ESKAY MINING CORP.

FINANCIAL STATEMENTS

YEARS ENDED FEBRUARY 28, 2022 AND 2021

(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 28, 2022 and 2021, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years then ended, 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 28, 2022 and 2021 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.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis which we obtained prior to the date of this auditor's report.

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 identified above 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

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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

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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.

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

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
June 27, 2022

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

		As at February 28, 2022		As at February 28, 2021
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**876,222**	$	14,473,006
Amounts receivable (note 9)		**842,063**		105,908
Prepaid expenses and other deposits (note 3)		**464,840**		884,462
Total current assets		**2,183,125**		15,463,376
Non-current assets				
Deposits (note 4)		**94,303**		72,870
Investment in associate (note 14)		**6,091,409**		-
Equipment (note 5)		**112,135**		78,939
Total assets	**$**	**8,480,972**	$	15,615,185
SHAREHOLDERS' EQUITY AND LIABILITIES				
Current liabilities				
Amounts payable and other liabilities (notes 11)	**$**	**454,349**	$	792,010
Amounts due to related parties (note 20)		**-**		106,845
Flow-through share liability (note 12)		**-**		4,017,837
Seabridge Loan (note 13)		**2,470,802**		-
Total current liabilities		**2,925,151**		4,916,692
Non-current liabilities				
Provision for reclamation (note 10)		**66,310**		64,633
Total liabilities		**2,991,461**		4,981,325
Shareholders' equity				
Share capital (note 15)		**95,982,395**		82,905,744
Reserves		**12,083,662**		11,413,593
Accumulated deficit		**(102,576,546)**		(83,685,477)
Total shareholders' equity		**5,489,511**		10,633,860
Total shareholders' equity and liabilities	**$**	**8,480,972**	$	15,615,185

Nature of operations and going concern (note 1)
Commitments and contingencies (note 21)
Subsequent events (note 24)

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)

	Years Ended February 28, 2022	Years Ended February 28, 2021
Operating expenses		
Exploration and evaluation expenditures (note 4)	**$ 16,290,449**	$ 4,822,112
General and administrative (note 19)	**1,872,753**	10,738,823
Total operating expenses	**(18,163,202)**	(15,560,935)
Other items		
Interest income	**17,260**	10,561
Amortization (note 5)	**(15,788)**	(2,024)
Accretion (note 13)	**(62,505)**	-
Flow-through share liability recovery (note 12)	**4,017,837**	1,181,513
Other expense reimbursement (note 17)	**-**	163,305
Fair value adjustment on investment (note 14)	**(4,619,042)**	-
Loss from investment in associate (note 14)	**(71,550)**	-
Income tax recovery	**5,921**	26,223
Net loss and comprehensive loss for the year	**$ (18,891,069)**	$ (14,181,357)
Net loss per share - Basic and Diluted (note 18)	**$ (0.12)**	$ (0.10)
Weighted average number of common shares outstanding - Basic and Diluted (note 18)	**162,644,967**	136,162,795

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 28, 2022	2021
Operating activities		
Net loss for the year	**$ (18,891,069)**	$ (14,181,357)
Adjustments for:		
Share-based payments (note 16)	**694,800**	9,751,675
Amortization (note 5)	**15,788**	2,024
Accretion (note 10 and 13)	**64,182**	2,242
Other expense recoveries	**-**	(161,105)
Flow-through share liability recovery (note 12)	**(4,017,837)**	(1,181,513)
Loss from investment in associate (note 14)	**71,550**	-
Fair value adjustment on investment (note 14)	**4,619,042**	-
Seabridge loan	**2,783,325**	-
Changes in non-cash working capital items:		
Amounts receivable	**(736,155)**	(86,793)
Prepaid expenses and other deposits	**398,189**	(875,188)
Amounts payable and other liabilities	**(337,661)**	941,602
Amounts due to related parties	**(106,845)**	(383,342)
Net cash (used in) operating activities	**(15,442,691)**	(6,171,755)
Investing activity		
Purchase of equipment	**(48,984)**	(80,963)
Net cash (used in) investing activities	**(48,984)**	(80,963)
Financing activities		
Proceeds from private placements (note 15)	**-**	20,001,625
Share issue costs	**-**	(927,013)
Proceeds from exercise of stock options	**28,000**	245,150
Proceeds from exercise of warrants	**1,866,891**	1,228,655
Net cash provided by financing activities	**1,894,891**	20,548,417
Net change in cash and cash equivalents	**(13,596,784)**	14,295,699
Cash and cash equivalents, beginning of year	**14,473,006**	177,307
Cash and cash equivalents, end of year	**$ 876,222**	$ 14,473,006

