
**ESKAY MINING CORP.
FINANCIAL STATEMENTS
YEARS ENDED FEBRUARY 29, 2024
AND FEBRUARY 28, 2023
(EXPRESSED IN CANADIAN DOLLARS)**

Independent Auditor's Report

To the Shareholders of Eskay Mining Corporation

Opinion

We have audited the financial statements of Eskay Mining Corporation (the "Company"), which comprise the statements of financial position as at February 29, 2024, February 28, 2023 and March 1, 2022, and the statements of loss and comprehensive loss, statements of cash flows and statements of changes in shareholders' equity for the years ended February 29, 2024 and February 28, 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 29, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

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

Emphasis of matter

We draw attention to Note 2 in the financial statements which describes that the financial statements as at February 28, 2023 and March 1, 2022 and for the year ended February 28, 2023 have been restated. Our opinion is not modified in respect of this matter.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss during the year ended February 29, 2024. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

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

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

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner of the audit resulting in this independent auditor's report is Nicole Louli.

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
June 26, 2024

Eskay Mining Corp.
Statements of Financial Position
(Expressed in Canadian Dollars)

	As at February 29, 2024	As at February 28, 2023	As at March 1, 2022
		(note 2)	(note 2)
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,839,947	\$ 3,024,574	\$ 876,222
Amounts receivable (note 9)	977,571	1,526,514	842,063
Prepaid expenses and other deposits (note 3)	25,530	329,907	464,840
Total current assets	3,843,048	4,880,995	2,183,125
Non-current assets			
Deposits (note 4)	99,503	94,303	94,303
Investment in associate (note 13)	1,896,156	5,690,302	6,091,409
Equipment (note 5)	213,649	175,015	112,135
Total assets	\$ 6,052,356	\$ 10,840,615	\$ 8,480,972
SHAREHOLDERS' EQUITY AND LIABILITIES			
Current liabilities			
Amounts payable and other liabilities (note 11)	\$ 302,167	\$ 487,872	\$ 615,454
Seabridge loan (notes 12)	-	2,783,325	2,470,802
Total current liabilities	302,167	3,271,197	3,086,256
Non-current liabilities			
Provision for reclamation (note 10)	76,917	71,414	66,310
Total liabilities	379,084	3,342,611	3,152,566
Shareholders' equity			
Share capital (note 14)	113,693,197	113,693,197	95,982,395
Reserves (notes 15 & 16)	14,728,845	14,161,913	12,083,662
Accumulated deficit	(122,748,770)	(120,357,106)	(102,737,651)
Total shareholders' equity	5,673,272	7,498,004	5,328,406
Total shareholders' equity and liabilities	\$ 6,052,356	\$ 10,840,615	\$ 8,480,972

Nature of operations and going concern (note 1)
 Commitments and contingencies (note 20)
 Subsequent events (note 23)

Approved on behalf of the Board of Directors:

"Hugh M. (Mac) Balkam", Director

"J. Gordon McMehen", Director

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

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

	Year ended February 29, 2024	Year ended February 28, 2023
		(note 2)
Operating expenses		
Exploration and evaluation expenditures (note 4)	\$ 3,628,907	\$ 12,641,682
General and administrative (note 18)	2,158,026	4,991,847
Total operating expenses	(5,786,933)	(17,633,529)
Other items		
Interest income	38,860	67,154
Gain on Seabridge loan termination (note 12)	2,783,325	-
Amortization (note 5)	(38,879)	(31,671)
Accretion (note 12)	-	(312,523)
Sale of mineral claims	4,000,000	-
Impairment of investment in associate (note 13)	(3,331,019)	-
Loss from investment in associate (note 13)	(461,142)	(401,107)
Gain on dilution of investment in associate (note 13)	(1,985)	-
Income tax recovery	-	44,082
Net loss and comprehensive loss for the year	\$ (2,797,773)	\$ (18,267,594)
Net loss per share - Basic and Diluted (note 17)	\$ (0.02)	\$ (0.10)
Weighted average number of common shares outstanding - Basic and diluted (note 17)	183,617,123	177,469,488

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

Eskay Mining Corp.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended February 29, 2024	Year ended February 28, 2023
		(note 2)
Operating activities		
Net loss for the year	\$ (2,797,773)	\$ (18,267,594)
Adjustments for:		
Share-based payments (note 15)	973,041	3,425,349
Gain on seabridge loan termination (note 12)	(2,783,325)	-
Amortization (note 5)	38,879	31,671
Accretion (notes 10 and 12)	5,503	317,627
Loss from investment in associate (note 13)	461,142	401,107
Loss on dilution of investment in associate (note 13)	1,985	-
Impairment of investment in associate (note 13)	3,331,019	-
Changes in non-cash working capital items:		
Amounts receivable	548,943	(684,451)
Prepaid expenses and other deposits	138,072	134,933
Amounts payable and other liabilities	(24,600)	(127,583)
Net cash used in operating activities	(107,114)	(14,768,941)
Investing activity		
Purchase of equipment	(77,513)	(94,550)
Net cash used in investing activities	(77,513)	(94,550)
Financing activities		
Proceeds from private placements (note 14)	-	7,000,002
Share issue costs	-	(114,124)
Proceeds from exercise of stock options	-	765,100
Proceeds from exercise of warrants	-	9,360,865
Net cash provided by financing activities	-	17,011,843
Net change in cash and cash equivalents	(184,627)	2,148,352
Cash and cash equivalents, beginning of year	3,024,574	876,222
Cash and cash equivalents, end of year	\$ 2,839,947	\$ 3,024,574
Cash and cash equivalents		
Cash	\$ 2,725,973	\$ 2,925,071
GIC	\$ 113,974	\$ 99,503

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

Eskay Mining Corp.

