

# **ESKAY MINING CORP.**

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

**FOR THE YEAR ENDED FEBRUARY 28, 2021**

**(Expressed in Canadian Dollars)**

**Prepared by:**

**ESKAY MINING CORP.**

**The Canadian Venture Building,  
82 Richmond Street East,  
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**Discussion dated June 25, 2021**

## **Introduction**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Eskay Mining Corp. ("Eskay" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended February 28, 2021. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the years ended February 28, 2021 and February 29, 2020, together with the notes thereto. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). Information contained herein is presented as of June 26, 2021, unless otherwise indicated.

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

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

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

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

**Eskay Mining Corp.**  
**Management's Discussion & Analysis**  
**Year Ended February 28, 2021**  
**Discussion dated: June 25, 2021**

Forward-looking statements	Assumptions	Risk factors
<p>Potential of the Company's properties to contain economic deposits of precious and base metals. For fiscal 2022, the company's exploration expenses are estimated to be \$1,200,000 per month.</p>	<p>Financing will be available for future exploration and evaluation of the Company's properties; the actual results of the Company's exploration and evaluation activities will be favourable; operating, exploration and evaluation costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company; the price of precious and base metals and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties.</p>	<p>Precious and base metals price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; availability of financing for and actual results of the Company's exploration and evaluation activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; ongoing uncertainties relating to the COVID-19 virus; the Company's ability to retain and attract skilled staff; availability of permits.</p>
<p>For fiscal 2022, the Company's operating expenses are estimated to be \$90,000 per month.</p>	<p>The Company has anticipated all material costs; the operating and exploration activities of the Company for fiscal 2022 and the costs associated therewith, will be consistent with Eskay's current expectations.</p>	<p>Unforeseen costs to the Company will arise; any particular operating costs increase or decrease from the date of the estimation; changes in economic conditions.</p>
<p>The Company's cash position at February 28, 2021 is sufficient to fund its operating expenses for the twelve months ending February 28, 2022.</p>	<p>Financing will be available for the Company's exploration and evaluation activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favourable to the Company; the price of gold and/or other applicable metals will be favourable to the Company; no title disputes exist with respect to the Company's properties.</p>	<p>Gold and other metals price volatility, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; ongoing uncertainties relating to the COVID-19 virus. the Company's ability to retain and attract skilled staff; availability of permits; market competition.</p>

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

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

## **Description of Business**

The Company was incorporated under the British Columbia Business Corporations Act and continued November 2, 2010, under the Business Corporations Act of Ontario. Its common shares are listed on the TSX Venture Exchange ("TSXV") (symbol "ESK") and the Frankfurt Stock Exchange (symbol "WKN 878985"). On July 9, 2020, the Company's common shares were approved for and started trading on the OTCQB Venture Market in the United States under the symbol (OTCQB: ESKYF). The Company is a natural resource company engaged in the acquisition and exploration of mineral properties in British Columbia, Canada. To date, the Company has not generated significant revenues from operations.

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

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

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

## **Outlook and Economic Conditions**

The Company is a Canadian base and precious metal exploration company, focused on exploring its current property interests, and on acquisitions of other mineral exploration properties, should such acquisitions be consistent with its objectives and acquisition criteria. The Company currently has operations in the Province of British Columbia, Canada. The Company's financial success will be dependent upon the extent to which it can make discoveries and on the economic viability of any such discoveries. The development of such assets may take years to complete and the resulting income, if any, is difficult to determine with any certainty. To date, the Company has not produced any revenues. The sales value of any minerals discovered by the Company is largely dependent upon factors beyond its control, such as the market value of the commodities produced.

There are significant uncertainties regarding the prices of base and precious metal and the availability of equity financing for the purposes of exploration and evaluation. The future performance of the Company is largely tied to the successful exploration, discovery and eventual development of its property interests, if they are proven successful, and other prospective business opportunities and the overall financial markets. Financial markets are likely to be volatile, reflecting ongoing concerns about the stability of the global economy. However, recently, equity markets in Canada have showed signs of improvement, with equities increasing significantly during this period. Strong equity markets are favourable conditions for completing a financing, public merger or acquisition transaction.

Management regularly monitors economic conditions, estimates their impact on the Company's operations, and incorporates these estimates in both short-term operating and longer-term strategic decisions.

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

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

The Canadian government has not introduced measures which impede the activities of Eskay. Management believes the business will continue and accordingly, the current situation bears no impact on management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of Eskay in future periods. Accordingly, to execute the Company's plans for the near term as outlined under the heading "Mineral Property Interests" and meet the Company's administrative overhead, the Company is required to complete a financing. See "Risks and Uncertainties".

## **Highlights**

- On April 15, 2020, the Company announced that the new website, found at [www.eskaymining.com](http://www.eskaymining.com), had been launched. The website includes a Presentation by Dr. John DeDecker discussing the exploration potential of the Company's SIB Property.
- On May 15, 2020, the Company announced an extension on the exercise date of 1,282,000 warrants currently exercisable until June 1, 2020 (as to 1,082,000) and June 7, 2020 (as to 200,000) at \$0.40 per share, issued pursuant to the private placement financing which closed in June of 2018, for a further year until June 1, 2021 and June 7, 2021 respectively. Each warrant entitles the holder to acquire one common share at a price of \$0.40 until the earlier of (i) June 1, 2021; and (ii) in the event that the closing price of the common shares on the TSXV is at least \$0.60 for ten (10) consecutive trading days, and the 10th trading day is at least four (4) months from June 1, 2018, the date which is thirty (30) days from the 10th trading day. On August 24, 2020, the Company announced that the extension of the remaining 1,142,000 warrants exercisable at \$0.40 per share had been accelerated because the Company's common shares have closed at a price of at least \$0.60 for ten (10) consecutive trading days as of August 21, 2020. The remaining unexercised 2018 Warrants expired on September 23, 2020.

**Eskay Mining Corp.**  
**Management's Discussion & Analysis**  
**Year Ended February 28, 2021**  
**Discussion dated: June 25, 2021**

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- On June 3, 2020, the Company closed the first tranche of its non-brokered private placement with the sale of 1,000,000 FT Units of the Company at a price of \$0.255 per FT Unit for \$255,000 and 550,000 WC Units at a price of \$0.17 per WC Unit for \$93,500. A finder was paid a cash fee of \$1,275. The Company also announced that it planned to increase its flow-through offering by a further 2,050,000 FT Units to up to 8,950,000 FT Units of the Company at a price of \$0.255 per FT Unit for up to \$2,282,250 to fund its 2020 exploration.
- On June 19, 2020, the Company closed the final tranche of its non-brokered private placement with the sale of 7,950,000 FT Units of the Company at a price of \$0.255 per FT Units for \$2,027,250 and 2,452,941 WC Units at a price of \$0.17 per WC Unit for \$417,000. The Company raised an aggregate of \$2,282,250 in flow-through funds and \$510,500 in working capital funds pursuant to the Offering. Proceeds from the Offering will be used to fund the Company's 2020 exploration program and for general working capital.
- On June 22, 2020, the Company announced the commencement of the 2020 exploration program. The program is designed to cover a broader extent of the Company's 526 square kilometer property in the heart of British Columbia's "Golden Triangle" and encompass an investigation of geophysical targets and generate new, high quality drill targets.
- On June 23, 2020, the Company entered into an agreement to settle a debt of \$80,340 owed to Balkam Partners Ltd., a company controlled by the President and CEO of the Company, Hugh (Mac) Balkam, for management fees, and a debt of \$281,782 owed to Mac Balkam for management fees, as to \$250,000, and accrued interest on funds loaned to the Company by Mac Balkam, as to \$31,782, for an aggregate of \$362,122 of debt to be settled in consideration for the issuance of 2,130,129 common shares of the Company at a price of \$0.17 per share, subject to disinterested shareholder approval which was obtained at the annual meeting on August 11, 2020.
- On June 24, 2020, the Company announced the grant of an aggregate of 1,500,000 stock options to directors and consultants of the Company. The stock options are exercisable at \$0.24 per share for five years.
- On July 9, 2020, the Company's common shares were approved for and started trading on the OTCQB Venture Market in the United States under the symbol (OTCQB: ESKYF).
- On July 10, 2020, the Company announced that Quinton Hennigh and Tom Weis would be presented as nominees for Directors of the Company at the upcoming Annual General and Special Meeting to be held on August 11, 2020.
- On July 14, 2020, the Company announced that its 2020 exploration program was advancing on schedule at its approximately 526 square kilometer property in the heart of British Columbia's Golden Triangle. Importantly, recent review of historic diamond drill core from holes drilled at numerous prospects within Eskay's land tenure indicates that these systems all display a volcanogenic massive sulphide ("VMS") affinity. VMS Deposits are sulphide rich accumulations that formed around black smokers associated with submarine hot springs. Such deposits usually occur in clusters on the sea floor resulting in mineral districts once uplifted onto continents. This new revelation implied that the partially explored systems on Eskay Mining's property potentially collectively comprises a greater Eskay Creek VMS district.
- On July 21, 2020, the Company granted 350,000 stock options to a consultant of the Company. The stock options are exercisable at \$0.46 per share for five years.