Supplemental information		
Units issued for acquisition of Garibaldi Resources Corp. (note 15(b)(vii))	**$ 10,782,001**	$ -
Common shares issued in settlement of debt	**$ -**	$ 362,122
Warrants issued for Seabridge loan	**$ 375,028**	$ -

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 29, 2020	**$ 67,387,637**	**$ 1,468,836**	**$ (69,504,120)**	**$ (647,647)**
Common shares issued for settlement of debt (note 15(b))	362,122	-	-	362,122
Private placement (note 15(b)(i)(ii)(iii)(iv))	20,001,625	-	-	20,001,625
Share issue costs - cash	(927,013)	-	-	(927,013)
Flow-through share premium (note 12)	(5,199,350)	-	-	(5,199,350)
Exercise of stock options (note 15(b)(v))	426,977	(181,827)	-	245,150
Exercise of warrants (note 15(b)(vi))	1,228,655	-	-	1,228,655
Share-based payments (note 16)	-	9,751,675	-	9,751,675
Value of broker warrants associated with financing (note 14(b)(viii))	(374,909)	374,909	-	-
Net loss for the year	-	-	(14,181,357)	(14,181,357)
Balance, February 28, 2021	**$ 82,905,744**	**$ 11,413,593**	**$ (83,685,477)**	**$ 10,633,860**
Units issued for investment (note 15(b)(vii))	10,782,001	-	-	10,782,001
Value of warrants issued with Seabridge loan	-	375,028	-	375,028
Exercise of stock options (note 15(b)(viii))	52,850	(24,850)	-	28,000
Exercise of warrants and broker warrants (note 15(b)(ix))	2,241,800	(374,909)	-	1,866,891
Share-based payments (note 16)	-	694,800	-	694,800
Net loss for the year	-	-	(18,891,069)	(18,891,069)
Balance, February 28, 2022	**$ 95,982,395**	**$ 12,083,662**	**$102,576,546)**	**$ 5,489,511**

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 27, 2022.

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 incurred a net loss of $18,891,069 during the year ended February 28, 2022 (year ended February 28, 2021 - net loss of $14,181,357) and has an accumulated deficit of $102,576,546 (February 28, 2021 - $83,685,477). Please refer to Note 24.

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 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.

2. Significant accounting policies (continued)

(b) 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.

(c) 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.

(d) 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.

(e) 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.

2. Significant accounting policies (continued)

(f) 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.

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.

2. Significant accounting policies (continued)

(g) 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.

(h) 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.

(i) 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.

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.

2. Significant accounting policies (continued)

(j) 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 and comprehensive loss.

(k) 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.

(l) 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.

2. Significant accounting policies (continued)

(m) Financial Instruments

Financial instruments of the Company consists of cash, amounts receivables, accounts payable and other liabilities, amounts due to related parties 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.

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.

2. Significant accounting policies (continued)

(m) Financial Instruments (continued)

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, amounts due to related parties, and other liabilities 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.

2. Significant accounting policies (continued)

(n) Equipment

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

Exploration equipment	- 25% to 30%

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.

(o) 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, 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.

IFRS 3, Business Combinations ("IFRS 3")

IFRS 3 was amended. The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The amendments are effective for annual periods beginning on January 1, 2022. The extent of the impact of adoption of this amendment has not yet been determined.

