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**ESKAY MINING CORP.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**THREE AND SIX MONTHS ENDED**  
**AUGUST 31, 2021 AND 2020**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

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**Notice to Reader**

The accompanying unaudited condensed interim financial statements of Eskay Mining Corp. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

# Eskay Mining Corp.

## Condensed Interim Statements of Financial Position (Expressed in Canadian Dollars) (Unaudited)

	As at August 31, 2021	As at February 28, 2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 7,150,474	\$ 14,473,006
Amounts receivable (note 6)	368,100	105,908
Prepaid expenses and other deposits (note 3)	467,897	884,462
Investment (note 10)	8,533,328	-
<b>Total current assets</b>	<b>16,519,799</b>	<b>15,463,376</b>
<b>Non-current assets</b>		
Deposits and exploration advances (note 4)	72,870	72,870
Equipment (note 5)	71,045	78,939
<b>Total assets</b>	<b>\$ 16,663,714</b>	<b>\$ 15,615,185</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Amounts payable and other liabilities (notes 8)	\$ 1,644,080	\$ 792,010
Amounts due to related parties (note 16)	11,921	106,845
Flow-through share liability (note 9)	1,402,120	4,017,837
<b>Total current liabilities</b>	<b>3,058,121</b>	<b>4,916,692</b>
<b>Non-current liabilities</b>		
Provision for reclamation (note 7)	65,470	64,633
<b>Total liabilities</b>	<b>3,123,591</b>	<b>4,981,325</b>
<b>Shareholders' equity</b>		
Share capital (note 11)	94,964,000	82,905,744
Reserves	11,598,810	11,413,593
Accumulated deficit	(93,022,687)	(83,685,477)
<b>Total shareholders' equity</b>	<b>13,540,123</b>	<b>10,633,860</b>
<b>Total shareholders' equity and liabilities</b>	<b>\$ 16,663,714</b>	<b>\$ 15,615,185</b>

Nature of operations and going concern (note 1)  
Commitments and contingencies (note 17)  
Subsequent events (note 19)

### Approved on behalf of the Board of Directors:

"Hugh M. (Mac) Balkam", Director

"J. Gordon McMehen", Director

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

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**Eskay Mining Corp.****Condensed Interim Statements of Loss and Comprehensive Loss****(Expressed in Canadian dollars)****(Unaudited)**

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	Three Months Ended August 31,		Six Months Ended August 31,	
	2021	2020	2021	2020
<b>Operating expenses</b>				
Exploration and evaluation expenditures (note 4)	\$ 7,154,143	\$ 2,051,559	\$ 8,654,751	\$ 2,363,209
General and administrative (note 15)	528,318	638,783	1,057,504	723,165
<b>Total operating expenses</b>	<b>(7,682,461)</b>	<b>(2,690,342)</b>	<b>(9,712,255)</b>	<b>(3,086,374)</b>
<b>Other items</b>				
Interest income	6,507	512	15,895	261
Amortization (note 5)	(3,947)	-	(7,894)	-
Flow-through share liability recovery (note 9)	2,217,076	652,041	2,615,717	652,041
Warrant modification expense (note 13)	-	(161,704)	-	(161,704)
Fair value adjustment on investment (note 10)	(2,088,388)	-	(2,248,673)	-
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (7,551,213)</b>	<b>\$ (2,199,493)</b>	<b>\$ (9,337,210)</b>	<b>\$ (2,595,776)</b>
<b>Net loss per share - Basic and Diluted</b> (note 14)	<b>\$ (0.05)</b>	<b>\$ (0.02)</b>	<b>\$ (0.06)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding - Basic and Diluted</b> (note 14)	<b>162,686,410</b>	<b>129,679,851</b>	<b>162,070,997</b>	<b>123,965,212</b>

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The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

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**Eskay Mining Corp.****Condensed Interim Statements of Cash Flows****(Expressed in Canadian Dollars)****(Unaudited)**