**Eskay Mining Corp.**  
**Management's Discussion & Analysis**  
**Year Ended February 28, 2021**  
**Discussion dated: June 25, 2021**

---

- On July 28, 2020, the Company commenced a private placement offering of up to 3,500,000 FT Units of the Company at a price of \$0.645 per FT Units for up to \$2,257,500 and up to 4,500,000 WC Units at a price of \$0.45 per WC Unit for up to \$2,025,000 to fund its 2020 exploration.
- On July 28, 2020, the Company announced that it has secured a diamond drill through Driftwood Diamond Drilling Ltd to undertake a minimum 3,000 m drill program this exploration season. Drilling is expected to commence in a few weeks after the Company has reviewed incoming geophysical data designed to refine drill targeting at multiple precious metal rich volcanogenic massive sulphide targets.
- On August 19, 2020, the Company closed its non-brokered private placement with the sale of 3,500,000 FT Units of the Company at a price of \$0.645 per FT Units for \$2,257,500 and 2,559,444 WC Units at a price of \$0.45 per WC Unit for \$1,151,750. The Company raised an aggregate of \$3,409,250 pursuant to the Offering.
- On September 22, 2020, the Company announced that it has encountered precious metal-bearing volcanogenic massive sulphide mineralization in its first diamond drilling at the TV target on joint venture ground held with Kirkland Lake Gold Ltd.
- On October 16, 2020, the Company announced that it has completed a highly successful diamond drill campaign encompassing 4,335.55m in 20 holes at its TV-Jeff precious metal-bearing volcanogenic massive sulphide target on joint venture ground held with Kirkland Lake Gold Ltd.
- On November 20, 2020, the Company entered into an agreement with Echelon Wealth Partners Inc., and Eight Capital as co-lead agents (the "Agents") that have agreed to sell, on a "Best efforts" private placement basis, up to approximately \$10,000,000 of units, traditional flow-through shares and flow-through units of the Company at a price of \$0.90 per unit, \$1.05 per flow-through share and \$1.25 per flow through unit. Each unit and flow-through unit will consist 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 for a period of two years following the closing of the offering. On November 26, 2020, the Company announced that the offering had been increased to \$11.5 million. The Agents were granted an option (the "Agents' Option") to purchase an additional 20% of the securities being offered.
- On December 14, 2020, the Company announced that it has closed the brokered private placement offering previously announced on November 20, 2020 and November 26, 2020 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 and 7,725,600 flow-through units of the Company at a price of \$1.25, for an aggregate gross proceeds of \$13,799,625 including the exercise of the Agents' Option.
- On December 22, 2020, the Company announced that it has confirmed discovery of two precious metal-rich volcanogenic massive sulphide deposits at the TV and Jeff targets on the joint venture ground held with Kirkland Lake Gold Ltd.
- On January 6, 2021, the Company announced that effective immediately Dr. John DeDecker was appointed VP of Exploration and M Robert Myhill became the VP of Finance.
- On February 2, 2021, the Company announced that it has received all assays from 20 drill holes completed during its maiden diamond drill program at two precious metal-rich volcanogenic massive sulphide deposits, Jeff and TV, on joint venture ground held with Kirkland Lake Gold Ltd. Assays include 25.55m grading 2.0 gpt Au eq and 9.5 gpt Au and 70.0 gpt Ag including 9.25m grading 32.17 gpt Au and 93.2 gpt Ag in hole J20-33 at Jeff.

- On February 5, 2021, the Company announced that an aggregate of 3,700,000 options to purchase common shares of Eskay at \$3.00 per share for five years have been granted to officers, directors, and consultants of Eskay.
- On February 25, 2021, the Company announced that its stream sample analytics results highlight many new high priority precious metal-rich volcanogenic massive sulphide targets across its 526 sq km land holdings immediately south and east of the Eskay Creek mine. Stream sediment samples were collected as part of the Company's 2020 exploration program and the fine fraction was analyzed using bulk leach extractable gold methodology.
- On March 8, 2021, the Company announced that it has 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 of Eskay at a price of \$2.56 per working capital unit. Each working capital unit consists of one common share of the company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at a price of \$2.82 per warrant share until the earlier of: (i) the date which is two (2) years following the closing of the Acquisition; and (ii) in the event that the closing price of the Common shares on the TSX Venture Exchange is at least \$3.72 for twenty (20) consecutive trading days, and the 20<sup>th</sup> trading day is on or after August 1, 2021, the date which is thirty (30) days from the final trading day. The Acquisition represents 19.5% of the current issued and outstanding shares of GGI. The Acquisition is being made for investment purposes.
- On March 25, 2021, and March 26, 2021, the Company announced that it has acquired a 100% interest in all the properties, including the Jeff and TV targets, which was subject to a joint venture with St. Andrew Goldfields Ltd., a wholly- owned subsidiary of Kirkland Lake Gold Ltd., pursuant to a joint venture agreement dated November 25, 2016, as amended (the "JV Agreement"). Pursuant to the terms of the JV Agreement, the joint venture has been terminated whereby the property is 100% owned by the Company, and St. Andrew has been converted to the holder of a 2% net smelter return royalty (the "2% NSR"). Eskay has the right, exercisable at any time, to purchase one half of the 2% NSR held by St. Andrew for \$3 million and has the right of first refusal to purchase the remaining 1% NSR.
- On April 13, 2021, the Company announced that it has reviewed all data from its 2020 exploration campaign and has conclusively identified multiple mineralized horizons at its 100% owned consolidated Eskay precious metal-rich volcanogenic massive sulphide ("VMS") project in the Golden triangle, British Columbia.
- On April 22, 2021, the company announced that it has commenced its 2021 exploration program with a property wide SkyTem survey across its 100% owned consolidated Eskay precious metal-rich VMS project in the Golden Triangle British Columbia.

### **Overall Objective**

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

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

See "Risks and Uncertainties" below.

## **Trends**

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

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

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

## **Mineral Property Interests**

Dr. Quinton Hennigh, P. Geo., a Director of the Company, and its technical advisor, is a Qualified Person under the definition of National Instrument 43-101. Dr. Hennigh has approved the disclosure contained under the heading "Mineral Property Interests" and has verified the scientific and technical data contained herein.

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

**Eskay Mining Corp.**  
**Management's Discussion & Analysis**  
**Year Ended February 28, 2021**  
**Discussion dated: June 25, 2021**

Summary of Completed Activities (Year Ended February 28, 2021)	(A) Spent (approx.)	Plans for the Project (Fiscal 2021)	(B) Planned Expenditures (approx.)
<p>Based on the Company's working capital surplus of \$10,546,684 on February 28, 2021 (February 29, 2020 – working capital deficit of \$497,021), and anticipated exercise of warrants and options during the fiscal period the Company may not have sufficient funds for its exploration work requirements and will require a financing. The major variables are expected to be the size, timing, and results of the Company's exploration program.</p> <p>Notes 1 and 2 below refer to work on the Corey claims and SIB/Lulu and TV/Jeff</p>	\$2,201,000	<p>Diamond drilling this Summer (2021) at the TV and Jeff occurrences (see Note 2 below) will follow up on drilling conducted in 2020. Data collected during the 2020 field season was compiled, evaluated, and interpreted during the remainder of the year and into 2021, and were used to develop the exploration plan for the 2021 field season. Permitting has been completed for a large-scale deep drilling program on the west and east limbs of the Eskay anticline. Additional core drilling will be conducted at C10, GFJ, and SIB (see Note 1). On the North Mitchell block, the intention remains to undertake further geologic mapping to help target mineralizing systems on the block, which lies north of Brucejack and east of Fe Cap. Follow-up reconnaissance prospecting, geochemical surveys, and mapping will be undertaken to better evaluate the potential for Eskay Creek-style mineralization in the Jurassic submarine volcanic stratigraphy on the property.</p>	\$14,095,000
	<b>\$2,201,000</b>		<b>\$14,095,000</b>

