,395,091 issued and outstanding common shares, 10,858,471 warrants and 12,600,000 stock options outstanding. Therefore, the Company had 155,853,562 common shares on a fully diluted basis.

### **Proposed Transactions**

There are no proposed transactions of a material nature being considered by the Company at the date of this MD&A. However, the Company continues to evaluate properties and corporate opportunities to advance its exploration, development and objectives.

### **Risks and Uncertainties**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Only investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment should undertake such investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. The Company's financial condition, results of operations and businesses are subject to certain risks, certain of which are described below (and elsewhere in this MD&A):

### ***Additional Funding Requirements***

The Company is reliant upon additional equity financing in order to continue its business and operations, because it is in the business of mineral exploration and at present does not derive any income from its mineral assets. There is no guarantee that future sources of funding will be available to the Company. If the Company is not able to raise additional equity funding in the future, it will be unable to carry out its business.

### ***Commodity Price Volatility***

The price of various commodities that the Company is exploring for can fluctuate drastically, and is beyond the Company's control. The Company is specifically concerned with the prices of precious and base metals and other minerals. While the Company would benefit from an increase in the value of precious and base metals and other minerals, a decrease in the value of precious and base metals and other minerals could also adversely affect it.

### ***Title to Mineral Properties***

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed or impugned. Although the Company has investigated its title to the mineral properties for which it holds an option or concessions or mineral leases or licences, there can be no assurance that the Company has valid title to such mineral properties or that its title thereto will not be challenged or impugned. For example, mineral properties sometimes contain claims or transfer histories that examiners cannot verify; and transfers under foreign law often are complex. The Company does not carry title insurance with respect to its mineral properties. A successful claim that the Company does not have title to a mineral property could cause the Company to lose its rights to mine that property, perhaps without compensation for its prior expenditures relating to the property.

### ***Mineral Exploration***

Mineral exploration involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of some properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining, or to upgrade existing infrastructure. There can be no assurance that the funds required to exploit any mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The economics of exploiting mineral reserves and resources discovered by the Company are affected by many factors, many outside the control of the Company, including the cost of operations, variations in the grade of ore mined and metals recovered, price fluctuations in the metal markets, costs of processing equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. There can be no assurance that the Company's mineral exploration and exploitation activities will be successful.

### ***Country Risk***

The Company could be at risk regarding any political developments in the country in which it operates. At present the Company is only active in Canada.

### ***Uninsurable Risks***

Mineral exploration activities involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could negatively affect the Company's profitability and financial position and the value of its common shares. The Company does not maintain insurance against environmental risks.

### ***Environmental Regulation and Liability***

The Company's activities are subject to laws and regulations controlling not only mineral exploration and exploitation activities themselves but also the possible effects of such activities upon the environment.

Environmental legislation may change and make the mining and processing of ore uneconomic or result in significant environmental or reclamation costs. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral exploitation activities, such as seepage from tailings disposal areas that could result in environmental pollution. A breach of environmental legislation may result in the imposition of fines and penalties or the suspension or closure of operations. In addition, certain types of operations require the submission of environmental impact statements and approval thereof by government authorities.

Environmental legislation is evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors, officers and employees. Permits from a variety of regulatory authorities are required for many aspects of mineral exploitation activities, including closure and reclamation. Future environmental legislation could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of closure and reclamation plans, the Company must comply with standards and laws and regulations that may entail costs and delays, depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. The Company does not maintain environmental liability insurance.

### ***Regulations and Permits***

The Company's activities are subject to a wide variety of laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, protection of historic and archaeological sites, mine development and protection of endangered and protected species and other matters. The Company is required to have a wide variety of permits from governmental and regulatory authorities to carry out its activities. These permits relate to virtually every aspect of the Company's exploration and exploitation activities. Changes in these laws and regulations or changes in their enforcement or interpretation could result in changes in legal requirements or in the terms of the Company's permits that could have a significant adverse impact on the Company's existing or future operations or projects. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Company will be able to obtain the necessary permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

### ***Potential Dilution***

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional options and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

### ***Management***

The success of the Company is currently largely dependent on the performance of its management. Shareholders will be relying on the good faith, experience and judgment of the Company's management and advisers in supervising and providing for the effective management of the business of the Company. The loss of the services of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its management or other qualified personnel required to operate its business. Failure to do so could have a materially adverse effect on the Company and its prospects.

Additionally, directors and officers of the Company may also serve as directors and/or officers of other public companies from time to time.

Consequently, such directors and officers will be dividing their time between their duties to the Company and their duties to their other reporting issuers.

The Company has not purchased management insurance, nor has it entered into non-competition and nondisclosure agreements with management and has no current plans to do so.

### ***COVID-19***

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global gold prices;
- Demand for gold and the ability to explore for gold;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Availability of government supplies, such as water and electricity;
- Purchasing power of the Canadian and United States dollars; and
- Ability to obtain funding

### ***Disclosure of Internal Controls***

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements, and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and

procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Recent Accounting Pronouncements**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2020. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

### **Adopted Accounting Policies**

The Company adopted IFRS 16, which replaced IAS 17, Leases. IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases, with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease; sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods; changes the accounting for sale and leaseback arrangements; and introduces new disclosure requirements.