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	<b>Six Months Ended</b>	
	<b>August 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Operating activities</b>		
Net loss for the period	\$ (9,337,210)	\$ (2,595,776)
Adjustments for:		
Share-based payments (note 12)	584,976	453,575
Amortization (note 5)	7,894	-
Accretion (note 7)	837	1,120
Warrant modification expense (note 13)	-	161,704
Flow-through share liability recovery (note 9)	(2,615,717)	(652,041)
Fair value adjustment on investment (note 10)	2,248,673	-
Changes in non-cash working capital items:		
Amounts receivable	(262,192)	(140,626)
Prepaid expenses and other deposits	416,565	(14,728)
Amounts payable and other liabilities	852,070	400,164
Amounts due to related parties	(94,924)	(59,949)
<b>Net cash used in operating activities</b>	<b>(8,199,028)</b>	<b>(2,446,557)</b>
<b>Financing activities</b>		
Proceeds from private placements (note 11)	-	6,202,000
Share issue costs	-	(12,775)
Proceeds from exercise of stock options	28,000	117,150
Proceeds from exercise of warrants	848,496	306,000
<b>Net cash provided by financing activities</b>	<b>876,496</b>	<b>6,612,375</b>
<b>Net change in cash and cash equivalents</b>	<b>(7,322,532)</b>	<b>4,165,818</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>14,473,006</b>	<b>177,307</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 7,150,474</b>	<b>\$ 4,343,125</b>
<b>Supplemental information</b>		
Units issued for acquisition of Garibaldi Resources Corp. (note 11(b)(v))	\$ 10,782,001	\$ -

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

## Eskay Mining Corp.

### Condensed Interim Statements of Changes in Shareholders' Equity (Expressed in Canadian Dollars) (Unaudited)

#### Equity attributable to shareholders

	Share capital	Reserves	Accumulated deficit	Total
<b>Balance, February 29, 2020</b>	<b>\$ 67,387,637</b>	<b>\$ 1,468,836</b>	<b>\$ (69,504,120)</b>	<b>\$ (647,647)</b>
Common shares issued for settlement of debt (note 11(b)(iv))	362,122	-	-	362,122
Private placement (note 11(b)(i)(ii)(iii))	6,202,000	-	-	6,202,000
Share issue costs - cash	(12,775)	-	-	(12,775)
Flow-through share premium (note 9)	(1,443,250)	-	-	(1,443,250)
Exercise of stock options (note 11(b)(vi))	225,136	(107,986)	-	117,150
Exercise of warrants (note 11(b)(viii))	306,000	-	-	306,000
Share-based payments (note 12)	-	453,575	-	453,575
Warrant modification (note 13)	161,704	-	-	161,704
Net loss for the period	-	-	(2,595,776)	(2,595,776)
<b>Balance, August 31, 2020</b>	<b>\$ 73,188,574</b>	<b>\$ 1,814,425</b>	<b>\$ (72,099,896)</b>	<b>\$ 2,903,103</b>
<b>Balance, February 28, 2021</b>	<b>\$ 82,905,744</b>	<b>\$ 11,413,593</b>	<b>\$ (83,685,477)</b>	<b>\$ 10,633,860</b>
Units issued for investment (note 11(b)(v))	10,782,001	-	-	10,782,001
Exercise of stock options (note 11(b)(vii))	52,850	(24,850)	-	28,000
Exercise of warrants (note 11(b)(ix))	1,223,405	(374,909)	-	848,496
Share-based payments (note 12)	-	584,976	-	584,976
Net loss for the period	-	-	(9,337,210)	(9,337,210)
<b>Balance, August 31, 2021</b>	<b>\$ 94,964,000</b>	<b>\$ 11,598,810</b>	<b>\$ (93,022,687)</b>	<b>\$ 13,540,123</b>

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

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# **Eskay Mining Corp.**

## **Notes to Condensed Interim Financial Statements**

**Three and Six Months Ended August 31, 2021**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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### **1. Nature of operations and going concern**

Eskay Mining Corp. (the "Company" or "Eskay") is a Canadian company incorporated in British Columbia and listed for trading on the TSX Venture Exchange ("TSXV"), the Frankfurt Stock Exchange and the OTCQB Venture Market in the United States. The Company is primarily engaged in the acquisition and exploration of mineral properties. The primary office is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, M5C 1P1. On September 1, 2021, the Company announced that its common shares have been approved for trading on the OTCQB Venture Market in the United States under the symbol (OTCQB: ESKYF) (note 19).

These unaudited condensed interim financial statements were approved by the board of directors on October 29, 2021.

These unaudited condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company has incurred losses in prior periods, and incurred a net loss of \$9,337,210 during the six months ended August 31, 2021 (six months ended August 31, 2020 - net loss of \$2,595,776) and has an accumulated deficit of \$93,022,687 (February 28, 2021 - \$83,685,477). As at August 31, 2021, the Company had a working capital surplus of \$13,461,678 (February 28, 2021 - \$10,546,684).