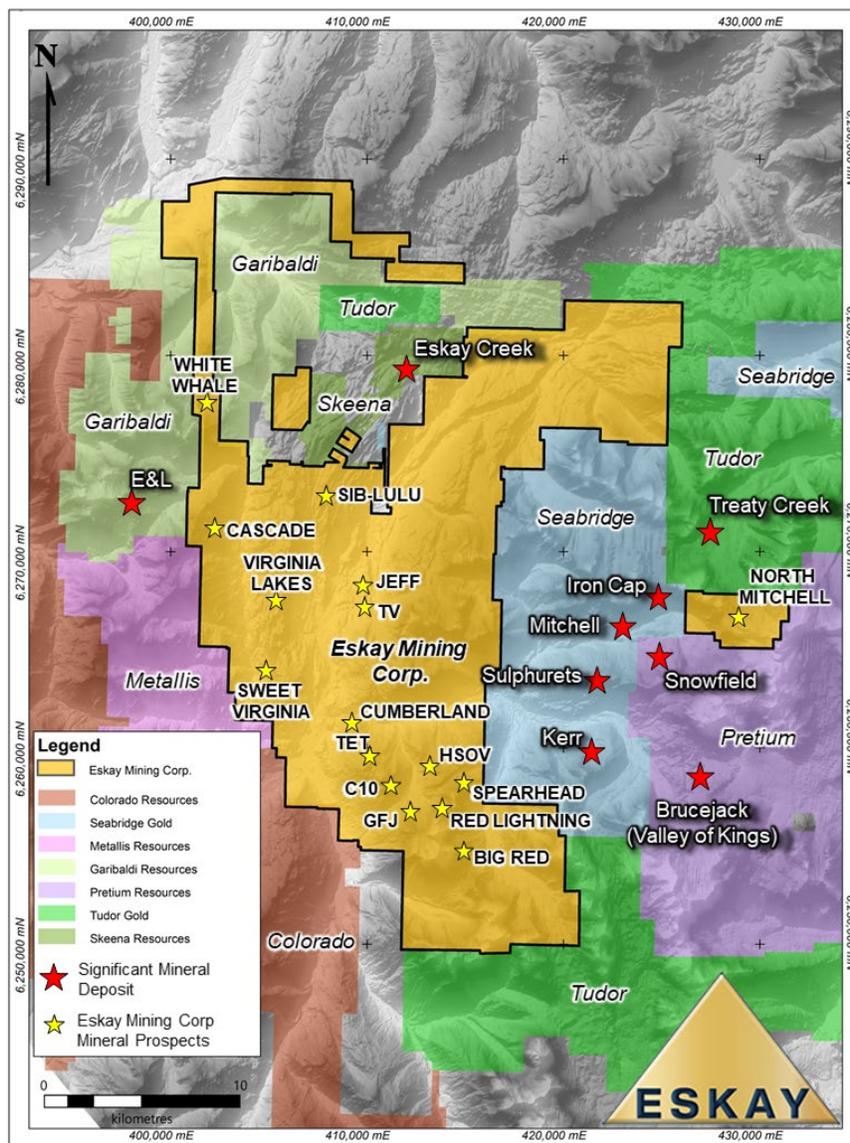
Most of the Company's tenures are in good standing until June 2029 with 5 tenures in good standing until at least June 22, 2024.

**Note 1**

**Corey Mineral Claims**

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

These mineral properties are 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.



**Map showing property boundary, nearby mineral deposits, and the Au-Ag VMS deposits discussed in this report.**

Tet-C10

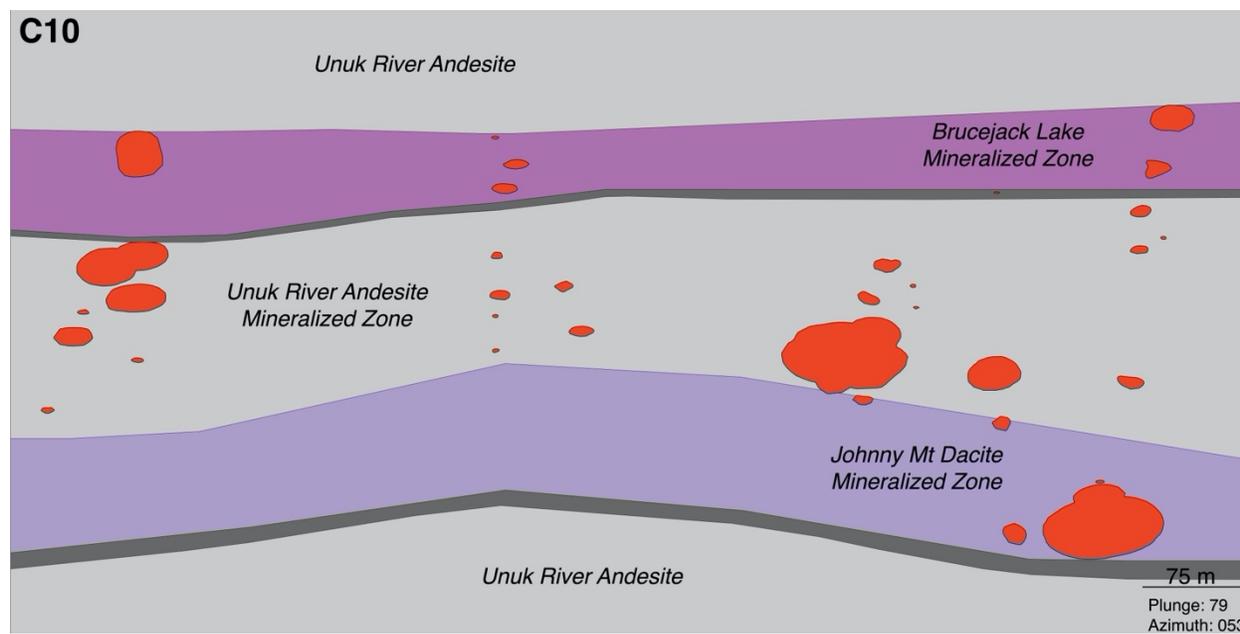
Tet and C10 were a significant focus of the 2020 field program. Relogging and sampling of historic drill core, reconnaissance mapping, and induced-polarization (IP) investigations were conducted. Historic drilling at C10 intercepted numerous auriferous intervals grading as high as 99.4 g/t, with numerous intercepts in the 1-10 g/t range. Previous and new surface investigations at Tet show the presence of high-grade Ag sulfosalt mineralization.

Re-examination of historic drill core indicates that Tet-C10 are within the volcanic-arc related Betty Creek Formation, as are Jeff, TV, and the lower stratigraphy at SIB. Betty Creek Formation rocks at Tet-C10 are more metamorphosed than further north, however relict primary rock textures and mineralogy, coupled with geochemical analyses have confirmed the intermediate composition and volcanic arc-related nature of host

rocks at Tet-C10. Examination of the topographic expression using 3-D modelling shows that Tet-C10 lies along the newly identified east limb of the Eskay anticline, forming a mineralized trend with Jeff and TV to the north.

Induced polarization investigations show chargeability and resistivity anomalies similar in shape, size, and magnitude to those at Jeff, TV; indicating the possible presence of several stratiform mineralized horizons. Mineralization encountered in historic drilling correlates with chargeability anomalies, just as at Jeff and TV. Several chargeability anomalies extend to the south and east beyond historic drilling in areas where past surface sampling has encountered Au and Ag mineralization.

The results summarized above are consistent with Tet-C10 forming a component of the east-limb Eskay anticline trend of VMS deposits along with TV and Jeff. The C10 deposit is a high-priority target for geologic mapping, sampling, and drilling in 2021.



**Stratigraphic section of C10 looking down-dip.**

#### GFJ

The IP surveys conducted at Tet-C10 extended eastwards to include the GFJ Au-Ag showing. These investigations show chargeability and resistivity anomalies similar in shape, size, and magnitude to those at Tet-C10; indicating the possible presence of several stratiform mineralized horizons. Past surface sampling has indicated the possibility of high-grade Au-Ag mineralization at GFJ. Most of the high-grade surface samples were collected in locations corresponding with chargeability anomalies. GFJ is a high priority target for mapping, sampling, and drilling in 2021.

#### Red Lightning

The 2020 field program included relogging 3 representative drill holes from Red Lightning, RL-3, RL-4, and CR06-86. These holes are characterized by gabbro intruded into contact metamorphosed Betty Creek Formation volcanic arc-related rocks. The gabbro has zones of silicate-sulfide immiscibility with sulfide minerals grading from disseminated to massive. Mineralogy is dominated by pyrrhotite and chalcopyrite, with sphalerite and Ni-sulfides as accessory minerals. The relative age of the gabbro places the intrusion during the period when VMS systems were active, suggesting the gabbro intrusions at E&L and Red

Lightning may represent the rift-related magmatic intrusions that drive VMS hydrothermal systems. This possibility is being investigated.