The Company adopted IFRS 16 on March 1, 2019 using the modified retrospective approach without restatement of comparative amounts, electing to measure the right-of-use asset at an amount equal to the lease liability. The modified retrospective approach offers the option, on a lease by lease basis, to either measure the right-of-use asset retrospectively using the discount rate as at the date of initial application or to measure the right-of-use asset at an amount equal to the lease liability. An assessment was made and there was no impact to the Company's financial statements as at March 1, 2019.

### **Subsequent event**

(i) Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods.

(ii) On May 15, 2020, the Company announced the extension of 1,282,000 warrants currently exercisable until June 1, 2020 (as to 1,082,000) and June 7, 2020 (as to 200,000) at \$0.40 per share, issued pursuant to the private placement financing which closed in June of 2018, for further year until June 1, 2021 and June 7, 2021 respectively. There has been no change to the warrant event that the closed price of the common shares of the Company on the TSX Venture Exchange is at least \$0.60 for ten (10) consecutive trading days, the warrants will expire if unexercised by the date which is thirty (30) days from the final trading day. The extension is subject to TSXV approval.

(iii) On May 22, 2020, the Company commenced a private placement offering of up to 5,900,000 flow-through units ("FT Units") of the Company at a price of \$0.255 per FT Units for up to \$1,504,500 and up to 3,000,000 working capital units ("WC Unit") at a price of \$0.17 per WC Unit for up to \$510,000 to fund its 2020 exploration.

(iv) On June 4, 2020, the Company had closed the first tranche of its non-brokered private placement with the sale of 1,000,000 FT Units of the Company at a price of \$0.255 per FT Units for \$255,000 and 550,000 WC Unit at a price of \$0.17 per WC Unit for \$93,500. A finder was paid a cash fee of \$1,275. The Company also announced that it plans to increase its flow-through offering by a further 2,050,000 FT Units to up to 8,950,000 FT Units of the Company at a price of \$0.255 per FT Unit for up to \$2,282,250 to fund its 2020 exploration.

(v) On June 22, 2020, the Company had closed the final tranche of its non-brokered private placement with the sale of 7,950,000 FT Units of the Company at a price of \$0.255 per FT Units for \$2,027,250 and 2,452,941 WC Unit at a price of \$0.17 per WC Unit for \$417,000. The Company raised an aggregate of \$2,282,250 in flow-through funds and \$510,500 in working capital funds pursuant to the Offering. Proceeds from the Offering will be used to fund the Company's 2020 exploration program and for general working capital.

(vi) On June 22, 2020, the Company announced the commencement of the 2020 exploration program. The program is designed to cover a broader extent of the Company's 526 square kilometer property in the heart of British Columbia's "Golden Triangle" and encompass a collection of fundamental geophysical targets and generate new, high quality drill targets.

(vii) On June 23, 2020, the Company entered into an agreement to settle a debt of \$80,400 owed to Balkam Partners Ltd., a company controlled by the President and CEO of the Company, Hugh (Mac) Balkam, for management fees, and a debt of \$281,782 owed to Mac Balkam for management fees, as to \$250,000, and accrued interest on funds loaned to the Company by Mac Balkam, as to \$31,782, for an aggregate of \$362,122 of debt to be settled in consideration for the issuance of 2,130,129 common shares of the Company at a price of \$0.17 per share.

(vii) On June 24, 2020, the Company announced the grant of an aggregate of 1,500,000 stock options to directors and consultants of the Company. The stock options are exercisable at \$0.24 per share for five years.

### **Additional Disclosure for Venture Issuers without Significant Revenue**

A summary of general and administrative expenses for the periods set forth below is as follows:

<b>Detail</b>	<b>Year Ended February 29, 2020 \$</b>	<b>Year Ended February 28, 2019 \$</b>
Professional fees	108,706	113,079
Reporting issuer costs	25,257	26,937
Office and general	167,858	46,840
Advertising and promotion	nil	18,671
Management and consulting fees	256,440	166,440
Interest and bank charges	4,195	809
Share-based payments	524,566	41,961
<b>Total</b>	<b>1,087,022</b>	<b>414,737</b>

### **Project Expenditures**

The following table sets forth a breakdown of material components of exploration expenditures incurred:

<b>Exploration and evaluation expenditures -</b>	<b>Year Ended February 29, 2020 \$</b>	<b>Year Ended February 28, 2019 \$</b>
<b>St. Andrew Goldfield (SIB) – Eskay Project</b>		
Surveying, sampling and analysis	3,271	4,291
Geological and consulting	39,024	1,563
Accretion	2,162	2,087
Other	71,100	5,448
Transportation	4,267	8,114
	<b>119,824</b>	<b>21,503</b>
<b>Corey Mineral Claims</b>		
Surveying, sampling and analysis	3,271	244,778
Geological and consulting	22,315	30,750
Camping procurement and expediting	nil	33,000
Transportation	5,783	8,550
Other	95,337	525
	<b>126,706</b>	<b>317,603</b>
<b>Recovery from option partner</b>	nil	(49,586)
<b>Total exploration and evaluation expenditures</b>	<b>246,530</b>	<b>289,520</b>