On March 31, 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The Company's ability to continue to 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. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these unaudited condensed interim financial statements.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to social and government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's mineral exploration property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

### **2. Significant accounting policies**

#### Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements.

The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of October 29, 2021, the date the Board of Directors approved these unaudited condensed interim financial statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended February 28, 2021, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending February 28, 2022 could result in restatement of these unaudited condensed interim financial statements.

# Eskay Mining Corp.

Notes to Condensed Interim Financial Statements  
Three and Six Months Ended August 31, 2021  
(Expressed in Canadian Dollars)  
(Unaudited)

## 2. Significant accounting policies (continued)

### Future accounting policies

#### *IAS 1 Classification of Liabilities as Current or Non-Current (Amendment)*

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022 and is to be applied retrospectively. There is currently a proposal in place to extend effective date for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

## 3. Prepaid expenses and other deposits

	As at August 31, 2021	As at February 28, 2021
Prepaid expenses	\$ 28,286	\$ 13,227
Deposits <sup>(1)</sup>	439,611	871,235
	<b>\$ 467,897</b>	<b>\$ 884,462</b>

<sup>(1)</sup> As at August 31, 2021, there are deposits of \$439,611 (February 28, 2021 - \$871,235), related to airborne geophysical surveys, drilling, and camp expenses for the Company's exploration program.

## 4. Exploration and evaluation expenditures

	Three Months Ended August 31,		Six Months Ended August 31,	
	2021	2020 <sup>(i)</sup>	2021	2020 <sup>(i)</sup>
<b>ESKAY-Corey</b>				
Surveying, sampling and analysis	\$ 869,485	\$ 367,217	\$ 2,017,337	\$ 442,217
Geological and consulting	3,222,514	443,071	3,431,388	679,161
Camping procurement and expediting	1,541,463	809,415	1,676,331	809,415
Environmental clean up	114,500	-	114,500	-
Claims	7,500	-	7,500	-
Transportation	1,398,263	431,296	1,406,858	431,296
Accretion (note 7)	418	560	837	1,120
<b>Total exploration and evaluation expenditures</b>	<b>\$ 7,154,143</b>	<b>\$ 2,051,559</b>	<b>\$ 8,654,751</b>	<b>\$ 2,363,209</b>

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# **Eskay Mining Corp.**

## **Notes to Condensed Interim Financial Statements**

**Three and Six Months Ended August 31, 2021**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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### **4. Exploration and evaluation expenditures (continued)**

#### **(i) Reclassification**

The comparative figures related to the Company exploration property breakdown have been reclassified to conform to the presentation adopted to better reflect the way the Company is managing its business decision processes, and budgeting since it acquired a 100% interest in ESKAY-Corey. There is no change to the aggregate expenditure made in the prior period.

#### **ESKAY-Corey**

The ESKAY-Corey property is comprised of the following:

##### St. Andrew (SIB)

Pursuant to an option agreement dated May 7, 2008 and amending option agreement dated January 17, 2013 with St. Andrew Goldfields Ltd., the Company earned an 80% interest in the SIB Property at Eskay Creek, British Columbia (the "Property") by expending an aggregate of \$3.98 million on exploration of the Property and issuing further 265,000 common shares. On January 26, 2016, Kirkland Lake Gold Inc. ("Kirkland Lake") announced it completed the acquisition of St. Andrew. St. Andrew is a wholly-owned subsidiary of Kirkland Lake and continued to hold a 20% interest in the SIB Property. St. Andrew and the Company entered into an agreement with an effective date of November 25, 2016 for the further exploration and development of the Property. On March 25, 2021, the Company had acquired a 100% interest in SIB.

On April 26, 2017, the Company announced that it has signed an option agreement with SSR Mining Inc. (formerly Silver Standard Resources Inc.) ("SSR Mining") pursuant to which SSR Mining could 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.'

##### Corey claim

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 exploration 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.

#### **Deposits and Exploration Advances**

As at August 31, 2021, the Company had \$72,870 (February 28, 2021 - \$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.



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## Eskay Mining Corp.