The grades intersected to date are sub-economic (20.4 m at 0.79% Cu, 0.42% Ni and 0.08% Co, including 10 m at 1.03% Cu, 0.55% Ni and 0.10% Co). The Red Lightning area remains prospective given its location along the Au-rich trend from C10-Tet to Spearhead identified by drilling and surface sampling.

#### Spearhead

Reconnaissance mapping, sampling, IP investigations, and relogging of historic drill core SH-2 was conducted at Spearhead in 2020.

Spearhead is a mudstone-hosted VMS deposit approximately 1 km northeast of Red Lightning. Mudstone with semi-massive sulfide mineralization outcrops on the surface forming a SE-NW trend extending approximately 150 meters. Past surface sampling encountered grades of 2-4 g/t along the mineralized outcrop. Surface investigations and examination of drill core SH-2 show that Spearhead is likely hosted within felsic volcanic rocks belonging to the Bruce Glacier felsic unit of the Upper Hazelton Group.

Induced polarization investigations show a correlation between outcropping mineralization and chargeability. Chargeability anomalies extend to the SE along the strike of the mineralized trend and extend down-dip along stratigraphy.

Detailed geologic mapping and systematic surface sampling will be conducted at Spearhead in 2021.

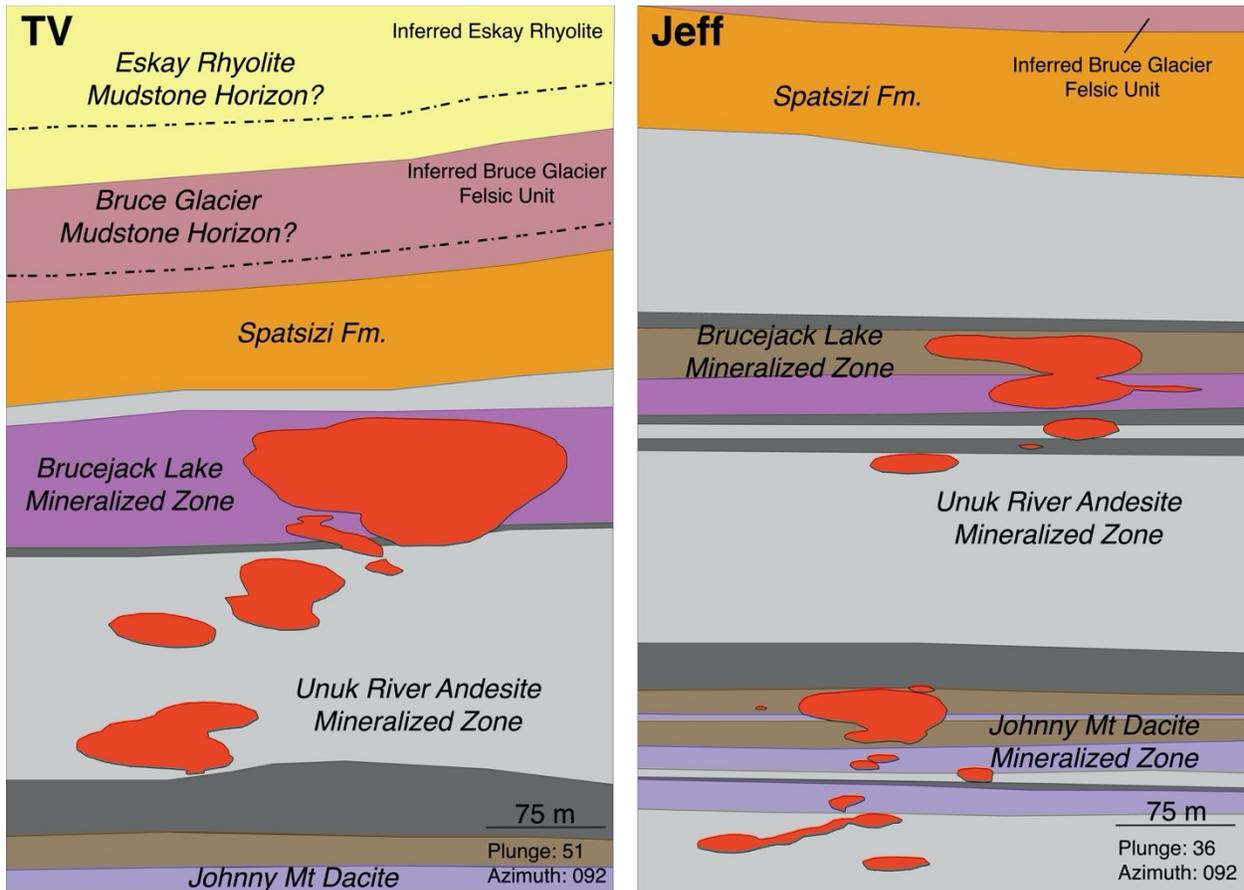
#### **Note 2**

##### Jeff and TV

The Jeff and TV deposits lie on the east limb of the Eskay anticline. The Jeff showing lies 4 km south-southeast of the Lulu zone and the TV showing 1.5 km south of Jeff.

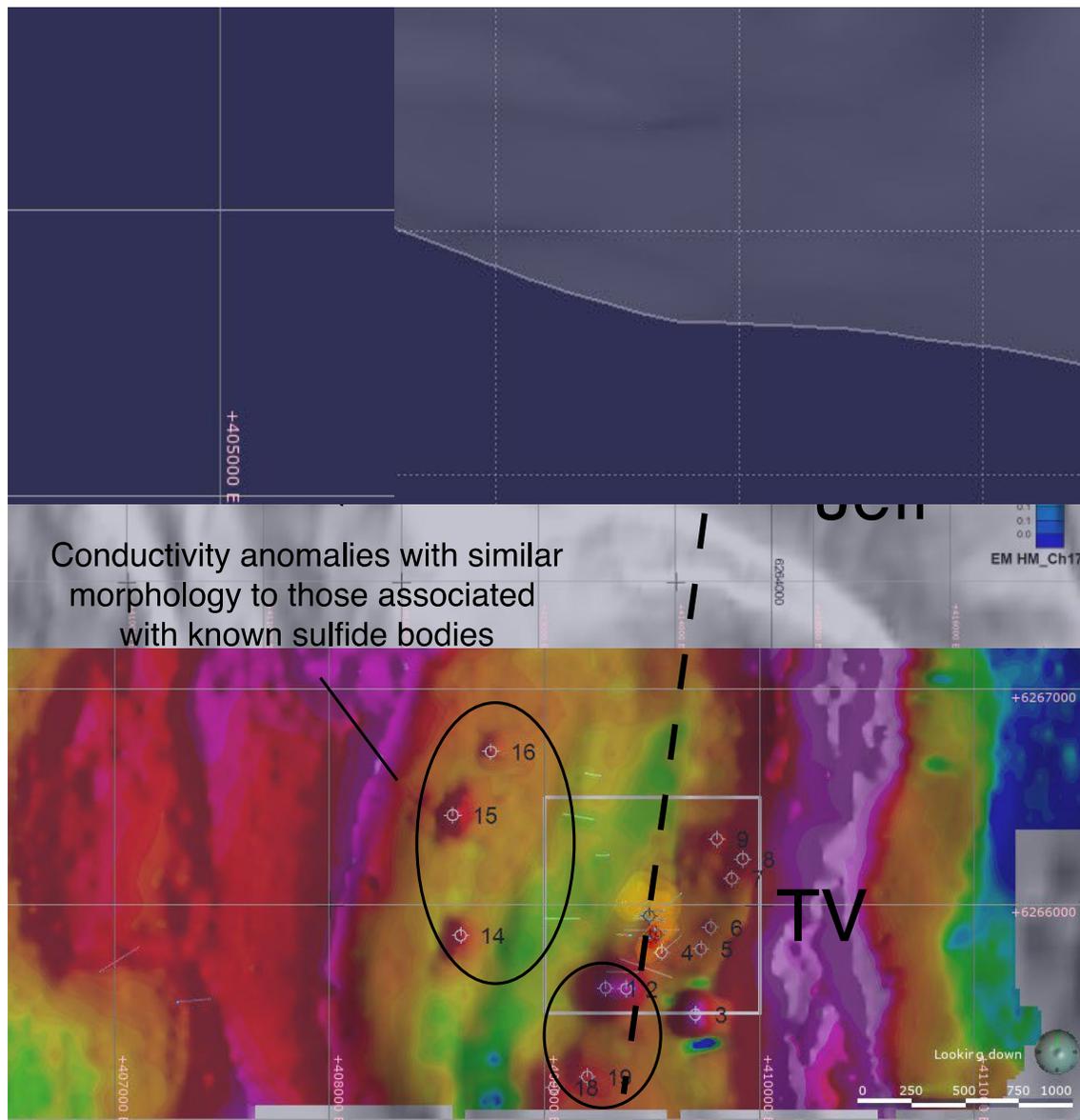
Drilling in 2020 intercepted Au grades as high as 84.4 g/t over 1 meter, and silver grades up to 2430 g/t. The TV and Jeff area has enormous precious metal potential and is a high priority for further exploration in 2021.

