ESKAY MINING CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED MAY 31, 2022 AND 2021

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice to Reader

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

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

	As at May 31, 2022	As at February 28, 2022
ASSETS		
Current assets		
Cash and cash equivalents	**$ 8,612,238**	$ 876,222
Amounts receivable (note 6)	**327,674**	842,063
Prepaid expenses and other deposits (note 3)	**726,291**	464,840
Total current assets	**9,666,203**	2,183,125
Non-current assets		
Deposits (note 4)	**94,303**	94,303
Investment in associate (note 11)	**6,034,431**	6,091,409
Equipment (note 5)	**190,470**	112,135
Total assets	**$ 15,985,407**	$ 8,480,972
SHAREHOLDERS' EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (notes 8)	**$ 806,888**	$ 454,349
Flow-through share liability (note 9)	**1,805,844**	-
Seabridge loan (note 10)	**2,564,559**	2,470,802
Total current liabilities	**5,177,291**	2,925,151
Non-current liabilities		
Provision for reclamation (note 7)	**80,175**	66,310
Total liabilities	**5,257,466**	2,991,461
Shareholders' equity		
Share capital (note 12)	**103,392,934**	95,982,395
Reserves	**11,564,222**	12,083,662
Accumulated deficit	**(104,229,215)**	(102,576,546)
Total shareholders' equity	**10,727,941**	5,489,511
Total shareholders' equity and liabilities	**$ 15,985,407**	$ 8,480,972

Nature of operations and going concern (note 1)
Commitments and contingencies (note 18)
Subsequent events (note 20)

Approved on behalf of the Board of Directors:

"Hugh M. (Mac) Balkam", Director

"J. Gordon McMehen", Director

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

Eskay Mining Corp.

Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

	Three Months Ended May 31, 2022	2021
Operating expenses		
Exploration and evaluation expenditures (note 4)	**$ 1,259,972**	$ 1,500,608
General and administrative (note 16)	**335,264**	529,186
Total operating expenses	**(1,595,236)**	(2,029,794)
Other items		
Interest income	**4,682**	9,388
Amortization (note 5)	**(7,759)**	(3,947)
Accretion (note 10)	**(93,757)**	-
Flow-through share liability recovery	**96,379**	398,641
Other expense reimbursement (note 14)	**-**	-
Fair value adjustment on investment (note 11)	**-**	(160,285)
Loss from investment in associate (note 11)	**(56,978)**	-
Net loss and comprehensive loss for the period	**$ (1,652,669)**	$ (1,785,997)
Net loss per share - Basic and Diluted (note 15)	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding - Basic and Diluted (note 15)	**166,481,839**	161,455,584

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

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

	Three Months Ended May 31, 2022	Three Months Ended May 31, 2021
Operating activities		
Net loss for the period	**$ (1,652,669)**	$ (1,785,997)
Adjustments for:		
Share-based payments (note 13)	**-**	277,893
Amortization (note 5)	**7,759**	3,947
Accretion (note 7 and 10)	**107,622**	419
Flow-through share liability recovery	**(96,379)**	(398,641)
Loss from investment in associate (note 11)	**56,978**	-
Fair value adjustment on investment (note 11)	**-**	160,285
Changes in non-cash working capital items:		
Amounts receivable	**514,389**	7,305
Prepaid expenses and other deposits	**(261,451)**	94,260
Amounts payable and other liabilities	**352,539**	(491,662)
Amounts due to related parties	**-**	(81,842)
Net cash (used in) operating activities	**(971,212)**	(2,214,033)
Investing activity		
Purchase of equipment	**(86,094)**	-
Net cash (used in) investing activities	**(86,094)**	-
Financing activities		
Proceeds from charity flow through (note 12)	**7,000,002**	-
Share issue costs	**(114,124)**	-
Proceeds from exercise of stock options	**572,650**	28,000
Proceeds from exercise of warrants	**1,334,794**	375,130
Net cash provided by financing activities	**8,793,322**	403,130
Net change in cash and cash equivalents	**7,736,016**	(1,810,903)
Cash and cash equivalents, beginning of period	**876,222**	14,473,006
Cash and cash equivalents, end of period	**$ 8,612,238**	$ 12,662,103
Supplemental information		
Units issued for acquisition of Garibaldi Resources Corp. (note 12(b)(i))	**$ -**	$ 10,782,001