Notes to Condensed Interim Financial Statements  
Three and Six Months Ended August 31, 2021  
(Expressed in Canadian Dollars)  
(Unaudited)

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### 5. Equipment

#### Cost

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Balance, February 28, 2021 and August 31, 2021	\$	80,963
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#### Accumulated depreciation

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Balance, February 28, 2021	\$	2,024
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Depreciation		7,894
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Balance, August 31, 2021	\$	9,918
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#### Carrying amounts

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At February 28, 2021	\$	78,939
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At August 31, 2021	\$	71,045
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### 6. Amounts receivable

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	August 31, 2021	February 28, 2021
Sales tax receivable - (Canada)	\$ 368,100	\$ 105,462
Other receivable	-	446
	<b>\$ 368,100</b>	<b>\$ 105,908</b>

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### 7. Provision for reclamation

The Company's provision for reclamation costs is based on management's estimated costs to dismantle and remove its facilities as well as an estimate of the future timing of the costs to be incurred. The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the provision for closure and reclamation associated with the dismantling and removal of the Company's camp:

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Balance at February 28, 2021	\$	64,633
Accretion		837
Balance at August 31, 2021	\$	65,470

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The Company has estimated its total provision for reclamation to be \$65,470 at August 31, 2021 (February 28, 2021 - \$64,633) based on an estimated total future liability of approximately \$66,312 and an inflation rate of 2.6% (February 28, 2021 - 2.2%) and a discount rate of 1.07% (February 28, 2021 - 1.07%).

## Eskay Mining Corp.

Notes to Condensed Interim Financial Statements  
Three and Six Months Ended August 31, 2021  
(Expressed in Canadian Dollars)  
(Unaudited)

### 8. Amounts payable and other liabilities

Amounts payable and other liabilities of the Company are principally comprised of amounts outstanding for purchases relating to exploration and evaluation expenditures and general operating and administrative activities:

	August 31, 2021	February 28, 2021
Accounts payable	\$ 1,626,484	\$ 695,845
Accruals and others	17,596	96,165
<b>Total amounts payable and other liabilities</b>	<b>\$ 1,644,080</b>	<b>\$ 792,010</b>

The following is an aged analysis of amounts payable and other liabilities:

	August 31, 2021	February 28, 2021
Less than 1 month	\$ 1,615,288	\$ 529,099
1 to 3 months	15,620	121,930
Greater than 3 months	13,172	140,981
<b>Total amounts payable and other liabilities</b>	<b>\$ 1,644,080</b>	<b>\$ 792,010</b>

### 9. Flow-through share liability

The following is a continuity schedule of the liability of the flow-through shares issuance:

<b>Balance at February 29, 2020</b>	<b>\$ -</b>
Liability incurred on flow-through shares issued	5,199,350
Settlement of flow-through share liability on incurring expenditure	(1,181,513)
<b>Balance at February 28, 2021</b>	<b>4,017,837</b>
Settlement of flow-through share liability on incurring expenditure	(2,615,717)
<b>Balance at August 31, 2021</b>	<b>\$ 1,402,120</b>

The flow-through common shares issued in the non-brokered private placement completed during the year ended February 28, 2021, were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$5,199,350.

Date	Flow-through premium
June 3, 2020	\$ 85,000
June 19, 2020	675,750
August 19, 2020	682,500
December 11, 2020	1,052,140
December 11, 2020	2,703,960
	<b>\$ 5,199,350</b>

The flow-through premium is derecognized through income as the eligible expenditures are incurred.

# Eskay Mining Corp.

## Notes to Condensed Interim Financial Statements Three and Six Months Ended August 31, 2021 (Expressed in Canadian Dollars) (Unaudited)

### 10. Investments

The common shares of Garibaldi Resources Corp. ("GGI") were acquired by Eskay for investment purposes from the Sprott Foundation, in consideration for the issuance of 4,211,719 working capital units of Eskay.

As at August 31, 2021, the Company had 19.5% (February 28, 2021 - nil%) of the outstanding common shares of GGI. Eskay does not exert significant influence on GGI since it does not have representation on the Board of Directors, does not participate in management or decision-making processes, does not share in any management personnel and there are no material business dealings or transactions between the Company and GGI going forward. Therefore, the Company is accounting for the common shares of GGI as a financial asset classified at fair value through profit or loss ("FVTPL").

The investments in common shares are considered a Level 1 in the fair value hierarchy. As a result of changes in the fair market value of the GGI shares, during the three and six months ended August 31, 2021 the Company recognized an unrealized loss of \$2,088,388 and \$2,248,673, respectively (three and six months ended August 31, 2020 - \$nil) has been recorded in the unaudited condensed interim statement of loss and comprehensive loss.