Statements of Changes in Shareholders' Equity (Expressed in Canadian Dollars)

Equity attributable to shareholders

	Share capital	Reserves	Accumulated deficit	Total
Balance, February 28, 2022	\$ 95,982,395	\$ 12,083,662	\$ (102,576,546)	\$ 5,489,511
Restatement (note 2)	-	-	(161,105)	(161,105)
Balance, February 28, 2022	\$ 95,982,395	\$ 12,083,662	\$ (102,737,651)	\$ 5,328,406
Units issued through private placements (note 14(b)(i))	7,000,002	-	-	7,000,002
Share issue costs - cash	(114,124)	-	-	(114,124)
Exercise of stock options (note 14(b)(ii))	1,464,059	(698,959)	-	765,100
Expiry of stock options	-	(648,139)	648,139	-
Exercise of warrants (note 14(b)(iii))	9,360,865	-	-	9,360,865
Share-based payments (note 15)	-	3,425,349	-	3,425,349
Net loss for the year	-	-	(18,267,594)	(18,267,594)
Balance, February 28, 2023, restated (note 2)	\$113,693,197	\$ 14,161,913	\$ (120,357,106)	\$ 7,498,004
Expiry of stock options	-	(31,081)	31,081	-
Expiry of warrants	-	(375,028)	375,028	-
Share-based payments (note 15)	-	973,041	-	973,041
Net loss for the year	-	-	(2,797,773)	(2,797,773)
Balance, February 29, 2024	\$113,693,197	\$ 14,728,845	\$ (122,748,770)	\$ 5,673,272

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

Eskay Mining Corp.

Notes to Financial Statements

Years Ended February 29, 2024 and 2023

(Expressed in Canadian Dollars)

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.

These financial statements were approved by the board of directors on June 26, 2024.

These 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 had a net loss of \$2,797,773 during the year ended February 29, 2024 (year ended February 28, 2023 - net loss of \$18,267,594), has an accumulated deficit of \$122,748,770 (February 28, 2023 - \$120,357,106). These conditions indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern.

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 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

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC") of the IASB. The policies set out below have been consistently applied to all periods presented. These financial statements have been prepared on a historical cost basis, except for those instruments carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Eskay Mining Corp.
Notes to Financial Statements
Years Ended February 29, 2024 and 2023
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(b) Restatement of error

These financial statements have been restated to reflect a B.C. mining tax refund of \$1,325,855 relating to exploration and evaluation expenses incurred during the year ended February 28, 2023 which was not recognized in that year.

These financial statements have also been restated to reflect the restatement of statute-barred payables in opening deficit of \$161,105 for the year ended February 28, 2022.

The following is a reconciliation of the Company's statement of financial position as at March 1, 2022 and February 28, 2023:

Statements of Financial Position
As at February 28, 2023

	As previously reported	Adjustment	Restatement
ASSETS			
Current assets			
Cash and cash equivalents	\$ 3,024,574	\$ -	\$ 3,024,574
Amounts receivable	200,659	1,325,855	1,526,514
Prepaid expenses and other deposits	329,907	-	329,907
Total current assets	3,555,140	1,325,855	4,880,995
Non-current assets			
Deposits	94,303	-	94,303
Investment in associate	5,690,302	-	5,690,302
Equipment	175,015	-	175,015
Total assets	\$ 9,514,760	\$ 1,325,855	\$ 10,840,615
SHAREHOLDERS' EQUITY AND LIABILITIES			
Current liabilities			
Amounts payable and other liabilities	\$ 326,767	\$ 161,105	\$ 487,872
Seabridge loan	2,783,325	-	2,783,325
Total current liabilities	3,110,092	161,105	3,271,197
Non-current liabilities			
Provision for reclamation	71,414	-	71,414
Total liabilities	3,181,506	161,105	3,342,611
Shareholders' equity			
Share capital	113,693,197	-	113,693,197
Reserves	14,161,913	-	14,161,913
Accumulated deficit	(121,521,856)	1,164,750	(120,357,106)
Total shareholders' equity	6,333,254	1,164,750	7,498,004
Total shareholders' equity and liabilities	\$ 9,514,760	\$ 1,325,855	\$ 10,840,615

Eskay Mining Corp.
Notes to Financial Statements
Years Ended February 29, 2024 and 2023
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(b) *Restatement of error (continued)*

Statements of Financial Position
As at March 1, 2022

	As previously reported	Adjustment	Restatement
ASSETS			
Current assets			
Cash and cash equivalents	\$ 876,222	\$ -	\$ 876,222
Amounts receivable	842,063	-	842,063
Prepaid expenses and other deposits	464,840	-	464,840
Total current assets	2,183,125	-	2,183,125
Non-current assets			
Deposits	94,303	-	94,303
Investment in associate	6,091,409	-	6,091,409
Equipment	112,135	-	112,135
Total assets	\$ 8,480,972	\$ -	\$ 8,480,972
SHAREHOLDERS' EQUITY AND LIABILITIES			
Current liabilities			
Amounts payable and other liabilities	\$ 454,349	\$ 161,105	\$ 615,454
Seabridge loan	2,470,802	-	2,470,802
Total current liabilities	2,925,151	161,105	3,086,256
Non-current liabilities			
Provision for reclamation	66,310	-	66,310
Total liabilities	2,991,461	161,105	3,152,566
Shareholders' equity			
Share capital	95,982,395	-	95,982,395
Reserves	12,083,662	-	12,083,662
Accumulated deficit	(102,576,546)	(161,105)	(102,737,651)
Total shareholders' equity	5,489,511	(161,105)	5,328,406
Total shareholders' equity and liabilities	\$ 8,480,972	\$ -	\$ 8,480,972