Stratiform Au-Ag VMS mineralization occurs within peperitic dacite and basalt, similar to the ELM Zone at Eskay Creek, and mineralization at SIB-Lulu. The deposits are associated with intense hydrothermal alteration, and subseafloor replacement replacement-style to stringer-style sulfide and sulfosalt mineralization. The precious metal mineralogy is primarily: electrum, arsenian pyrite, arsenopyrite, miargyrite, and pyrargyrite.



**Stratigraphic sections of TV and Jeff looking down-dip, mineralized zones are shown in red.**

A SkyTEM survey of the area shows that known mineralization correlates with distinct high conductivity anomalies. Many such conductivity anomalies that lie on trend with TV and Jeff were discovered. Magnetotelluric (MT) and IP surveys were performed and support our model of stacked stratiform sulfide mineralization. As with the SkyTEM survey, the MT and IP surveys have anomalies that correlate well with the SkyTEM data and with known sulfide mineralization. Geophysical investigations have confirmed our geologic model, and will assist with drill planning on the numerous targets in the TV-Jeff area.



**SkyTEM conductivity map of TV and Jeff showing known mineralized zones and anomalies suggestive of additional mineralized zones.**

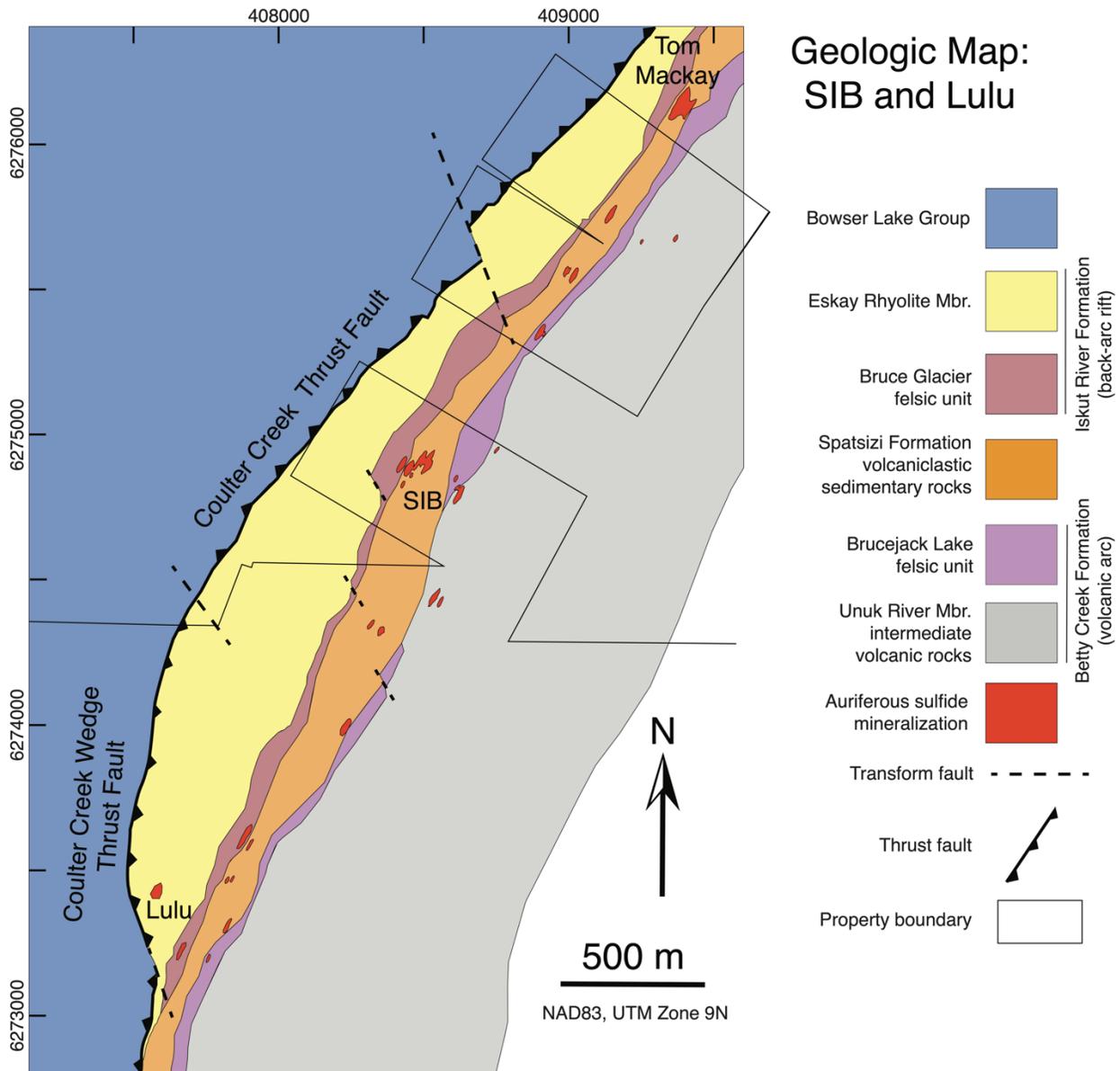
SIB/Lulu

SIB lies 4.5 km southwest of Eskay Creek Mine, with Lulu 2.5 km southwest of SIB. The SIB and Lulu showings are within a corridor of stratiform Au-Ag sulfide mineralization extending from Eskay Creek along the west limb of the Eskay anticline to the Lulu zone approximately 7 km to the southwest.

Work at SIB and Lulu comprised a detailed relogging and sampling of select drill holes for stratigraphic, structural, geochemical, mineralogical, and precious metal investigations. These investigations confirmed our reinterpretation of the Coulter Creek Thrust Fault as west-dipping with a wedge back-thrust near the Lulu Zone, and the presence of stratiform Au-Ag mineralization stratigraphically correlated with the Lower and Even Lower Mudstones at Eskay Creek, plus mineralization in stratigraphically deeper horizons within

the Spatsizi and Betty Creek Formations. At Lulu the confirmation of the wedge back-thrust fault, and stratiform Au-Ag mineralization associated with intense hydrothermal alteration open up a new exploration strategy for SIB-Lulu. Three-dimensional modelling of historic drilling shows that the Lulu-horizon continues below the wedge back-thrust fault. This opens up the possibility for finding the continuation of the Lulu Zone.

Historic drilling encountered numerous intervals with 1-15 g/t grades along strike all the way from SIB to Lulu. Now that the geometry and style of mineralization have been ascertained exploration at SIB-Lulu can be performed in a systematic and targeted manner.