<b>As of August 31, 2021</b>	<b>Number of Common Shares</b>	<b>Cost</b>	<b>Fair Value</b>
GGI (note 11(b)(v))	23,703,688	\$ 10,782,001	\$ 8,533,328

### 11. Share capital

#### a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

#### b) Common shares issued

As at August 31, 2021, the issued share capital amounted to \$94,964,000 (February 28, 2021 - \$82,905,744). Changes in issued share capital are as follows:

	<b>Number of common shares</b>	<b>Amount</b>
<b>Balance, February 29, 2020</b>	<b>118,312,021</b>	<b>\$ 67,387,637</b>
Private placement (i)(ii)(iii)	18,012,385	6,202,000
Flow-through share premium (note 9)	-	(1,443,250)
Share issue costs - cash	-	(12,775)
Exercise of stock options (vi)	1,330,000	117,150
Value transferred to share capital from exercise of stock options (vi)	-	107,986
Common shares issued for debt settlement (iv)	2,130,129	362,122
Exercise of warrants (viii)	890,000	306,000
Modification of warrants (note 13)	-	161,704
<b>Balance, August 31, 2020</b>	<b>140,674,535</b>	<b>\$ 73,188,574</b>
<b>Balance, February 28, 2021</b>	<b>157,419,285</b>	<b>\$ 82,905,744</b>
Units issued for acquisition of GGI (v)	4,211,719	10,782,001
Exercise of stock options (vii)	350,000	28,000
Value transferred to share capital from exercise of stock options (vii)	-	24,850
Exercise of warrants (ix)	842,316	848,496
Value transferred to share capital from exercise of warrants (ix)	-	374,909
<b>Balance, August 31, 2021</b>	<b>162,823,320</b>	<b>\$ 94,964,000</b>

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# Eskay Mining Corp.

## Notes to Condensed Interim Financial Statements

Three and Six Months Ended August 31, 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 11. Share capital (continued)

#### b) Common shares issued (continued)

(i) On June 3, 2020, the Company closed the first tranche of a non-brokered private placement with the sale of 1,000,000 flow-through units at a price of \$0.255 per flow-through unit for \$255,000 and 550,000 units at a price of \$0.17 per unit for \$93,500 for aggregate gross proceeds of \$348,500. Eligible finders were paid cash finders' fees of \$1,275 and legal fees of \$11,500.

Each flow-through unit comprises one common share of the Company and one-half of one common share purchase warrant. Each full warrant entitles the holder to acquire one common share at a price of \$0.30 until June 3, 2022. Each unit comprises one common share of the Company and one-half of one common share purchase warrant..

(ii) On June 19, 2020, in connection with the closing of the first tranche of its non-brokered private placement on June 4, 2020, the Company closed the final tranche of a non-brokered private placement with the sale of 7,950,000 flow-through units of the Company at a price of \$0.255 per flow-through unit for \$2,027,250 and 2,452,941 units at a price of \$0.17 per unit for \$417,000 for aggregate gross proceeds of \$2,444,250. Each unit comprises one common share of the Company and one-half warrant. A director of the Company subscribed for 2,452,941 units for \$417,000 of the offering.

(iii) On August 19, 2020, the Company closed a non-brokered private placement with the sale of 3,500,000 flow-through units of the Company at a price of \$0.645 per flow-through unit for \$2,257,500 and 2,559,444 units at a price of \$0.45 per unit for \$1,151,750 for aggregate gross proceeds of \$3,409,250.

Each flow-through unit comprises one common share of the Company and one common share purchase warrant. Each full warrant entitles the holder to acquire one common share at a price of \$0.80 until two years from the closing date. Each unit comprises one common share of the Company and one common share purchase warrant.

(iv) During the six months ended August 31, 2020, 2,130,129 shares were issued to a director of the Company for settlement of \$362,122 of debt.

(v) On March 8, 2021, the Company closed the acquisition of 23,703,688 common shares of GGI from The Spratt Foundation, in consideration for the issuance of 4,211,719 working capital units ("WC Units") of Eskay at a price of \$2.56 per WC Unit. Each WC Unit consists of one common share of the company and one warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of the sale of \$2.82 per warrant until the earlier of: (i) March 8, 2023; and (ii) in the event that the closing price of the common shares on the TSXV is at least \$3.72 for twenty (20) consecutive trading days, and the 20th trading day is on or after August 1, 2021. Upon acquisition of the common shares, the Company held 19.5% of the issued and outstanding common shares of GGI.