Eskay Mining Corp.
Notes to Financial Statements
Years Ended February 29, 2024 and 2023
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(b) Restatement of error (continued)

The following is a reconciliation of the Company's statement of loss and comprehensive loss and statement of cash flows for the year ended February 28, 2023:

Statement of Loss and Comprehensive Loss
For the year ended February 28, 2023

	As previously reported	Adjustment	Restatement
Operating expenses			
Exploration and evaluation expenditures	\$ 13,967,537	\$ (1,325,855)	\$ 12,641,682
General and administrative	4,991,847	-	4,991,847
Total operating expenses	(18,959,384)	1,325,855	(17,633,529)
Other items			
Interest income	67,154	-	67,154
Amortization	(31,671)	-	(31,671)
Accretion	(312,523)	-	(312,523)
Loss from investment in associate	(401,107)	-	(401,107)
Income tax recovery	44,082	-	44,082
Net loss and comprehensive loss for the year	\$ (19,593,449)	\$ 1,325,855	\$ (18,267,594)
Net loss per share - Basic and Diluted	\$ (0.11)	\$ 0.01	\$ (0.10)
Weighted average number of common shares outstanding - Basic and Diluted	177,469,488	177,469,488	177,469,488

Eskay Mining Corp.**Notes to Financial Statements****Years Ended February 29, 2024 and 2023****(Expressed in Canadian Dollars)**

2. Significant accounting policies (continued)*(b) Restatement of error (continued)***Statement of Cash Flows****For the year ended February 28, 2023**

	As previously reported	Adjustment	Restatement
Operating activities			
Net loss for the year	\$ (19,593,449)	\$ 1,325,855	\$ (18,267,594)
Adjustments for:			
Share-based payments	3,425,349	-	3,425,349
Amortization	31,671	-	31,671
Accretion	317,627	-	317,627
Loss from investment in associate	401,107	-	401,107
Changes in non-cash working capital items:			
Amounts receivable	641,404	(1,325,855)	(684,451)
Prepaid expenses and other deposits	134,933	-	134,933
Amounts payable and other liabilities	(127,583)	-	(127,583)
Net cash used in operating activities	(14,768,941)	-	(14,768,941)
Investing activity			
Purchase of equipment	(94,550)	-	(94,550)
Net cash used in investing activities	(94,550)	-	(94,550)
Financing activities			
Proceeds from private placements	7,000,002	-	7,000,002
Share issue costs	(114,124)	-	(114,124)
Proceeds from exercise of stock options	765,100	-	765,100
Proceeds from exercise of warrants	9,360,865	-	9,360,865
Net cash provided by financing activities	17,011,843	-	17,011,843
Net change in cash and cash equivalents	2,148,352	-	2,148,352
Cash and cash equivalents, beginning of year	876,222	-	876,222
Cash and cash equivalents, end of year	\$ 3,024,574	\$ -	\$ 3,024,574

Eskay Mining Corp.

Notes to Financial Statements

Years Ended February 29, 2024 and 2023

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(c) Investments in Associates

An associate is an entity over which the Company has significant influence but not control and is not a subsidiary or joint venture. Significant influence is presumed to exist where the Company has between 20% and 50% of the voting rights, but can also arise when the Company has power to be actively involved and influential in financial and operating policy decisions of the entity even though Company has less than 20% of voting rights.

The Company accounts for its investments in associates using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of profit and loss of the associate and for impairment losses after the initial recognition date. The Company's share of an associate's loss that are in excess of its investment are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of comprehensive income or losses attributable to shareholders of associates are recognized in comprehensive income during the period. The carrying amount of the Company's investments in associates also include any long-term debt interests which in substance form part of the Company's net investment. Distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment.

(d) Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred on exploration projects not commercially viable and technically feasible. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

(e) Mining tax credits

Mining tax credits are recorded in the accounts when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits. These non-repayable mining tax credits are earned in respect of exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related exploration and evaluation expenditures.

(f) Decommissioning, restoration and similar liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of an exploration property interest. Such costs arising from the decommissioning of a plant and other site preparation work, discounted to their net present value, are provided for as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Changes in estimates of decommissioning costs are accounted for as a change in the related liability and recognized in profit and loss. The periodic unwinding of the discount is recognized in operations as an accretion expense.

Eskay Mining Corp.

Notes to Financial Statements

Years Ended February 29, 2024 and 2023

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(g) Significant accounting judgments and estimates

The application of the Company's accounting policies in compliance with IFRS requires the Company's management to make certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less disposal costs in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

(ii) Estimation of decommissioning and restoration costs and the timing of expenditure

The cost estimates are updated annually to reflect known developments, (e.g. revisions to cost estimates and to the estimated timing of decommissioning and restoration work), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

(iii) Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

(iv) Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Eskay Mining Corp.

Notes to Financial Statements

Years Ended February 29, 2024 and 2023

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(g) Significant accounting judgments and estimates (continued)

(v) Determination of Significant Influence and Impairment of Investment in Associate

The Company classified Garibaldi Resources Corp ("GGI") as an associate based on management's judgment that the Company has significant influence through board representation and approximately 17.2% of the voting rights as of February 29, 2024 (2023 - 17.2%). As of February 29, 2024, management no longer sits on the board.

Impairment exists when the carrying value of the investment in associate exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The determination of impairment requires significant judgement and can be triggered by significant adverse changes in the market, economic or legal environment in which the associate operates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(h) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which the options vest. The offset to the recorded cost is to share-based payment reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payment reserve is transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

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

(i) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. The Company's diluted loss per share for the periods presented does not include the effect of stock options and warrants as they are anti-dilutive.