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(o) New accounting policies (continued)

Future accounting policies (continued)

IAS 16 - Property, Plant and Equipment

IAS 16 Property, Plant and Equipment was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022. The extent of the impact of adoption of this amendment has not yet been determined.

3. Prepaid expenses and other deposits

	As at February 28, 2022	As at February 28, 2021
Prepaid expenses	**$ 101,592**	$ 13,227
Deposits [(1)]	**363,248**	871,235
	$ 464,840	$ 884,462

[(1)] As at February 28, 2022, there are deposits of $363,248 (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

	Years Ended February 28, 2022	2021[(i)]
ESKAY-Corey		
Surveying, sampling and analysis	**$ 3,275,331**	$ 2,156,404
Geological and consulting	**5,024,958**	1,081,166
Camping procurement and expediting	**2,724,293**	964,912
Environmental clean up	**121,616**	-
Claims	**12,879**	-
Transportation	**2,478,910**	617,388
Accretion (note 10)	**1,677**	2,242
Access road costs	**2,650,785**	-
Total exploration and evaluation expenditures	**$ 16,290,449**	$ 4,822,112

(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.

(Expressed in Canadian Dollars)

4. Exploration and evaluation expenditures (continued)

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.

Deposits and Exploration Advances

As at February 28, 2022, the Company had $94,303 (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.

5. Equipment

Cost		
Balance, February 29, 2020	**$**	**-**
Addition		80,963
Balance, February 28, 2021	**$**	**80,963**
Addition		48,984
Balance, February 28, 2022	**$**	**129,947**

(Expressed in Canadian Dollars)

5. Equipment (continued)

Accumulated depreciation		
Balance, February 29, 2020	**$**	**-**
Depreciation		2,024
Balance, February 28, 2021	**$**	**2,024**
Depreciation		15,788
Balance, February 28, 2022	**$**	**17,812**
Carrying amounts		
At February 28, 2021	**$**	**78,939**
At February 28, 2022	**$**	**112,135**

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 28, 2022, totaled $5,489,511 (February 28, 2021 - $10,633,860).

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 28, 2022. 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 28, 2022, the Company 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 28, 2022 and February 28, 2021.

7. Financial risk management (continued)

Financial risk (continued)

(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 28, 2022, the Company had cash of $876,222 (February 28, 2021 - $14,473,006) to settle current liabilities of $2,925,151 (February 28, 2021 - $4,916,692). 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.

(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 28, 2022.

(Expressed in Canadian Dollars)

7. Financial risk management (continued)

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 28, 2022	February 28, 2021
Financial assets:		
Amortized cost		
Cash	$ 730,289	$ 1,598,389
Cash equivalents	$ 145,933	$ 12,874,617
Amounts receivable	$ 842,063	$ 105,908
Financial liabilities:		
Amortized cost		
Amounts payable and other liabilities	$ 454,349	$ 792,010
Amounts due to related parties	$ -	$ 106,845
Seabridge Loans	$ 2,470,802	$ -

As of February 28, 2022 and February 28, 2021, the fair value of all of the Company's current financial instruments approximates the carrying value, due to their short-term nature.

The maturity analysis of financial liabilities as of February 28, 2022 is as follows:

	Less than 1 year	1-3 years	3-5 years	Greater than 5 years	Total
Accounts payable and accrued liabilities	$ 454,349	$ -	$ -	$ -	$ 454,349
Seabridge Loan	2,470,802	-	-	-	2,470,802
Total	**$ 2,925,151**	**$ -**	$ -	$ -	**$ 2,925,151**

9. Amounts receivable

	February 28, 2022	February 28, 2021
Sales tax receivable - (Canada)	**$ 842,063**	$ 105,462
Other receivable	**-**	446
	$ 842,063	$ 105,908

(Expressed in Canadian Dollars)

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, 2020	**$**	**62,391**
Accretion		2,242
Balance at February 28, 2021	**$**	**64,633**
Accretion		1,677
Balance at February 28, 2022	**$**	**66,310**

The Company has estimated its total provision for reclamation to be $66,310 at February 28, 2022 (February 28, 2021 - $64,633) based on an estimated total future liability of approximately $66,310 and an inflation rate of 2.6% (February 28, 2021 - 2.2%) and a discount rate of 1.07% (February 28, 2021 - 1.07%).