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

Eskay Mining Corp.
Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

Equity attributable to shareholders

	Share capital	Reserves	Accumulated deficit	Total
Balance, February 28, 2021	**$ 82,905,744**	**$ 11,413,593**	**$ (83,685,477)**	**$ 10,633,860**
Units issued for investment (note 12(b)(i))	10,782,001	-	-	10,782,001
Exercise of stock options (note 12(b)(ii))	52,850	(24,850)	-	28,000
Exercise of warrants (note 12(b)(ii))	543,839	(168,709)	-	375,130
Share-based payments (note 13)	-	277,893	-	277,893
Net loss for the period	-	-	(1,785,997)	(1,785,997)
Balance, May 31, 2021	**$ 94,284,434**	**$ 11,497,927**	**$ (85,471,474)**	**$ 20,310,887**
Balance, February 28, 2022	**$ 95,982,395**	**$ 12,083,662**	**$102,576,546)**	**$ 5,489,511**
Units issued for charity flow-through (note 12(b)(iv))	7,000,002	-	-	7,000,002
Share issue costs - cash	(114,124)	-	-	(114,124)
Flow-through share premium (note 9)	(1,902,223)	-	-	(1,902,223)
Exercise of stock options (note 12(b)(v))	1,092,090	(519,440)	-	572,650
Exercise of warrants (note 12(b)(vi))	1,334,794	-	-	1,334,794
Net loss for the period	-	-	(1,652,669)	(1,652,669)
Balance, May 31, 2022	**$103,392,934**	**$ 11,564,222**	**$ (104,229,215)**	**$ 10,727,941**

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

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 unaudited condensed interim financial statements were approved by the board of directors on August 2, 2022.

These unaudited condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company has incurred losses in prior periods, and incurred a net loss of $1,652,669 during the three months ended May 31, 2022 (three months ended May 31, 2021 - net loss of $1,785,997) and has an accumulated deficit of $104,229,215 (February 28, 2022 - $102,576,546).

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

The Company's ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these unaudited condensed interim financial statements.

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

2. Significant accounting policies

(a) Statement of compliance

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

The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of August 2, 2022, the date the Board of Directors approved these unaudited condensed interim financial statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended February 28, 2022, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending February 28, 2023 could result in restatement of these unaudited condensed interim financial statements.

2. Significant accounting policies (continued)

(b) New accounting policies

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 Company adopted the amendment on March 1, 2022, there was no significant impact due to the adoption of this accounting policy.

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 Company adopted the amendment on March 1, 2022, there was no significant impact due to the adoption of this accounting policy.

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.

(Expressed in Canadian Dollars)

3. Prepaid expenses and other deposits

	As at May 31, 2022	As at February 28, 2022
Prepaid expenses	**$ 60,818**	$ 101,592
Deposits [1]	**665,473**	363,248
	$ 726,291	$ 464,840

[1] As at May 31, 2022, there are deposits of $665,473 (February 28, 2022 - $363,248), related to airborne geophysical surveys, drilling, and camp expenses for the Company's exploration program.

4. Exploration and evaluation expenditures

	Three Months Ended May 31, 2022	2021
ESKAY-Corey		
Surveying, sampling and analysis	**$ 113,662**	$ 1,147,852
Geological and consulting	**274,281**	208,874
Camping procurement and expediting	**423,771**	134,868
Transportation	**134,393**	8,595
Accretion (note 7)	**13,865**	419
Access road costs	**300,000**	-
Total exploration and evaluation expenditures	**$ 1,259,972**	$ 1,500,608

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.