(j) Income taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Eskay Mining Corp.
Notes to Financial Statements
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2. Significant accounting policies (continued)

(j) Income taxes (continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Impairment of non-financial assets

At each statement of financial position reporting date the carrying amounts of the Company's assets are reviewed to determine whether there is an indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less disposal costs and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss in the statements of loss and comprehensive loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

At the end of each reporting date, the Company assesses whether there is any indication that previously recognized impairment losses no longer exist. If such an indication exists, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss in the statement of loss.

(l) Share capital and common share purchase warrants

The Company periodically issues units to investors consisting of common shares and common share purchase warrants in private placements. These private placement warrants are equity instruments. Accordingly, gross proceeds received from the issuance of units are accounted for as an increase in share capital. No separate valuation (i.e. "bifurcation") of the private placement warrants is made for accounting purposes at the time of issuance or at any time thereafter.

Transaction costs directly attributable to the issuance of units are recognized as a decrease in share capital net of related income tax effects. Agent warrants are reflected as transaction costs at their estimated issue date fair value as determined using the Black-Scholes option-pricing model. When agent warrants expire unexercised, the balance is transferred to deficit.

Eskay Mining Corp.

Notes to Financial Statements
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2. Significant accounting policies (continued)

(m) *Flow-through shares*

The Company has financed a portion of its exploration activities through the issue of flow-through shares, which offer a tax incentive to Canadian investors by transferring the tax deductibility of exploration expenditures from the Company to the investors.

Flow-through shares are reported at issue price. If the flow-through shares are issued at a premium to the market price of non-flow through or hard dollar shares at the date of announcement, such premium or excess proceeds is reported as a liability. The subsequent renunciation of such qualifying expenditures incurred by the Company in favour of the flow-through subscribers is reported as a reduction in the flow-through share liability and a corresponding amount as other income recorded in profit and loss.

Resource expenditure deductions for income tax purposes related to exploration and evaluation activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. The Company has indemnified the subscribers of flow-through share offerings against any tax related amounts that became payable by the shareholder as a result of the Company not meeting its commitments.

(n) *Financial Instruments*

Financial instruments of the Company consists of cash, accounts payable and other liabilities and Seabridge Loan.

All financial assets not classified at amortized cost or fair value through other comprehensive income ("FVOCI") are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at fair value through profit or loss ("FVTPL") if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the statement of loss and comprehensive loss for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either FVTPL or FVOCI, and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVTPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Eskay Mining Corp.

Notes to Financial Statements

Years Ended February 29, 2024 and 2023

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(n) *IFRS 9, Financial Instruments (continued)*

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the statements of loss.

Subsequent measurement – financial assets at FVTPL

Financial assets measured at FVTPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVTPL are carried at fair value in the statements of financial position with changes in fair value recognized in the statements of loss. The Company does not measure any financial assets at FVPL.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company’s only financial assets subject to impairment are other accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVTPL. The Company’s financial liabilities include accounts payable and other liabilities and Seabridge Loan which are each measured at amortized cost. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the statements of loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in the statements of loss.

Eskay Mining Corp.
Notes to Financial Statements
Years Ended February 29, 2024 and 2023
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2. Significant accounting policies (continued)

(o) *Equipment*

Equipment is recorded at cost less accumulated depreciation. Depreciation is provided using the declining balance method using the following rates:

Exploration equipment - 20%

At the end of each reporting period, the Company reviews the carrying amounts of its equipment to determine whether there is any indication that the equipment has suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of the equipment's fair value less cost to sell or its value in use.

(p) *New accounting policies*

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, 2024 and is to be applied retrospectively. The extent of the impact of adoption of this amendment has not yet been determined.

3. Prepaid expenses and other deposits

	As at February 29, 2024	As at February 28, 2023
Prepaid expenses ⁽¹⁾	\$ 25,530	\$ 71,188
Deposits ⁽²⁾	-	258,719
	\$ 25,530	\$ 329,907

⁽¹⁾ As at February 29, 2024, included in prepaid expenses are \$2,063 (February 28, 2023 - \$2,063), for an advance to the CEO of the Company.

⁽²⁾ As at February 29, 2024, there are deposits of \$nil (February 28, 2023 - \$258,719), related to airborne geophysical surveys, drilling, and camp expenses for the Company's exploration program.

Eskay Mining Corp.

Notes to Financial Statements
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4. Exploration and evaluation expenditures

	Year Ended February 29, 2024	Year Ended February 28, 2023
ESKAY-Corey		
Surveying, sampling and analysis	\$ 754,482	\$ 1,606,441
Geological and consulting	1,812,798	6,051,664
Camping procurement and expediting	656,063	2,519,623
Claims	29,067	8,077
Transportation	1,195,026	3,451,328
Accretion (note 10)	5,503	5,104
BC mining tax credit recovery	(824,032)	(1,325,855)
Access road costs	-	325,300
Total exploration and evaluation expenditures	\$ 3,628,907	\$ 12,641,682

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. Pursuant to a Royalty Agreement dated March 8, 2021, the Company acquired the remaining 20% interest in SIB from Kirkland Lake, to hold a 100% working interest, in consideration for the granting of a 2% Net Smelter Returns Royalty on the SIB in favour of Kirkland Lake.

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.