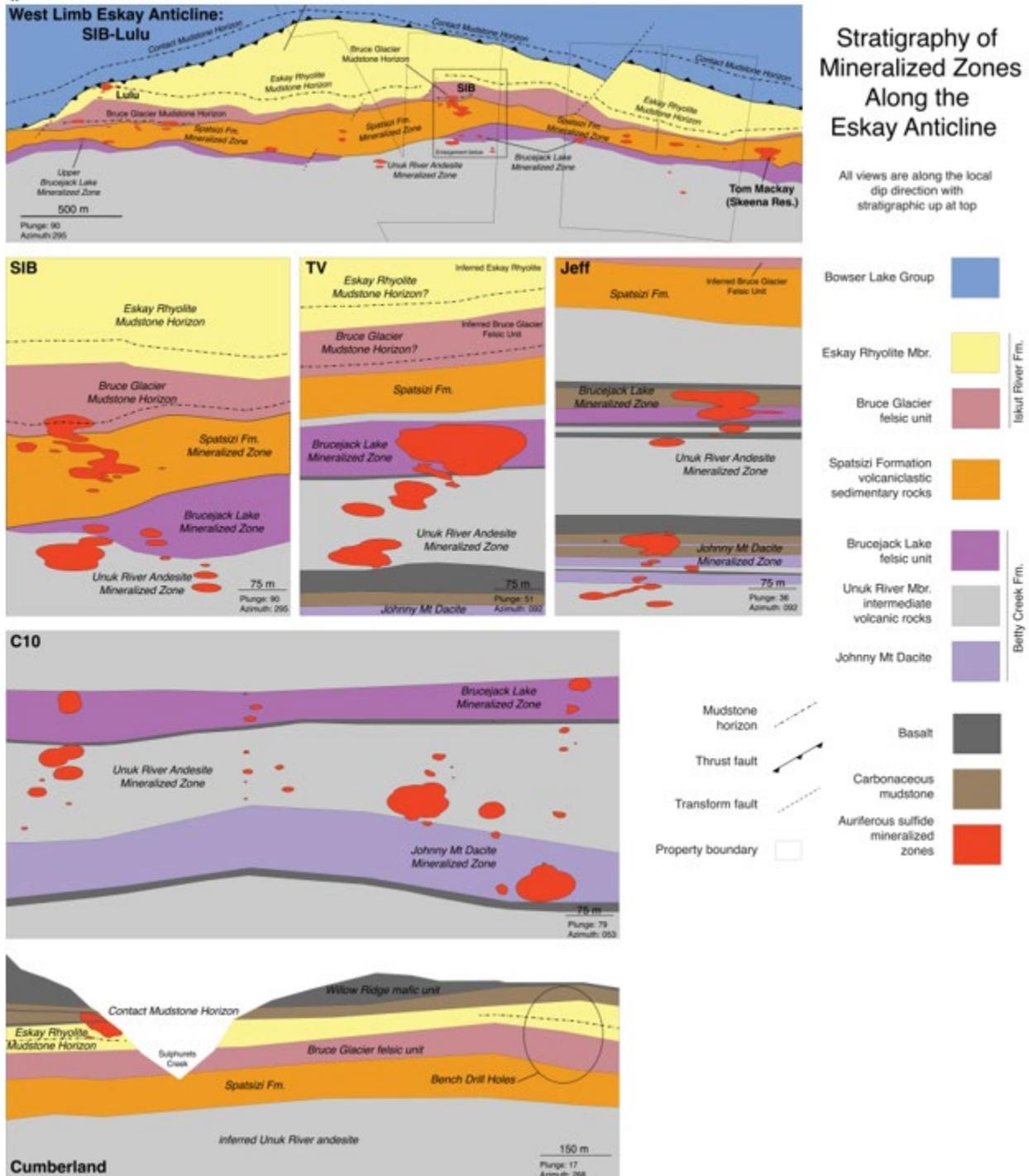


**Geologic map of the SIB and Lulu VMS deposits. The Tom Mackay deposit is owned by Skeena Resources.**

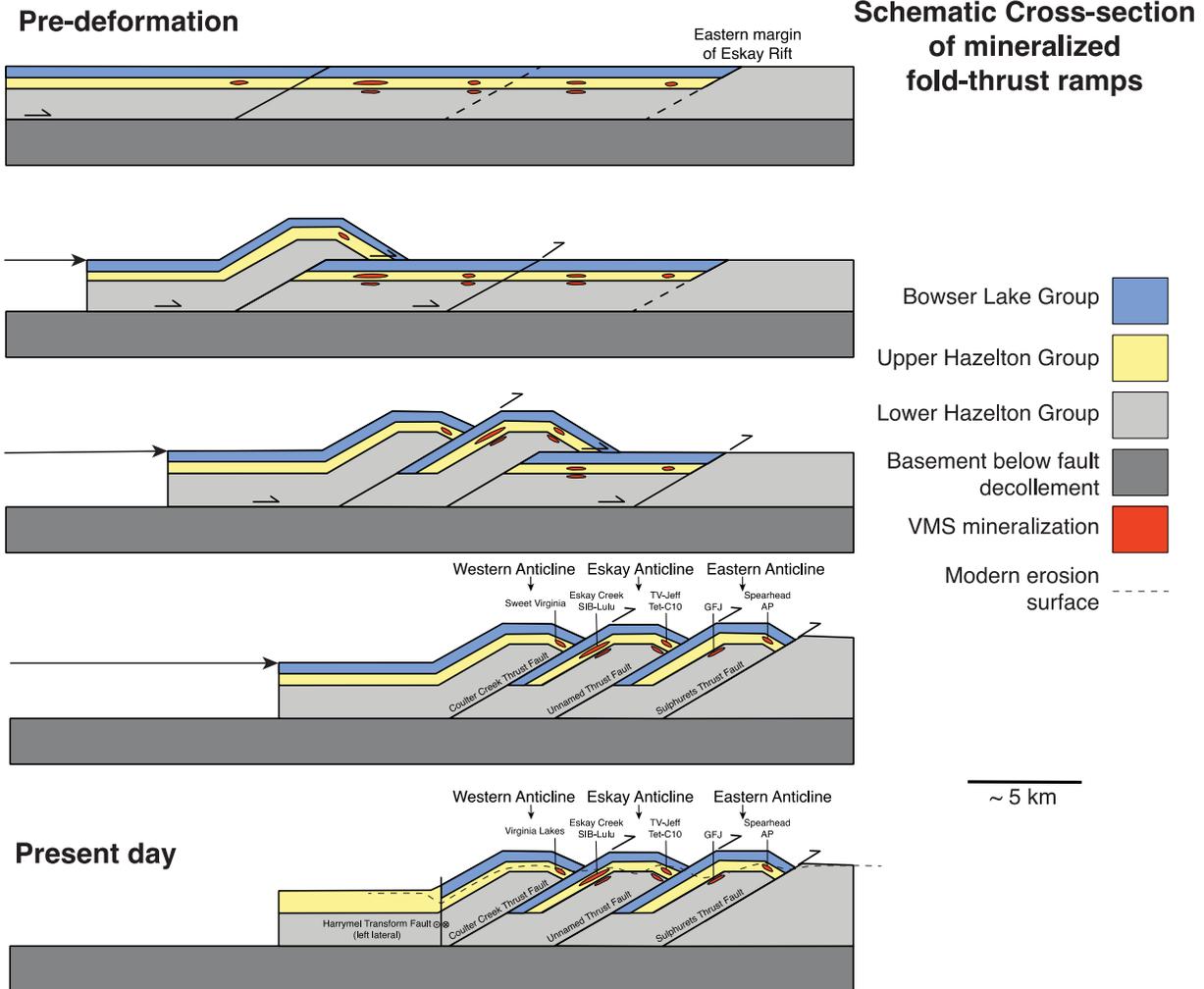
**Property-wide exploration model and plan for 2021**

Geological investigations conducted in 2020 were instrumental in developing a property-wide geological model to guide exploration for Au-Ag-bearing VMS deposits. We have identified six favorable horizons for mineralization: 1) Contact mudstone, 2) Eskay rhyolite peperite, 3) Bruce Glacier felsic unit peperite, 4) the Spatsizi Formation, 5) Brucejack Lake felsic unit peperite, and 6) Johnny Mt. dacite peperite. All of these horizons exhibit sub-seafloor replacement-style mineralization except the Spatsizi Formation which hosts stringer-style mineralization. These horizons are widely distributed across the Company's property and are hosted by three anticlines (Western, Eskay, and Eastern anticlines) that comprise a fold-thrust ramp complex. This structural model is consistent with geological observations and explains the spatial distribution of Au-Ag-bearing VMS deposits and Au anomalies detected by the 2020 BLEG survey on the property. The presence of six favorable horizons for VMS mineralization occurring on three anticlines opens up the entire property to exploration. Much of the 2021 field season will be devoted to developing drill targets property-wide based on the model discussed above.

The Company plans to drill a minimum of 30,000 meters focusing on expanding the footprint of mineralization at TV and Jeff and drilling underexplored targets at C10 and GFJ. Following up on the success of the SkyTEM survey of TV and Jeff in 2020, a property-wide SkyTEM survey will be conducted in 2021. An extensive geologic mapping and surface sampling program will be performed in order to refine our understanding of the structural geology and stratigraphy used to develop the geologic model that guides development of drill targets. A property-wide LiDAR and high-resolution orthoimagery survey will be conducted. These surveys will assist with geologic mapping and improve drill targeting. A follow-up BLEG survey will be performed on Au anomalies identified by the 2020 BLEG program in order to narrow down the sources of Au within prospective drainage basins.



Stratigraphic sections of deposits on the west limb of the Eskay anticline (SIB and Cumberland), and the East limb of the Eskay anticline (TV, Jeff, and C10).