(Expressed in Canadian Dollars)

4. Exploration and evaluation expenditures (continued)

Deposits and Exploration Advances

As at May 31, 2022, the Company had $94,303 (February 28, 2022 - $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	**$**	**129,947**
Addition		86,094
Balance, May 31, 2022	**$**	**216,041**
Accumulated depreciation		
Balance, February 28, 2022	**$**	**17,812**
Depreciation		7,759
Balance, May 31, 2022	**$**	**25,571**
Carrying amounts		
At February 28, 2022	**$**	**112,135**
At May 31, 2022	**$**	**190,470**

6. Amounts receivable

		May 31, 2022		**February 28, 2022**
Sales tax receivable - (Canada)	**$**	**327,674**	$	842,063
	$	**327,674**	$	842,063

7. Provision for reclamation

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

Balance at February 28, 2022	**$**	**66,310**
Accretion		13,865
Balance at May 31, 2022	**$**	**80,175**

The Company has estimated its total provision for reclamation to be $80,175 at May 31, 2022 (February 28, 2022 - $66,310) based on an estimated total future liability of approximately $121,755 and an inflation rate of 7.7% (February 28, 2022 - 2.2%) and a discount rate of 3.59% (February 28, 2022 - 1.07%).

(Expressed in Canadian Dollars)

8. Amounts payable and other liabilities

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

	May 31, 2022	February 28, 2022
Accounts payable	**$ 425,885**	$ 409,148
Accruals and others	**381,003**	45,201
Total amounts payable and other liabilities	**$ 806,888**	$ 454,349

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

	May 31, 2022	February 28, 2022
Less than 1 month	**$ 722,929**	$ 361,719
1 to 3 months	**61,638**	69,737
Greater than 3 months	**22,321**	22,893
Total amounts payable and other liabilities	**$ 806,888**	$ 454,349

9. Flow-through share liability

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

Balance at February 28, 2022	**-**
Liability incurred on flow-through shares issued	1,902,223
Settlement of flow-through share liability on incurring expenditure	(96,379)
Balance at May 31, 2022	**$ 1,805,844**

The flow-through common shares issued in the non-brokered private placement completed during the year ended February 28, 2022, 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 $1,902,223.

Date	Flow-through premium
April 6, 2022	$ 533,333
April 22, 2022	1,368,890
	$ 1,902,223

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

(Expressed in Canadian Dollars)

10. 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.

Balance, February 28, 2022	**$**	**2,470,802**
Accretion		93,757
Balance, May 31, 2022	**$**	**2,564,559**
Allocated as:		
Current	$	2,564,559
Non-current		-
Balance, May 31, 2022	**$**	**2,564,559**

(Expressed in Canadian Dollars)

11. 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. 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 three months ended May 31, 2022 the Company recognized an unrealized loss of $nil (three months ended May 31, 2021 - $160,285) which has been recorded in the statement of loss and comprehensive loss.

For the three months ended May 31, 2022, the Company recognized its share of GGI loss of $56,978, 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 May 31, 2022	As at February 28, 2022
Balance, beginning of period	**$ 6,091,409**	$ -
Transfer of fair market value	**-**	6,162,959
Loss from investment in associate	**(56,978)**	(71,550)
Balance, end of period	**$ 6,034,431**	$ 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.