On July 7, 2023, the Company sold 5 mining claims in the Golden Triangle area of BC to Skeena Resources Limited ("Skeena") in consideration for aggregate cash payments of \$4 million. The initial consideration of \$2 million was paid to the Company on closing, a further \$1 million was paid on October 31, 2023 and the final \$1 million payment was paid on December 31, 2023. Eskay retains a 2% net smelter royalty ("Royalty") in the Claims. Skeena can purchase 50% of the Royalty at any time for \$2 million. In addition, Eskay will not be required to pay any road use fees to Skeena for its use of the Eskay Creed Road for the five year period ending December 31, 2027, provided that its road use those years is consistent with its road use in 2022. Four of the claims are north and west of the Skeena Eskay Creek Project and one of the Claims is adjacent to the west side of the Skeena Eskay Creek Project.

Eskay Mining Corp.
Notes to Financial Statements
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4. Exploration and evaluation expenditures (continued)

Deposits and Exploration Advances

As at February 29, 2024, the Company had \$99,503 (February 28, 2023 - \$94,303) 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.

5. Equipment

Cost

Balance, February 28, 2022	\$ 129,947
Addition	94,550

Balance, February 28, 2023	\$ 224,497
Addition	77,513

Balance, February 29, 2024	\$ 302,010
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Accumulated amortization

Balance, February 28, 2022	\$ 17,812
Amortization	31,670

Balance, February 28, 2023	\$ 49,482
Amortization	38,879

Balance, February 29, 2024	\$ 88,361
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Carrying amounts

At February 28, 2023	\$ 175,015
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At February 29, 2024	\$ 213,649
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6. Capital risk 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 through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of 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. As discussed in note 1, 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 shareholders' equity which comprises share capital, reserves and accumulated deficit, which at February 29, 2024, totaled \$5,673,272 (February 28, 2023 - \$7,498,004).

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Notes to Financial Statements
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6. Capital risk management (continued)

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, 2024 and February 28, 2023. 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, 2024 and February 28, 2023, the Company believes that it is compliant with Policy 2.5.

7. Financial risk management

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, 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, 2024 and February 28, 2023.

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill 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, 2024, the Company had cash and cash equivalents of \$2,839,947 (February 28, 2023 - \$3,024,574) to settle current liabilities of \$302,167 (February 28, 2023 - \$3,271,197). All of the Company's short-term 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. As discussed in note 1, 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.

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7. Financial risk management (continued)

Financial risk (continued)

(iii) Market risk (continued)

(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, 2024.

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.

8. Categories of financial instruments

	February 29, 2024	February 28, 2023
Financial assets:		
Amortized cost		
Cash	\$ 2,725,973	\$ 2,925,071
Cash equivalents	\$ 113,974	\$ 99,503
Financial liabilities:		
Amortized cost		
Amounts payable and other liabilities	\$ 302,167	\$ 487,872
Seabridge loan	\$ -	\$ 2,783,325

As of February 29, 2024 and February 28, 2023, the fair value of all of the Company's current financial instruments approximates the carrying value, due to their short-term nature.

Eskay Mining Corp.
Notes to Financial Statements
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8. Categories of financial instruments (continued)

The maturity analysis of financial liabilities as of February 29, 2024 is as follows:

	Less than 1 year	1-3 years	3-5 years	Greater than 5 years	Total
Accounts payable and accrued liabilities	\$ 302,167	\$ -	\$ -	\$ -	\$ 302,167
Total	\$ 302,167	\$ -	\$ -	\$ -	\$ 302,167

9. Amounts receivable

	February 29, 2024	February 28, 2023
Sales tax recoverable - (Canada)	\$ 153,323	\$ 200,659
Provincial sales tax - BC	216	-
B.C. Mining tax credit receivable	824,032	1,325,855
	\$ 977,571	\$ 1,526,514

10. 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:

Balance at February 28, 2022	\$ 66,310
Accretion	5,104
Balance at February 28, 2023	\$ 71,414
Accretion	5,503
Balance at February 29, 2024	\$ 76,917

The Company has estimated its total provision for reclamation to be \$76,917 at February 29, 2024 (February 28, 2023 - \$71,414) based on an estimated total future liability of approximately \$131,152 and an inflation rate of 2.60% (February 28, 2023 - 7.7%) and a discount rate of 3.49% (February 28, 2023 - 3.59%).

Eskay Mining Corp.
Notes to Financial Statements
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11. 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:

	February 29, 2024	February 28, 2023
Accounts payable	\$ 211,791	\$ 355,201
Accruals and others	90,376	132,671
Total amounts payable and other liabilities	\$ 302,167	\$ 487,872

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

	February 29, 2024	February 28, 2023
Less than 1 month	\$ 250,590	\$ 233,303
1 to 3 months	55,717	90,962
Greater than 3 months	(4,140)	163,607
Total amounts payable and other liabilities	\$ 302,167	\$ 487,872

12. Seabridge loan

On November 11, 2021, the Company entered into an Amended Cost Sharing Agreement to share equally the costs of construction of the first 9 kilometres (the "First Segment of the CCAR") of the Coulter Creek Access Road ("CCAR"), estimated to cost \$12.5 million, limiting Eskay's contribution to a maximum of \$6,250,000. Pursuant to the Amended Cost Sharing Agreement, Seabridge will provide Eskay with a \$3 million revolving loan facility at an interest rate of 3% per year.

The loan will be payable by no later than the later of December 31, 2022 and 30 days after (i) Eskay has incurred an aggregate of \$6,250,000 for its share of the costs of construction and (ii) delivery of the final accounting of construction costs by Seabridge. The costs incurred to date for the construction of the First Segment of the CCAR were approximately \$5.5 million, Eskay's share of which was funded through the drawdown of approximately \$2.7 million of the loan facility. Construction was scheduled to commence in 2023 and Eskay paid its additional share of the costs of the First Segment of the CCAR based upon monthly cash calls which were anticipated to be evenly spread over the remainder of the construction to be completed in 2023.