**Schematic showing proposed deformation history of mineralized Hazelton Group stratigraphy on Eskay Mining Corp. property. Late Jurassic and Tertiary intrusions have been omitted for clarity.**

**Deposits and Exploration Advances**

As of February 28, 2021, the Company had \$72,870 (February 29, 2020 - \$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 to permit the Company to conduct exploration and evaluation activities in that province.

### Selected Annual Financial Information

	Year ended February 28, 2021 (\$)	Year ended February 29, 2020 (\$)	Year ended February 28, 2019 (\$)
Revenue	nil	nil	nil
Net loss	(14,181,357)	(1,304,786)	(693,671)
Net loss per share – basic and diluted	(0.10)	(0.01)	(0.01)
	As at February 28, 2021 (\$)	As at February 29, 2020 (\$)	As at February 28, 2019 (\$)
Total assets	15,615,185	278,566	159,620
Total long-term liabilities	64,633	223,496	221,334

### Summary of Quarterly Results

Three Months Ended	Profit and Loss		Total Assets (\$)
	Total (\$)	Basic and Diluted Loss Per Share <sup>(9)</sup> <sup>(10)</sup> (\$)	
2021-February 28	(10,543,259) <sup>(1)</sup>	(0.08)	15,615,185
2020-November 30	(1,042,824) <sup>(2)</sup>	(0.01)	3,648,113
2020-August 31	(2,199,493) <sup>(3)</sup>	(0.02)	4,599,738
2020-May 31	(395,781) <sup>(4)</sup>	(0.00)	986,239
2020-February 29	(548,117) <sup>(5)</sup>	(0.00)	278,566
2019-November 30	(376,858) <sup>(6)</sup>	(0.00)	269,883
2019-August 31	(134,990) <sup>(7)</sup>	(0.00)	190,356
2019-May 31	(244,821) <sup>(8)</sup>	(0.00)	130,640

- (1) Net loss of \$10,543,259 consisted primarily of: exploration and evaluation expenditures of \$1,215,679; professional fees of \$126,453, office and general of \$166,353; share-based payments of \$9,298,100; management and consulting fees of \$71,610; reporting issuer costs of \$143,639 offset by write-off of other expense recoveries of \$163,305 and flow-through share liability recovery of \$121,057. All other expenses related to general working capital purposes.
- (2) Net loss of \$1,042,824 consisted primarily of: exploration and evaluation expenditure of \$1,243,224; professional fees of \$64,084; office and general of \$52,468; and management and consulting fees of \$49,110 and offset by flow-through share liability recovery of \$408,415. All other expenses related to general working capital purposes.
- (3) Net loss of \$2,199,493 consisted primarily of: exploration and evaluation expenditures of \$2,051,559; professional fees of \$55,533; management and consulting fees of \$49,110, offset by office and general of \$55,960 and flow-through share liability recovery of \$652,041. All other expenses related to general working capital purposes.

- (4) Net loss of \$395,781 consisted primarily of: exploration and evaluation expenditures of \$311,650; professional fees of \$40,840; and management; consulting fees of \$49,110 and offset by office and general recovery of \$7,709. All other expenses related to general working capital purposes.
- (5) Net loss of \$548,117 consisted primarily of: exploration and evaluation expenditures of \$231,091; professional fees of \$32,693, office and general of \$110,118; share-based payments of \$207,066 and management and consulting fees of \$49,110 offset by deferred tax recovery of \$28,619. All other expenses related to general working capital purposes.
- (6) Net loss of \$376,858 consisted primarily of: exploration and evaluation expenditure of \$11,583; professional fees of \$42,103; office and general of \$55,522; share-based payments of \$140,000 and management and consulting fees of \$49,110. All other expenses related to general working capital purposes.
- (7) Net loss of \$134,990 consisted primarily of: exploration and evaluation expenditures of \$540; professional fees of \$14,354 and management and consulting fees of \$116,610 offset by office and general of \$238. All other expenses related to general working capital purposes.
- (8) Net loss of \$244,821 consisted primarily of: exploration and evaluation expenditures of \$3,316; professional fees of \$19,556; office and general of \$2,456; share-based payments of \$177,500 and management and consulting fees of \$41,610. All other expenses related to general working capital purposes.
- (9) Basic and diluted.
- (10) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

## **Financial Highlights**

### **Financial Performance**

#### *Three Months Ended February 28, 2021, Compared with Three Months Ended February 29, 2020*

Eskay's net loss totaled \$10,543,259, for the three months ended February 28, 2021, with basic and diluted loss per share of \$0.08. This compares with a net loss of \$548,117 with basic and diluted loss per share of \$0.00 for the three months ended February 29, 2020. The increase of \$9,995,142 was principally because:

- During the three months ended February 28, 2021, exploration and evaluation expenditures increased by \$984,588 compared to the three months ended February 29, 2020. See "Mineral Properties Interest" section above for a description of activities.
- The increase in share-based payments of \$9,091,034 for the three months ended February 28, 2021, compared to the three months ended February 29, 2020, was due to 3,700,000 stock options issued in the 2021 period while 1,550,000 options were issued in the 2020 period. Share-based payments will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.
- The increase in flow-through share liability recovery of \$92,901 for the three months ended February 28, 2021, compared to \$nil for the three months ended February 29, 2020. This is due to the fact that the Company did not have to raise funds through flow-through shares during the three months ended February 29, 2020.
- During the three months ended February 28, 2021, professional fees increased by \$93,760 compared to the three months ended February 29, 2020, due to the increased legal fees related to the closing of the private placements and the annual, which occurred during the three months ended February 29, 2021.

**Eskay Mining Corp.**  
**Management's Discussion & Analysis**  
**Year Ended February 28, 2021**  
**Discussion dated: June 25, 2021**

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- During the three months ended February 28, 2021, other expense recoveries increased by \$163,305 compared to the three months ended February 29, 2020. This balance includes a statute-barred balance of \$161,105 which is now stale dated.
- During the three months ended February 28, 2021, reporting issuer costs increased by \$127,150 compared to the three months ended February 29, 2020. This is due to the increased financing and exploration which occurred during the current fiscal year.
- All other expenses related to general working capital purposes.

*Year Ended February 28, 2021, Compared with Year Ended February 29, 2020*

Eskay's net loss totaled \$14,181,357 for the year ended February 28, 2021, with basic and diluted loss per share of \$0.10. This compares with a net loss of \$1,304,786 with basic and diluted loss per share of \$0.01 for the year ended February 29, 2020. The increase of \$12,876,571 was principally because:

- During the year ended February 28, 2021, exploration and evaluation expenditures increased by \$4,575,582 compared to the year ended February 29, 2020. See "Mineral Properties Interest" section above for a description of activities.
- The increase in share-based payments of \$9,227,109 for the year ended February 28, 2021, compared to the year ended February 29, 2020, was due to 5,550,000 stock options issued with a weighted average exercise price of \$2.09 in the 2021 period while 6,000,000 stock options with a weighted average exercise price of \$0.10 were issued in the 2020 period. Share-based payments will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.
- The increase in flow-through share liability recovery of \$1,152,894 for the year ended February 28, 2021, compared to the year ended February 29, 2020. This is due to the issuance of flow through shares during the year ended February 28, 2021.
- During the year ended February 28, 2021, management and consulting fees decreased by \$37,500 compared to the year ended February 29, 2020 due to the accrual of directors fees covering the prior periods, which occurred during the year ended February 29, 2020.
- During the year ended February 28, 2021, professional fees increased by \$178,204 compared to the year ended February 29, 2020 due to the increased legal fees related to the closing of the private placements, which occurred during the year ended February 28, 2021.
- During the year ended February 28, 2021, reporting issuer costs increased by \$180,625 compared to the year ended February 29, 2020. This is due to the increased financing and exploration which occurred during the current fiscal year.
- During the year ended February 28, 2021, other expense recoveries increased by \$163,305 compared to the year ended February 29, 2020. This balance represents a statute-barred balance which is now stale dated and is no longer considered material.
- All other expenses related to general working capital purposes.

### **Cash Flow**

At February 28, 2021, the Company had cash of \$14,473,006. The increase in cash of \$14,295,699 from the February 29, 2020, cash balance of \$177,307 was a result of cash outflow in operating activities of \$6,171,755, cash outflow from investing activities of \$80,963 and cash inflow from financing activities of \$20,548,417.

Operating activities were affected by net loss of \$14,181,357, non-cash adjustments of \$8,413,323, and non-cash working capital items of \$403,721. Non-cash adjustments consisted of share-based payments of \$9,751,675, accretion of \$2,242, amortization of \$2,024, and was offset by flow through share recovery liability of \$1,181,513, other expense recoveries of \$161,105. Non-cash working capital balances consisted of an increase in amounts receivable of \$86,793, an increase in prepaid expenses of \$875,188, an increase in accounts payable and accrued liabilities of \$941,602 and a decrease in amounts due to related parties of \$383,342.