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 28, 2022		**February 28, 2021**
Accounts payable	**$**	**409,148**	$	695,845
Accruals and others		**45,201**		96,165
Total amounts payable and other liabilities	**$**	**454,349**	$	792,010

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

		February 28, 2022		**February 28, 2021**
Less than 1 month	**$**	**361,719**	$	529,099
1 to 3 months		**69,737**		121,930
Greater than 3 months		**22,893**		140,981
Total amounts payable and other liabilities	**$**	**454,349**	$	792,010

12. Flow-through share liability

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

Balance at February 29, 2020	**$ -**
Liability incurred on flow-through shares issued	5,199,350
Settlement of flow-through share liability on incurring expenditure	(1,181,513)
Balance at February 28, 2021	**4,017,837**
Settlement of flow-through share liability on incurring expenditure	(4,017,837)
Balance at February 28, 2022	**$ -**

(Expressed in Canadian Dollars)

12. Flow-through share liability (continued)

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
	$ 5,199,350

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

13. 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. This agreement superseded the transaction announced on July 5, 2021. 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 will recommence in 2022 and Eskay will pay its additional share of the costs of the First Segment of the CCAR based upon monthly cash calls which are anticipated to be evenly spread over the remainder of the construction to be completed in 2022.

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.

(Expressed in Canadian Dollars)

13. Seabridge Loan (continued)

As at February 28,		
Balance, February 28, 2021	**$**	**-**
Additions		2,783,325
Financing costs		(375,028)
Accretion		62,505
Balance, February 28, 2022	**$**	**2,470,802**
Allocated as:		
Current	$	2,470,802
Non-current		-
Balance, February 28, 2022	**$**	**2,470,802**

14. Investment in associate

On March 8, 2021, the Company closed the acquisition of 23,703,688 common shares of Garibaldi Resources Corp. ("GGI") from The Sprott Foundation, in consideration for the issuance of 4,211,719 working capital units at $2.56 per unit (see note 15(b)(vii)). On the acquisition date the Company acquired 19.5% of the outstanding common shares of GGI.

From the date of acquisition to January 4, 2022, the Company did not exert significant influence on GGI, as it did not have representation on the Board of Directors, did not participate in management or decision-making processes, did not share in any management personnel and had no material business dealings or transactions between the Company and GGI during this period. Therefore, the Company accounted for the common shares of GGI as a financial asset classified at fair value through profit or loss ("FVTPL").

On January 5, 2022, a director of the Company joined the board of GGI, and the Company assessed that due to this change in circumstances, the investment would be accounted for using the equity method from this date onwards, unless there is a subsequent change in circumstances.

The investments in common shares was considered a Level 1 in the fair value hierarchy for the period from March 8, 2021 to January 4, 2022. As a result of changes in the fair market value of the GGI shares, during the year ended February 28, 2022 the Company recognized an unrealized loss of $4,619,042 (year ended February 28, 2021 - $nil) which has been recorded in the statement of loss and comprehensive loss.

For the period from January 5, 2022 to February 28, 2022, the Company recognized its share of GGI loss of $71,550, using the equity method.

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

As at February 28,		2022		2021
Transfer of fair market value		**6,162,959**		-
Loss from investment in associate		**(71,550)**		-
Balance, end of year	**$**	**6,091,409**	$	-

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 year then ended, as disclosed in the table below, which is the most recent publicly available information for GGI.