Since Eskay does not have control over the road and does not have a lease providing unrestricted access to the road, all expenditures associated with this access road have been expensed and included in exploration and evaluation expenditures in the statement of loss.

Eskay issued 500,000 bonus warrants to Seabridge in consideration for making the loan facility available. The bonus warrants are exercisable at \$3.00 per share until the later of December 31, 2022 and 30 days after (i) Eskay has incurred an aggregate of \$6,250,000 for its share of the costs of construction and (ii) delivery of the final accounting of construction costs by Seabridge subject to early expiry pursuant to the rules of the TSX Venture Exchange (the "TSX V"). The warrants were valued at \$375,028 using the Black-Scholes pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 80% based on the Company's historical volatility; share price of \$2.65; risk-free interest rate of 0.93% and an expected life of one year.

Eskay Mining Corp.

Notes to Financial Statements

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12. Seabridge Loan (continued)

On June 6, 2023, Eskay, Seabridge and KSM Mining ULC agreed to terminate the amended Cost Sharing Agreement and release each other from all obligations under the Amended Cost Sharing Agreement, including any obligations relating to the completion of the First Segment of the CCAR, any obligation of Eskay to contribute to construction costs relating to the First Segment of the CCAR or any obligation of Seabridge to provide further loans or of Eskay to repay loans provided by Seabridge, or interest thereon, resulting in a gain on termination of \$2,783,325. In addition, the 500,000 Bonus Warrants issued to Seabridge were cancelled.

Balance, February 28, 2022	\$ 2,470,802
Accretion	312,523
Balance, February 28, 2023	\$ 2,783,325
Gain on Seabridge loan termination	(2,783,325)
Balance, February 29, 2024	\$ -

13. Investment in associate

An associate is an entity over which the Company has significant influence, and is not a subsidiary or joint venture. Significant influence is presumed to exist when the Company has the power to be actively involved and influential in financial and operating policy decisions of the associate.

The Company accounts for its investment in an associate using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of profit and loss of the associate and for impairment losses after the initial recognition date. The Company's share of comprehensive earnings or losses of associates is recognized in comprehensive income (loss) during the period. Distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment.

For the year ended February 29, 2024, the Company recognized its share of Garibaldi Resources Corp. ("GGI") loss of \$461,142 (year ended February 28, 2023 - \$738,086), using the equity method.

As at February 29, 2024, the Company has a total ownership of 17.25%.

During the year ended February 29, 2024, GGI issued 100,000 shares resulting in a dilution of the Company's interest of 0.01% (2023 - 2.24%) for total ownership of 17.25% or \$1,985 (2023 - \$336,979).

During the year ended February 29, 2024, the Company recognized an impairment loss on its investment in GGI due to a prolonged decline in the fair value of the shares held. The investment was written down to its fair value of \$1,896,156 based on the quoted market price of \$0.08 on February 29, 2024.

The changes to the carrying amounts presented in the consolidated statement of financial position can be summarized as follows:

	As at February 29, 2024	As at February 28, 2023
Balance, beginning of year	\$ 5,690,302	\$ 6,091,409
Impairment loss	(3,331,019)	-
Loss from investment in associate	(461,142)	(738,086)
(Loss) gain on dilution of investment in associate	(1,985)	336,979
Balance, end of period	\$ 1,896,156	\$ 5,690,302

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13. Investment in associate (continued)

The following is a summary of the financial information of GGI, adjusted to conform with the accounting policies of Eskay, on a 100% basis as at the specified date and for the periods then ended, as disclosed in the table below, which is the most recent publicly available information for GGI.

	As at January 31, 2024	As at January 31, 2023
Cash and cash equivalents	122,106	2,088,001
Total current assets	182,566	2,349,224
Total non-current assets	269,416	275,069
Total current liabilities	(1,952,587)	(1,367,436)
Total non-current liabilities	(3,012,000)	(3,637,000)
Net loss	2,393,085	3,447,206

14. 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 February 29, 2024, the issued share capital amounted to \$113,693,197 (February 28, 2023 - \$113,693,197). Changes in issued share capital are as follows:

	Number of common shares	Amount
Balance, February 28, 2022	163,936,993	\$ 95,982,395
Issuance of charity flow-through units (i)	2,222,223	7,000,002
Share issue costs - cash	-	(114,124)
Exercise of stock options (ii)	3,670,000	765,100
Value transferred to share capital from exercise of stock options (ii)	-	698,959
Exercise of warrants (iii)	13,787,907	9,360,865
Balance, February 28, 2023 and February 29, 2024	183,617,123	\$113,693,197

(i) On April 6, and 22, 2022, the Company closed the first and second tranches of its non-brokered private placement and raised aggregate proceeds of \$7,000,002 pursuant to the offering and issued 2,222,223 flow-through units to be sold to charitable purchasers (the "Charity FT Units") at a price of \$3.15 per Charity FT Units. Each Charity FT Unit consists of one common share of the Company to be issued as a flow-through share within the meaning of the Income Tax Act (Canada) and one common share purchase warrant. Each warrant shall entitle the holder to purchase one common share at a price of \$3.40 at any time on or before that date which is 24 months after the closing date.