As at April 30,	**2022 $**	**2022 $**
Cash and cash equivalents	**180,683**	2,129,893
Total current assets	**375,675**	3,352,549
Total non-current assets	**356,414**	383,734
Total current liabilities	**(552,832)**	(979,609)
Total non-current liabilities	**(3,094,000)**	(3,329,293)
Net loss	**(292,195)**	(1,184,362)
Proportionate share of net loss	**(56,978)**	-

(Expressed in Canadian Dollars)

12. 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 May 31, 2022, the issued share capital amounted to $103,392,934 (February 28, 2022 - $95,982,395). Changes in issued share capital are as follows:

	Number of common shares	Amount
Balance, February 28, 2021	**157,419,285**	**$ 82,905,744**
Units issued for acquisition of GGI (i)	4,211,719	10,782,001
Exercise of stock options (ii)	350,000	28,000
Value transferred to share capital from exercise of stock options (ii)	-	24,850
Exercise of warrants (iii)	369,255	375,130
Value transferred to share capital from exercise of broker warrants (iii)	-	168,709
Balance, May 31, 2021	**162,350,259**	**$ 94,284,434**
Balance, February 28, 2022	**163,936,993**	**$ 95,982,395**
Issuance of charity flow-through units (iv)	2,222,223	7,000,002
Flow-through share premium (note 9)	-	(1,902,223)
Share issue costs	-	(114,124)
Exercise of stock options (v)	2,750,000	572,650
Value transferred to share capital from exercise of stock options (v)	-	519,440
Exercise of warrants (vi)	1,567,149	1,334,794
Balance, May 31, 2022	**170,476,365**	**$103,392,934**

(i) 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.

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

(Expressed in Canadian Dollars)

12. Share capital (continued)

b) Common shares issued (continued)

(iii) During the three months ended May 31, 2021, 369,255 warrants were exercised for common shares of the Company for gross proceeds of $375,130. The warrants were exercised for the following prices: (1) 107,000 common shares of the Company at $1.30 per share; and (2) 262,255 common shares of the Company at $0.90 per share. A total value of $168,709 was transferred to share capital from reserves as a result of the exercise of the 582,789 broker warrants.

(iv) On April 6th, and 22nd, 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.

(v) During the three months ended May 31, 2022, 2,750,000 stock options were exercised for the following prices: (1) 20,000 common shares of the Company at $0.08 per share; (2) 380,000 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; and (4) 250,000 common shares of the Company at $0.235 per share for gross proceeds of $572,650. A total value of $519,440 was transferred to share capital from reserves as a result of the exercise of these stock options.

(vi) During the three months ended May 31, 2022, 1,567,149 warrants were exercised for common shares of the Company for gross proceeds of $1,334,794. The warrants were exercised for the following prices: (1) 5,000 common shares of the Company at $0.80 per share; (2) 700,000 common shares of the Company at $0.30 per share; and (3) 862,149 common shares of the Company at $1.30 per share.

13. 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, 2021	**14,370,000**	**0.91**
Exercised (note 12(b)(ii))	(350,000)	0.08
Balance, May 31, 2021	**14,020,000**	**0.93**
Balance, February 28, 2022	**14,095,000**	**0.94**
Exercised (note 12(b)(v))	(2,750,000)	0.21
Balance, May 31, 2022	**11,345,000**	**1.11**

(Expressed in Canadian Dollars)

13. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of May 31, 2022:

Expiry Date	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)	Fair value ($)
January 30, 2023	0.235	0.09	1,500,000	1,500,000	328,500
February 3, 2023	0.24	0.01	200,000	200,000	44,624
March 6, 2024	0.08	0.24	1,550,000	1,550,000	110,050
September 5, 2024	0.095	0.26	1,300,000	1,300,000	109,200
December 9, 2024	0.135	0.26	1,170,000	1,170,000	150,345
June 24, 2025	0.24	0.41	1,500,000	1,500,000	308,850
July 21, 2025	0.46	0.10	350,000	350,000	144,725
February 5, 2026	3.00	1.20	3,700,000	3,700,000	9,829,420
June 28, 2026	2.49	0.03	75,000	75,000	163,479
Total	**1.11**	**2.60**	**11,345,000**	**11,345,000**	**11,189,193**

The weighted average exercise price of the vested options as at May 31, 2022 is $1.11.