(Expressed in Canadian Dollars)

14. Investment in associate (continued)

As at January 31,	2022	2021
Cash and cash equivalents	**$ 563,953**	$ 258,145
Total current assets	**756,853**	3,541,801
Total non-current assets	**324,367**	402,533
Total current liabilities	**(609,768)**	(761,627)
Total non-current liabilities	**(3,094,000)**	(3,340,464)
Net loss	**$ (3,234,291)**	$ (7,174,745)
Proportionate share of net loss	**(71,550)**	-

15. 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 28, 2022, the issued share capital amounted to $95,982,395 (February 28, 2021 - $82,905,744). Changes in issued share capital are as follows:

	Number of common shares	Amount
Balance, February 29, 2020	**118,312,021**	**$ 67,387,637**
Private placement (i)(ii)(iii)(iv)	29,856,785	20,001,625
Flow-through share premium (note 12)	-	(5,199,350)
Share issue costs - cash	-	(1,301,922)
Exercise of stock options (v)	2,280,000	245,150
Value transferred to share capital from exercise of stock options (v)	-	181,827
Common shares issued for debt settlement	2,130,129	362,122
Exercise of warrants (vi)	4,840,350	1,228,655
Balance, February 28, 2021	**157,419,285**	**$ 82,905,744**
Units issued for acquisition of GGI (vii)	4,211,719	10,782,001
Exercise of stock options (viii)	350,000	28,000
Value transferred to share capital from exercise of stock options (viii)	-	24,850
Exercise of warrants and broker warrants (ix)	1,955,989	1,866,891
Value transferred to share capital from exercise of broker warrants (ix)	-	374,909
Balance, February 28, 2022	**163,936,993**	**$ 95,982,395**

15. 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) On December 14, 2020, the Company announced that it has closed the brokered private placement offering and has issued an aggregate of 1,214,100 units of the Company at a price of $0.90 per unit, 2,904,700 flow-through shares of the Company at a price of $1.05 per flow-through share and 7,725,600 flow-through units of the Company at a price of $1.25 per flow-through unit, for an aggregate gross proceeds of $13,799,625. Each unit and each flow through unit consists of one common share of the Company, and one-half of one common share purchase warrant, with each warrant entitling the holder thereof to acquire one common share of the Company at a price of $1.30 until December 11, 2022. The broker agents were paid a cash commission of $737,978 and issued 582,789 broker warrants. Each broker warrant entitles the holder thereof to subscribe for one common share of the Company and one-half of one common share purchase warrants exercisable at a price of $0.90 until December 11, 2022.

(v) During the year ended February 28, 2021, 2,280,000 stock options were exercised by directors and consultants for common shares of the Company for gross proceeds of $245,150. 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; (4) 850,000 common shares of the Company at $0.075 per share, (5) 400,000 common shares of the Company at $0.105 per share, (6) 250,000 common shares of the Company at $0.08 per share and (7) 300,000 common shares of the Company at $0.22 per share. A total value of $181,827 was transferred to share capital from reserves as a result of the exercise of these stock options.

(vi) During the year ended February 28, 2021, 4,840,350 warrants were exercised for common shares of the Company for gross proceeds of $1,228,655. 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; (6) 300,000 common shares of the Company at $0.40 per share; (7) 592,000 common shares of the Company at $0.40 per share; (8) 250,000 common shares of the Company at $0.22 per share; (9) 3,100,000 common shares of the Company at $0.20 per share and (10) 8,350 common shares of the Company at $1.30 per share.

(Expressed in Canadian Dollars)

15. Share capital (continued)

b) Common shares issued (continued)

(vii) On March 8, 2021, the Company closed the acquisition of 23,703,688 common shares of GGI from The Sprott 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.

(viii) During the year ended February 28, 2022, 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.

(ix) During the year ended February 28, 2022, 1,955,989 warrants were exercised for common shares of the Company for gross proceeds of $1,866,891. The warrants were exercised for the following prices: (1) 562,644 common shares of the Company at $1.30 per share; (2) 75,000 common shares of the Company at $0.30 per share; (3) 582,789 common shares of the Company at $0.90 per share; and (4) 735,556 common shares of the Company at $0.80 per share. A total value of $374,909 was transferred to share capital from reserves as a result of the exercise of the 582,789 broker warrants.