(vi) During the six months ended August 31, 2020, 1,330,000 stock options were exercised by directors and consultants for common shares of the Company for gross proceeds of \$117,150. The options were exercised for the following prices: (1) 350,000 common shares of the Company at \$0.10 per share; (2) 80,000 common shares of the Company at \$0.08 per share; (3) 50,000 common shares of the Company at \$0.24 per share; and (4) 850,000 common shares of the Company at \$0.075 per share. A total value of \$107,986 was transferred to share capital from reserves as a result of the exercise of these stock options.

(vii) During the six months ended August 31, 2021, 350,000 stock options were exercised at \$0.08 per share by directors and consultants for common shares of the Company for gross proceeds of \$28,000. A total value of \$24,850 was transferred to share capital from reserves as a result of the exercise of these stock options.

# Eskay Mining Corp.

## Notes to Condensed Interim Financial Statements Three and Six Months Ended August 31, 2021 (Expressed in Canadian Dollars) (Unaudited)

### 11. Share capital (continued)

#### b) Common shares issued (continued)

(viii) During the six months ended August 31, 2020, 890,000 warrants were exercised for common shares of the Company for gross proceeds of \$306,000. The warrants were exercised for the following prices: (1) 200,000 common shares of the Company at \$0.20 per share; (2) 20,000 common shares of the Company at \$0.40 per share; (3) 120,000 common shares of the Company at \$0.40 per share; (4) 200,000 common shares of the Company at \$0.40 per share; (5) 50,000 common shares of the Company at \$0.20 per share; and (6) 300,000 common shares of the Company at \$0.40 per share.

(ix) During the six months ended August 31, 2021, 842,316 warrants were exercised for common shares of the Company for gross proceeds of \$848,496. The warrants were exercised for the following prices: (1) 246,127 common shares of the Company at \$1.30 per share; (2) 13,400 common shares of the Company at \$0.30 per share; and (3) 582,789 common shares of the Company at \$0.90 per share. A total value of \$374,909 was transferred to share capital from reserves as a result of the exercise of these broker warrants.

### 12. Stock options

The following table reflects the continuity of stock options for the periods presented:

	Number of stock options	Weighted average exercise price (\$)
<b>Balance, February 29, 2020</b>	<b>11,100,000</b>	<b>0.15</b>
Exercised (note 11(b)(vi))	(1,330,000)	0.09
Granted (ii)(iii)	1,850,000	0.28
<b>Balance, August 31, 2020</b>	<b>11,620,000</b>	<b>0.18</b>
<b>Balance, February 28, 2021</b>	<b>14,370,000</b>	<b>0.91</b>
Exercised (note 11(b)(vii))	(350,000)	0.08
Granted (iv)	75,000	2.49
<b>Balance, August 31, 2021</b>	<b>14,095,000</b>	<b>0.94</b>

(i) The portion of the estimated fair value of options granted in the prior years and vested during the three and six months ended August 31, 2021, amounted to \$143,603 and \$421,496, respectively (three and six months ended August 31, 2020 - \$nil).

(ii) On June 24, 2020, the Company granted 1,500,000 stock options to directors and consultants at \$0.24 per share for five years expiring June 24, 2025. These options vested immediately. These options have a grant date fair value of \$308,850, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 146% based on the Company's historical volatility; share price of \$0.23; risk-free interest rate of 0.38% and an expected life of five years. During the three and six months ended August 31, 2021, \$nil (three and six months ended August 31, 2020 - \$308,850) was recorded as share-based payments.

(iii) On July 21, 2020, the Company granted 350,000 stock options to a consultant at \$0.46 per share for five years expiring July 21, 2025. These options vested immediately. These options have a grant date fair value of \$144,725, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 146% based on the Company's historical volatility; share price of \$0.46; risk-free interest rate of 0.35% and an expected life of five years. During the three and six months ended August 31, 2021, \$nil (three and six months ended August 31, 2020 - \$144,725) was recorded as share-based payments.

## Eskay Mining Corp.

Notes to Condensed Interim Financial Statements  
Three and Six Months Ended August 31, 2021  
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### 12. Stock options (continued)

(iv) On June 28, 2021, the Company granted 75,000 stock options to a consultant at \$2.49 per share for five years expiring June 28, 2026. These options vested immediately. These options have a grant date fair value of \$163,480, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 136% based on the Company's historical volatility; share price of \$2.49; risk-free interest rate of 0.98% and an expected life of five years. During the three and six months ended August 31, 2021, \$163,480 was recorded as share-based payments.