14. Warrants

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

	Number of warrants	Weighted average exercise price ($)
Balance, February 28, 2021	**17,371,597**	**0.66**
Issued (note 12(b)(i))	4,211,719	2.82
Exercised (note 12(b)(iii))	(369,255)	(1.20)
Balance, May 31, 2021	**21,214,061**	**1.08**
Balance, February 28, 2022	**20,127,327**	**1.13**
Issued (note 12(b)(iv))	2,222,223	3.40
Exercised (note 12(b)(vi))	(1,567,149)	(0.85)
Balance, May 31, 2022	**20,782,401**	**1.50**

The following table reflects the warrants issued and outstanding as of May 31, 2022:

Expiry date	Number of warrants outstanding	Exercise price ($)
June 19, 2022	5,201,470	0.30
August 19, 2022	5,318,888	0.80
December 5, 2022	3,328,101	1.30
December 31, 2022	500,000	3.00
March 8, 2023	4,211,719	2.82
April 6, 2024	666,666	3.40
April 22, 2024	1,555,557	3.40
	20,782,401	**1.50**

(Expressed in Canadian Dollars)

15. Net loss per common share

The calculation of basic and diluted loss per share for the three months ended May 31, 2022 was based on the loss of $1,652,669 (three months ended May 31, 2021 - $1,785,997) and the weighted average number of common shares outstanding of 166,481,839 for the three months ended May 31, 2022 (three months ended May 31, 2021 - 161,455,584). The diluted loss per share for the three months ended May 31, 2022 excluded 11,345,000 (May 31, 2021 - 14,020,000) options and 20,782,401 (May 31, 2021 - 17,371,591) warrants that were anti-dilutive.

16. General and administrative

	Three Months Ended May 31, 2022	Three Months Ended May 31, 2021
Professional fees (note 17(ii) and (iv))	**$ 130,226**	$ 71,384
Reporting issuer costs	**4,490**	21,580
Office and general	**89,119**	43,773
Advertising and promotion	**14,571**	48,584
Management and consulting fees (note 17(i))	**90,610**	64,310
Interest and bank charges	**6,248**	1,662
Share-based payments (note 13)	**-**	277,893
	$ 335,264	$ 529,186

17. Related party balances and transactions

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

Eskay entered into the following transactions with related parties:

(i) For the three months ended May 31, 2022, the Company paid or accrued $90,610 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 (May 31, 2021 - $68,060).

(ii) For the three months ended May 31, 2022, the Company paid or accrued $10,990 in professional fees (May 31, 2021 - $7,054) 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 May 31, 2022, this company is owed $170 (February 28, 2022 - $6,965).

(iii) As at May 31, 2022, the Company owed certain officers, directors and parties related to officers and directors $nil (February 28, 2021 - $nil), 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 May 31, 2022, the Company paid professional fees and disbursements of $52,855 (May 31, 2021 - $20,643) 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 May 31, 2022, Gardiner is owed $12,778 (February 28, 2022 - $3,408) 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 12(b)(ii)(v).

17. Related party balances and transactions (continued)

As at May 31, 2022, Hugh Balkam, a director of the Company owns 16,883,345 common shares of the Company carrying approximately 9.90% of the voting rights attached to all common shares of the Company. As at May 31, 2022, directors and officers of the Company control an aggregate of 30,820,990 common shares of the Company or approximately 18.08% of the shares outstanding.

At May 31, 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.

18. 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 unaudited condensed interim 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.

The Company is obligated to spend $7,000,002 by December 31, 2023. As at May 31, 2022, the Company has spent $379,500 as part of the flow-through funding agreement. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. The Company has indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments.

19. 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.

20. Subsequent events

On July 4, 2022, the Company announced that an aggregate of 2,200,000 options to purchase common shares of Eskay at $1.81 per share for five years have been granted to officers, directors and consultants of Eskay. The grant is subject to acceptance by TSXV.