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14. Share capital (continued)

b) Common shares issued (continued)

(ii) During the year ended February 28, 2023, 3,670,000 stock options were exercised for the following prices: (1) 70,000 common shares of the Company at \$0.08 per share; (2) 550,000 common shares of the Company at \$0.135 per share; (3) 200,000 common shares of the Company at \$0.215 per share; (4) 1,900,000 common shares of the Company at \$0.22 per share; (5) 750,000 common shares of the Company at \$0.235 per share and (6) 200,000 common shares at \$0.24 per share for gross proceeds of \$765,100. A total value of \$698,959 was transferred to share capital from reserves as a result of the exercise of these stock options.

(iii) During the year ended February 28, 2023, 13,787,907 warrants were exercised for common shares of the Company for gross proceeds of \$9,360,865. The warrants were exercised for the following prices: (1) 5,323,888 common shares of the Company at \$0.80 per share; (2) 5,901,470 common shares of the Company at \$0.30 per share; and (3) 2,562,549 common shares of the Company at \$1.30 per share.

15. Stock options

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

	Number of stock options	Weighted average exercise price (\$)
Balance, February 28, 2022	14,095,000	0.94
Exercised (note 14(b)(ii))	(3,670,000)	0.21
Granted (i)(ii)	2,205,000	1.81
Expired	(1,175,000)	0.61
Balance, February 28, 2023	11,455,000	1.37
Granted (iii)(iv)	1,550,000	0.72
Cancelled	(20,000)	1.81
Balance, February 29, 2024	12,985,000	1.29

(i) On July 4, 2022, the Company granted 2,200,000 stock options to officers, directors and consultants of Eskay at \$1.81 per share for five years expiring July 4, 2027. These options vested immediately. These options have a grant date fair value of \$3,418,963, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 128% based on the Company's historical volatility; share price of \$1.81; risk-free interest rate of 3.04% and an expected life of five years. During the year ended February 29, 2024, \$nil (year ended February 28, 2023 - \$3,418,963) was recorded as share-based payments.

(ii) On September 21, 2022, the Company granted 5,000 stock options to officers, directors and consultants of Eskay at \$1.49 per share for five years expiring September 21, 2027. These options vested immediately. These options have a grant date fair value of \$6,386, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 127% based on the Company's historical volatility; share price of \$1.49; risk-free interest rate of 3.35% and an expected life of five years. During the year ended February 29, 2024, \$nil (year ended February 28, 2023 - \$6,386) was recorded as share-based payments.

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15. Stock options (continued)

(iii) On March 20, 2023, the Company granted 1,250,000 stock options to officers, directors and consultants of Eskay at \$0.66 per share for five years expiring March 20, 2028. 750,000 of these stock options were issued to related parties. These options vested immediately. These options have a grant date fair value of \$738,971, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 122% based on the Company's historical volatility; share price of \$0.70; risk-free interest rate of 2.96% and an expected life of five years. During the year ended February 29, 2024, \$738,971 was recorded as share-based payments.

(iv) On July 11, 2023, the Company granted 300,000 stock options to a consultant of Eskay at \$0.95 per share for five years expiring July 11, 2028. These options vest on November 12, 2023. These options have a grant date fair value of \$234,070, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 121% based on the Company's historical volatility; share price of \$0.93; risk-free interest rate of 3.95% and an expected life of five years. During the year ended February 29, 2024, \$234,070 was recorded as share-based payments.

The following table reflects the actual stock options issued and outstanding as of February 29, 2024:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)	Grant Date Fair value (\$)
March 6, 2024	0.08	0.02	1,500,000	1,500,000	106,500
September 5, 2024	0.095	0.52	1,300,000	1,300,000	109,200
December 9, 2024	0.135	0.78	1,000,000	1,000,000	128,500
June 24, 2025	0.24	1.32	1,500,000	1,500,000	308,850
July 21, 2025	0.46	1.39	350,000	350,000	144,725
February 5, 2026	3.00	1.94	3,600,000	3,600,000	9,563,760
July 04, 2027	1.81	3.35	2,180,000	2,180,000	3,387,882
September 21, 2027	1.49	3.56	5,000	5,000	6,386
March 20, 2028	0.66	4.06	1,250,000	1,250,000	738,971
July 11, 2028	0.95	4.37	300,000	300,000	234,070
Total	1.29	1.90	12,985,000	12,985,000	14,728,844

The weighted average exercise price of the vested options as at February 29, 2024 is \$1.29. The weighted average fair value of all grants in the year ended February 29, 2024 was \$0.63 per share (February 28, 2023 – \$1.55).

16. Warrants

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

	Number of warrants	Weighted average exercise price (\$)
Balance, February 28, 2022	20,127,327	1.13
Issued (note 14(b)(i))	2,222,223	3.40
Exercised (note 14(b)(iii))	(13,787,907)	(0.68)
Expired	(2,127,701)	(1.70)
Balance, February 28, 2023	6,433,942	3.02

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16. Warrants (continued)

	Number of warrants	Weighted average exercise price (\$)
Balance, February 28, 2023	6,433,942	3.02
Expired	(4,211,719)	(2.82)
Balance, February 29, 2024	2,222,223	3.40

The following table reflects the warrants issued and outstanding as of February 29, 2024:

Expiry date	Number of warrants outstanding	Exercise price (\$)
April 6, 2024	666,666	3.40
April 22, 2024	1,555,557	3.40
	2,222,223	3.40

17. Net loss per common share

	Year ended February 29, 2024	Year ended February 28, 2023
Weighted average number of common shares outstanding - Basic and Diluted	187,770,232	177,469,488
Net loss per share		
- Basic and diluted	\$ (0.02)	\$ (0.10)

The diluted loss per share for the years ended February 29, 2024 and February 28, 2023 excluded all outstanding options and warrants as they were anti-dilutive.