The following table reflects the actual stock options issued and outstanding as of August 31, 2021:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)	Fair value (\$)
November 16, 2021	0.22	0.03	1,900,000	1,900,000	375,440
January 30, 2023	0.235	0.18	1,750,000	1,750,000	383,250
February 3, 2023	0.24	0.02	200,000	200,000	44,624
July 4, 2023	0.215	0.03	200,000	200,000	39,000
March 6, 2024	0.08	0.28	1,570,000	1,570,000	111,470
September 5, 2024	0.095	0.28	1,300,000	1,300,000	109,200
December 9, 2024	0.135	0.36	1,550,000	1,550,000	199,175
June 24, 2025	0.24	0.41	1,500,000	1,500,000	308,850
July 21, 2025	0.46	0.10	350,000	350,000	144,725
February 5, 2026	3.00	1.16	3,700,000	3,600,000	9,829,420
June 28, 2026	2.49	0.03	75,000	75,000	163,480
<b>Total</b>	<b>0.94</b>	<b>2.88</b>	<b>14,095,000</b>	<b>13,995,000</b>	<b>11,708,634</b>

The weighted average exercise price of the vested options as at August 31, 2021 is \$0.92.

### 13. Warrants

The following table reflects the continuity of warrants for the periods presented:

	Number of warrants	Weighted average exercise price (\$)
<b>Balance, February 29, 2020</b>	<b>4,882,000</b>	<b>0.25</b>
Private placement - flow-through (note 11(b)(i)(ii)(iii))	7,975,000	0.52
Private placement - working capital (note 11(b)(i)(ii)(iii))	4,060,914	0.61
Exercised (note 11(b)(viii))	(890,000)	(0.34)
<b>Balance, August 31, 2020</b>	<b>16,027,914</b>	<b>0.47</b>
<b>Balance, February 28, 2021</b>	<b>17,371,597</b>	<b>0.66</b>
Issued (note 11(b)(v))	4,211,719	2.82
Exercised (note 11(b)(ix))	(842,316)	(1.01)
<b>Balance, August 31, 2021</b>	<b>20,741,000</b>	<b>1.18</b>

## Eskay Mining Corp.

### Notes to Condensed Interim Financial Statements Three and Six Months Ended August 31, 2021 (Expressed in Canadian Dollars) (Unaudited)

#### 13. Warrants (continued)

The following table reflects the warrants issued and outstanding as of August 31, 2021:

Expiry date	Number of warrants outstanding	Exercise price (\$)
June 3, 2022	761,600	0.30
June 19, 2022	5,201,470	0.30
August 19, 2022	6,059,444	0.80
December 5, 2022	4,506,767	1.30
March 8, 2023	4,211,719	2.82
	<b>20,741,000</b>	<b>1.18</b>

(i) On May 15, 2020, the Company announced an extension on the exercise date 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 a further year until June 1, 2021 and June 7, 2021 respectively. Each warrant entitles the holder to acquire one common share at a price of \$0.40 until the earlier of (i) June 1, 2021; and (ii) in the event that the closing price of the common shares on the TSXV is at least \$0.60 for ten (10) consecutive trading days, and the 10th trading day is at least four (4) months from June 1, 2018, the date which is thirty (30) days from the 10th trading day. Due to the modification of the warrants, an incremental fair value of \$161,704 was recognized using the Black-Scholes pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 165% based on the Company's historical volatility; share price of \$0.19; risk-free interest rate of 0.26% and an expected life of one year. On August 24, 2020, the Company announced that the extension of the remaining 1,142,000 warrants exercisable at \$0.40 per share has been accelerated as a result of the fact that the Company's common shares have closed at a price of at least \$0.60 for ten (10) consecutive trading days as of August 21, 2020.

#### 14. Net loss per common share

The calculation of basic and diluted loss per share for the three and six months ended August 31, 2021 was based on the loss of \$7,551,213 and \$9,337,210, respectively (three and six months ended August 31, 2020 - \$2,199,493 and \$2,595,776, respectively) and the weighted average number of common shares outstanding of 162,686,410 and 162,070,997, respectively for the three and six months ended August 31, 2021 (three and six months ended August 31, 2020 - 129,679,851 and 123,965,212, respectively). The diluted loss per share for the three and six months ended August 31, 2021 excluded 14,095,000 (August 31, 2020 - 11,620,000) options and 20,741,000 (August 31, 2020 - 16,027,914) warrants that were anti-dilutive.