16. 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 29, 2020	**11,100,000**	**0.15**
Exercised (note 15(b)(v))	(2,280,000)	0.11
Granted (i)(ii)(iii)	5,550,000	2.09
Balance, February 28, 2021	**14,370,000**	**0.91**
Exercised (note 15(b)(viii))	(350,000)	0.08
Granted (iv)	75,000	2.49
Balance, February 28, 2022	**14,095,000**	**0.94**

(i) 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 year ended February 28, 2022, $nil (year ended February 28, 2021 - $308,850) was recorded as share-based payments.

(Expressed in Canadian Dollars)

16. Stock options (continued)

(ii) 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 year ended February 28, 2022, $nil (year ended February 28, 2021 - $144,725) was recorded as share-based payments.

(iii) On February 5, 2021, the Company granted 3,700,000 stock options to officers, directors and consultants at $3.00 per share for five years expiring February 5, 2026. These options vested over the span of a year, with 3,500,000 vesting immediately, and the remaining 200,000 to be vested quarterly over the span of a year. These options have a grant date fair value of $9,829,420, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 141% based on the Company's historical volatility; share price of $3.00; risk-free interest rate of 0.48% and an expected life of five years. During the year ended February 28, 2022, $694,800 (2021 - $9,297,054) was recorded as share-based payments. 3,200,000 stock options were granted to officers and directors of the Company.

(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 $163,479, 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 year ended February 28, 2022, $163,479 was recorded as share-based payments.

(v) The portion of the estimated fair value of options granted in the prior years and vested during the year ended February 28, 2022, amounted to $531,320 (year ended February 28, 2021 - $1,046)

The following table reflects the actual stock options issued and outstanding as of February 28, 2022:

Expiry Date	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)	Fair value ($)
November 16, 2021 [(i)]	0.22	-	1,900,000	1,900,000	375,440
January 30, 2023	0.235	0.11	1,750,000	1,750,000	383,250
February 3, 2023	0.24	0.01	200,000	200,000	44,624
July 4, 2023	0.215	0.02	200,000	200,000	39,000
March 6, 2024	0.08	0.22	1,570,000	1,570,000	111,470
September 5, 2024	0.095	0.23	1,300,000	1,300,000	109,200
December 9, 2024	0.135	0.31	1,550,000	1,550,000	199,175
June 24, 2025	0.24	0.35	1,500,000	1,500,000	308,850
July 21, 2025	0.46	0.08	350,000	350,000	144,725
February 5, 2026	3.00	1.03	3,700,000	3,600,000	9,829,420
June 28, 2026	2.49	0.02	75,000	75,000	163,479
Total	**0.94**	**2.38**	**14,095,000**	**13,995,000**	**11,708,633**

[(i)] The November 16, 2021 options could not be exercised as a result of a blackout. This blackout also prevented the options from expiring. Subsequent to the year-end, the black out on these options was lifted and they were all exercised (See Note 24)

The weighted average exercise price of the vested options as at February 28, 2022 is $0.94.

(Expressed in Canadian Dollars)

17. Warrants

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

	Number of warrants	Weighted average exercise price ($)
Balance, February 29, 2020	**4,882,000**	**0.25**
Issued (note 15(b)(i)(ii)(iii)(iv))	17,379,947	0.66
Exercised (note 15(b)(vi)))	(4,840,350)	(0.34)
Expired	(50,000)	(0.40)
Balance, February 28, 2021	**17,371,597**	**0.66**
Issued (note 15(b)(vii))	4,211,719	2.82
Issued to Seabridge (note 13)	500,000	3.00
Exercised (note 15(b)(ix))	(1,955,989)	(0.95)
Balance, February 28, 2022	**20,127,327**	**1.13**

The following table reflects the warrants issued and outstanding as of February 28, 2022:

Expiry date	Number of warrants outstanding	Exercise price ($)
June 3, 2022	700,000	0.30
June 19, 2022	5,201,470	0.30
August 19, 2022	5,323,888	0.80
December 5, 2022	4,190,250	1.30
December 31, 2022	500,000	3.00
March 8, 2023	4,211,719	2.82
	20,127,327	**1.18**

18. Net loss per common share

The calculation of basic and diluted loss per share for the year ended February 28, 2022 was based on the loss of $18,891,069 (year ended February 28, 2021 - $14,181,357) and the weighted average number of common shares outstanding of 162,644,967 for the February 28, 2022 (year ended February 28, 2021 - 136,162,795). The diluted loss per share for the February 28, 2022 excluded 14,095,000 (February 28, 2021 - 14,370,000) options and 20,127,327 (February 28, 2021 - 17,371,591) warrants that were anti-dilutive.