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18. General and administrative

	Year ended February 29, 2024	Year ended February 28, 2023
Professional fees (note 19(ii) and (iii))	\$ 149,408	\$ 189,740
Reporting issuer costs	114,067	100,394
Office and general	213,707	838,789
Advertising and promotion	130,778	115,951
Management and consulting fees (note 19(i))	569,390	312,771
Interest and bank charges	7,635	8,853
Share-based payments (note 15)	973,041	3,425,349
	\$ 2,158,026	\$ 4,991,847

19. 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 year ended February 29, 2024, the Company paid or accrued \$539,069 in management and consulting fees to companies controlled by Marrelli Group of Companies, Balkam Partner, and Robert Myhill who are controlled by officers of the Company (year ended February 28, 2023 - \$419,938). As at February 29, 2024, these officers have balances outstanding to the Company of \$10,264 (February 28, 2023 - \$16,526). These amounts are unsecured, non-interest bearing and due on demand.

(ii) For the year ended February 29, 2024, the Company paid or accrued \$35,880 in professional fees (February 28, 2023 - \$41,108) to Marrelli Group of Companies (defined as Marrelli Support Services Inc., DSA Filing Services Ltd.) who is controlled by an officer of the Company. As at February 29, 2024, this Company is owed \$9,683 (February 28, 2023 - \$6,797). This amount is unsecured, non-interest bearing and due on demand.

(iii) During the year ended February 29, 2024, the Company paid professional fees and disbursements of \$117,350 (February 28, 2023 - \$178,249) to Gardiner Roberts LLP ("Gardiner"), a law firm of which William R. Johnstone, Corporate Secretary of the Company, is a partner. These services were for general corporate matters. As at February 29, 2024, Gardiner is owed \$970 (February 28, 2023 - \$6,815) and this amount is included in amounts due to related parties. These balances are unsecured, non-interest bearing, and due on demand.

(iv) See note 3.

(v) See note 14(b)(ii).

(vi) See note 15(i)(ii)(iii).

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19. Related party balances and transactions (continued)

As at February 29, 2024, Hugh Balkam, a director of the Company owns 16,883,345 common shares of the Company carrying approximately 9.19% of the voting rights attached to all common shares of the Company. As at February 29, 2024, directors and officers of the Company control an aggregate of 30,820,990 common shares of the Company or approximately 16.79% of the shares outstanding.

As at February 29, 2024, 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.

20. 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 contracts

The Company is party to management contracts that require additional payments of up to \$630,000 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 \$2,760,000 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.

21. 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.

22. Income taxes

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2023 - 26.5%) were as follows:

	Year Ended February 29, 2024	Year Ended February 28, 2023
Loss before income taxes	\$ (2,797,773)	\$ (18,267,594)
Expected income tax recovery based at statutory rate	(741,000)	(5,192,000)
Adjustment to expected income tax recovery;		
Share based compensation	258,000	908,000
Flow-through renunciation	-	3,554,000
Expenses not deductible for tax purposes	1,000	197,000
Other	(1,021,000)	-
Change in benefit of tax assets not recognized	1,503,000	533,000
Deferred income tax provision (recovery)	\$ -	\$ -

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22. Income taxes (continued)

b) Deferred Income Tax

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	February 29, 2024	February 28, 2023
<u>Deductible Temporary Differences</u>		
Non-capital losses carry-forward	\$ 15,227,000	\$ 19,510,000
Share issue costs	68,000	-
Mineral exploration properties	26,407,000	20,081,000
Investments	8,886,000	5,092,000
Equipment	-	-
Other temporary differences	-	17,000
Temporary differences	\$ 50,588,000	\$ 44,700,000

At February 29, 2024, the Company has approximately \$15,228,000 of non-capital losses in Canada which under certain circumstances can be used to reduce the taxable income of future years. The Canadian losses expire in the following periods:

2027	1,249,000
2028	2,540,000
2029	2,485,000
2030	2,788,000
2032	185,000
2034	80,000
2035	80,000
2036	12,000
2037	8,000
2038	9,000
2039	5,000
2040	1,409,000
2041	950,000
2042	2,760,000
2043	668,000
	<u>\$ 15,228,000</u>

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

23. Subsequent events

On March 22, 2024, the Company granted an aggregate of 1,500,000 options to purchase common shares of the Company at \$0.31 per share for five years to two directors of the Company.

On March 6, 2024, 1,500,000 options with an exercise price of \$0.08 expired unexercised.

As at April 22, 2024, 2,222,223 warrants exercisable at \$3.40 expired unexercised.

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23. Subsequent events (continued)

On June 4, 2024, the Company signed a non-binding letter of intent with P2 Gold Inc. ("P2 Gold") pursuant to which the Company agreed to acquire P2 Gold pursuant to a plan of arrangement (the "Proposed Transaction"). The Company expects to acquire all of the issued and outstanding common shares of P2 Gold on the basis of 0.2778 of a common share of the Company for each P2 Gold share. The Company expects to issue 42,350,147 common shares for the acquisition of P2 Gold with the P2 Gold shareholders holding approximately 19% of the Company after giving effect to the Proposed Transaction and the current shareholders of the Company holding approximately 81% of the Company after giving effect to the Proposed Transaction. The Proposed Transaction is subject to a number of conditions, including but not limited to, approval by the Board of Directors of Eskay and P2 Gold, acceptance by the TSX-V, approval by the shareholders of P2 Gold and final approval by the Court and there is no guarantee that the acquisition will be completed as contemplated or at all.

On June 4, 2024, the Company and P2 Gold signed an exploration services agreement under which P2 Gold agreed to plan and execute an exploration program on the Eskay-Corey Property for the 2024 exploration season.

On June 26, 2024, the Proposed Transaction was terminated.