#### 15. General and administrative

	Three Months Ended August 31,		Six Months Ended August 31,	
	2021	2020	2021	2020
Professional fees (note 16(ii) and (iv))	\$ 28,071	\$ 55,533	\$ 99,455	\$ 96,373
Reporting issuer costs	32,053	21,841	53,633	22,989
Office and general	7,393	55,960	51,166	48,251
Advertising and promotion	17,930	-	66,514	-
Management and consulting fees (note 16(i))	134,684	49,110	198,994	98,220
Interest and bank charges	1,104	2,764	2,766	3,757
Share-based payments (note 12)	307,083	453,575	584,976	453,575
	\$ 528,318	\$ 638,783	\$ 1,057,504	\$ 723,165

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# Eskay Mining Corp.

## Notes to Condensed Interim Financial Statements Three and Six Months Ended August 31, 2021 (Expressed in Canadian Dollars) (Unaudited)

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### 16. Related party balances and 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 entered into the following transactions with related parties:

(i) For the three and six months ended August 31, 2021, the Company paid or accrued \$130,924 and \$198,984, respectively in management and consulting fees to companies controlled by Marrelli Group of Companies, Balkam Partner, Quinton Hennigh, and Robert Myhill (three and six months ended August 31, 2020 - \$49,110 and \$98,220, respectively).

(ii) For the three and six months ended August 31, 2021, the Company paid or accrued \$6,946 and \$14,000, respectively in professional fees (August 31, 2020 - \$6,375 and \$12,605, respectively) to Marrelli Group of Companies. As at August 31, 2021, this company is owed \$2,398 (February 28, 2021 - \$7,053).

(iii) As at August 31, 2021, the Company owed certain officers, directors and parties related to officers and directors \$2,398 (February 28, 2021 - \$15,010), and legal services disclosed in (iv) below, in relation to the transactions described above. These balances are included in amounts due to related parties and are unsecured, non-interest bearing and due on demand.

(iv) During the three and six months ended August 31, 2021, the Company paid professional fees and disbursements of \$74,439 and \$95,082, respectively (August 31, 2020 - \$58,658 and \$76,078, respectively) 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 August 31, 2021, Gardiner is owed \$9,523 (February 28, 2021 - \$85,995) and this amount is included in amounts due to related parties. These balances are unsecured, non-interest bearing, and due on demand.

(v) See note 11(b)(iv)(vi)(viii).

(vi) See note 12(ii).

As at August 31, 2021, Hugh Balkam, a director of the Company owns 16,883,345 common shares of the Company carrying approximately 10.37% of the voting rights attached to all common shares of the Company. As at August 31, 2021, directors and officers of the Company control an aggregate of 30,820,990 common shares of the Company or approximately 18.93% of the shares outstanding.

At August 31, 2021, the Company is not aware of any arrangements that may at 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.



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# Eskay Mining Corp.

## Notes to Condensed Interim Financial Statements

Three and Six Months Ended August 31, 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 17. Commitments and contingencies

#### Environmental contingencies

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.

#### 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 unaudited condensed interim financial statements.

#### Flow-through commitment

The Company is obligated to spend \$17,246,685 by December 31, 2022. As at August 31, 2021, the Company has spent \$12,239,111 as part of the flow-through funding agreement. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. The Company has indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments.

### 18. Segmented information

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent segment amounts. In order to determine reportable operating segments, the chief operating decision maker reviews various factors including geographical location, quantitative thresholds and managerial structure.

### 19. Subsequent events

On July 5, 2021, the Company announced that it had entered into a cost sharing agreement with Seabridge Gold ("Seabridge") to fund the first 9 km of the Coulter Creek Access Road. To fund the Company's share of costs, Seabridge had agreed to purchase a \$6.0 million Convertible Debenture and 1,350,000 warrants from the Company. As a result of delays in settling the principal construction contract and having to change the route of the road due to the inability to reach agreement with one of the landowners over whose land the road was to pass, construction of the road has been delayed and will continue into 2022 changing the timing of payments required by Eskay to fund its share of the costs. The Company and Seabridge are currently renegotiating the terms of the cost sharing agreement but the terms have not been finalized.

On September 1, 2021, the Company announced that its common shares have been approved for trading on the OTCQX® in the United States under the symbol "OTCQX:ESKYF".