(Expressed in Canadian Dollars)

19. General and administrative

	Years Ended February 28, 2022	2021
Professional fees (note 20(ii) and (iv))	**$ 238,383**	$ 286,910
Reporting issuer costs	**142,201**	205,882
Office and general	**320,455**	267,072
Advertising and promotion	**68,192**	181
Management and consulting fees (note 20(i))	**383,878**	218,940
Interest and bank charges	**24,844**	8,163
Share-based payments (note 16)	**694,800**	9,751,675
	$ 1,872,753	$ 10,738,823

20. 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 28, 2022, the Company paid or accrued $284,367 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 (February 28, 2021 - $218,940).

(ii) For the year ended February 28, 2022, the Company paid or accrued $52,529 in professional fees (February 28, 2021 - $36,295) 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 28, 2022, this company is owed $6,965 (February 28, 2021 - $7,053).

(iii) As at February 28, 2022, the Company owed certain officers, directors and parties related to officers and directors $nil (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 February 28, 2022, the Company paid professional fees and disbursements of $145,338 (February 28, 2021 - $253,072) to Gardiner Roberts LLP ("Gardiner"), a law firm of which William R. Johnstone, Corporate Secretary of the Company, is a partner. These services were incurred in the normal course of operations for general corporate matters. As at February 28, 2022, Gardiner is owed $3,408 (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 15(b)(v)(vi).

(vi) See note 16(i).

As at February 28, 2022, Hugh Balkam, a director of the Company owns 16,883,345 common shares of the Company carrying approximately 10.30% of the voting rights attached to all common shares of the Company. As at February 28, 2022, directors and officers of the Company control an aggregate of 30,820,990 common shares of the Company or approximately 18.80% of the shares outstanding.

At February 28, 2022, 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.

(Expressed in Canadian Dollars)

21. 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 $264,000 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 $1,296,000 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.

Flow-through commitment
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.

22. 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.

23. 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% (2021 - 26.5%) were as follows:

Years Ended February 28,	**2022**	**2021**
Loss before income taxes	**$ (18,891,069)**	$ (14,181,357)
Expected income tax recovery based at statutory rate	**(5,006,000)**	(3,758,060)
Adjustment to expected income tax recovery;		
Share based compensation	**184,000**	2,584,000
Change in benefit of tax assets not recognized	**1,141,000**	1,174,060
Flow-through renunciation	**3,662,000**	-
Expenses not deductible for tax purposes	**19,000**	-
Deferred income tax provision (recovery)	**$ -**	$ -

(Expressed in Canadian Dollars)

23. Income taxes (continued)

b) Deferred Income Tax

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

	February 28, 2022	February 28, 2021
Deductible Temporary Differences		
Non-capital losses carry-forward	**$ 13,247,000**	$ 11,830,000
Share issue costs	**-**	8,000
Investments	**4,619,000**	-
Mineral exploration properties	**4,813,000**	5,296,000
Equipment	**-**	1,254,000
Other temporary differences	**9,000**	148,000
Temporary differences	**$ 22,688,000**	$ 18,536,000

At February 28, 2022, the Company has approximately $13,247,000 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:

2026	$ 968,500
2027	1,713,000
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	8,000
2039	5,000
2040	1,409,000
2041	950,000
2042	15,500
	$ 13,247,000

24. Subsequent events

On April 7th, and 25th, 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.

Subsequent to February 28, 2022, 6,768,619 warrants were exercised for gross proceeds of $2,895,235, and 3,050,000 options were exercised for gross proceeds of $620,900.