Investing activity was affected by the purchase of equipment of \$80,963.

Financing activities were affected by proceeds from private placements of \$20,001,625, proceeds from the exercise of stock options of \$245,150, proceeds from the exercise of warrants of \$1,228,655 and offset by share issuance costs of \$927,013.

### **Liquidity and Financial Position**

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

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

At February 28, 2021, the Company had a working capital surplus of \$10,546,684 (February 29, 2020 – working capital deficiency \$497,021).

At February 28, 2021, the Company has no debt. Its credit and interest rate risk are minimal and amounts payable and other liabilities are short term and non-interest bearing.

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

The Company's use of cash at present occurs, and in the future will occur, principally in two areas, namely, funding of its general and administrative expenditures and funding of its investment activities. Those investing activities include the cash components of the cost of acquiring and exploring its mineral claims. For fiscal 2021, the Company's expected administration and operating expenses are estimated to be \$90,000 per month. The Company will continue to evaluate its exploration projects and is currently estimates its exploration budget to be \$14,095,000.

Currently, the Company's operating and administration expenses are approximately \$90,000 per month and \$1,200,000 per month for exploration expenses. Based on the rate of expenditure, the Company does not have sufficient cash on hand and will have to raise equity capital in the near term in amounts sufficient to fund both exploration work and working capital requirements. Materially all the Company's exploration activities and a portion of the general and administrative costs are discretionary. Therefore, there is

considerable flexibility in terms of the pace and timing of exploration and how expenditures have been, or may be, adjusted, limited, or deferred subject to current capital resources and potential to raise further funds. The Company requires to complete a financing to carry on business activities. The major variables are expected to be the size, timing and results of the Company's exploration program and its ability to continue to access capital to fund its ongoing operations. Although the Company has been successful in raising funds to date, there is no assurance that future equity capital or debt will be available to the Company in the amounts or at the times desired or on terms that are acceptable to the Company, if at all. See "Risk Factors" below.

The Company does not have sufficient working capital to cover its flow-through commitment, and intends to cover its flow-through commitment through additional equity financing.

### **Related Party Transactions**

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Eskay was a party to the following transactions with related parties:

	<b>Year Ended February 28, 2021</b>	<b>Year Ended February 29, 2020</b>
<b>Management and Consulting Fees</b>	<b>\$</b>	<b>\$</b>
Robert Myhill	26,250	45,000
Gordon McMehen	26,250	45,000
Hugh M. Balkam <sup>(1)</sup>	36,000	36,000
Balkam Partners Ltd. <sup>(2)</sup>	108,000	108,000
Marrelli Support Services Inc. <sup>(3)</sup>	22,440	22,440
<b>Total</b>	<b>218,940</b>	<b>256,440</b>

	<b>Year Ended February 28, 2021</b>	<b>Year Ended February 29, 2020</b>
<b>Professional Fees</b>	<b>\$</b>	<b>\$</b>
Marrelli Support Services Inc. <sup>(4)</sup>	36,295	29,072
<b>Total</b>	<b>36,295</b>	<b>29,072</b>

<sup>(1)</sup> Fees for performing the function of Chief Executive Officer.

<sup>(2)</sup> Management fees charged by Balkam Partners Ltd., a company controlled by Hugh M. Balkam, an officer of the Company. As at February 28, 2021, Balkam Partners Ltd. and Hugh M. Balkam were owed \$7,229 (February 29, 2020 - \$362,132) and these amounts were included in amounts due to related parties.

<sup>(3)</sup> Fees for performing the function of Chief Financial Officer ("CFO") charged by Marrelli Support Services Inc., a company controlled by Carmelo Marrelli, CFO of the Company.

<sup>(4)</sup> Professional fees charged by Marrelli Support Services Inc., a company controlled by Carmelo Marrelli, CFO of the Company. As at February 28, 2021, the Company owed this company \$7,053 (February 29, 2020 - \$24,915).

**Eskay Mining Corp.**  
**Management's Discussion & Analysis**  
**Year Ended February 28, 2021**  
**Discussion dated: June 25, 2021**

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(5) As at February 28, 2021, Hugh M. Balkam, an officer of the Company, was owed \$nil (February 29, 2020 - \$31,782) which pertained to interest accrued on a loan advanced to the Company during the year ended February 29, 2020.

(6) As at February 28, 2021 the Company owed certain officers, directors and parties related to officers and directors \$15,010 (February 29, 2020 - \$458,407), excluding interest disclosed in (5) above, in relation to the transactions described above. These balances are unsecured, non-interest bearing and due on demand.

(7) During the year ended February 28, 2021, the Company paid professional fees and disbursements of \$253,072 (February 29, 2020 - \$62,186) 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, 2021, Gardiner is owed \$85,995 (February 29, 2020 - \$13,257) and this amount is included in amounts due to related parties. These balances are unsecured, non-interest bearing, and due on demand.

During the year ended February 28, 2021, a director of the Company subscribed for 2,452,941 units for \$417,000, in connection to the June 19, 2020, private placement.

During the year ended February 28, 2021, the Company granted 5,050,000 stock options to directors and consultants between \$0.24 and \$3.00 per share for five years expiring June 24, 2025, July 21, 2025, and February 25, 2026. These options vested immediately and have a grant date fair value of \$8,953,740.

During the year ended February 28, 2021, 2,130,129 shares were issued to a director of the Company for settlement of \$362,122 of debt.

To the knowledge of the Company, as at February 28, 2021, Hugh Balkman, a director of the Company owns 16,183,345 common shares of the Company carrying approximately 10.3% of the voting rights attached to all common shares of the Company. As at February 28, 2021, directors and officers of the Company control an aggregate of 21,676,920 common shares of the Company or approximately 13.8% of the shares outstanding.

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

## **Environmental Contingency**

The Company's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. As of February 28, 2021, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future.

## **Financial Instruments**

The Company's financial instruments consist of:

<b>Description</b>	<b>February 28, 2021 \$</b>	<b>February 29, 2020 \$</b>
Cash	14,473,006	177,307
Amounts receivable	105,908	19,115
Amounts payable and other liabilities	792,010	212,530
Amounts due to related parties	106,845	490,187
Other liabilities	nil	161,105

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

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

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

### **Financial risk**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest risk rate, foreign currency risk and commodity and equity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee and Board of Directors. There have been no changes in the risks, objectives, policies and procedures of the Company during the years ended February 28, 2021 and February 29, 2020.

#### *(i) Credit risk*

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

#### *(ii) Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether because 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 of February 28, 2021, the Company had cash of \$14,473,006 (February 29, 2020 - \$177,307)

to settle current liabilities of \$4,916,692 (February 29, 2020 - \$702,717). All the Company's current financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

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

*(iii) Market risk*

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

(a) Interest rate risk

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

(b) Foreign currency risk

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

(c) Commodity and equity price risk

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

Based on management's knowledge and experience of the financial markets, the Company does not believe it was exposed to any material movements in the underlying market risk variables during the year ended February 28, 2021.

**Sensitivity analysis**

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

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

## **Capital Management**

The Company manages its capital with the following objectives:

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

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

The Company considers its capital to be equity, which comprises share capital, reserves and accumulated equity, which at February 28, 2021, totaled \$10,633,860 (February 29, 2020 - deficiency of \$647,647).

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, 2021. 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, 2021, the Company is compliant with Policy 2.5.

## **Commitments**

### Management contract

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

### Flow-through commitment

The Company is obligated to spend \$17,246,685 by December 31, 2022. As at February 28, 2021, the Company had spent \$3,674,003 as part of the flow-through funding agreement for shares issued during the year ended February 28, 2021. 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 does not have sufficient working capital to cover its flow-through commitment, and intends to cover its flow-through commitment through additional equity financing.

## **Share Capital**

As of the date of this MD&A, the Company had 162,481,386 issued and outstanding common shares, 21,082,934 warrants and 14,020,000 stock options outstanding. Therefore, the Company had 197,584,320 common shares on a fully diluted basis.

## **Proposed Transactions**

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

## **Risks and Uncertainties**

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

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

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

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

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

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

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

### ***Mineral Exploration***

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

### ***Country Risk***

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

### ***Uninsurable Risks***

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

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

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

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

Environmental legislation is evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors, officers and employees. Permits from a variety of regulatory authorities are required for many aspects of mineral exploitation activities, including closure and reclamation. Future environmental legislation could cause

additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of closure and reclamation plans, the Company must comply with standards and laws and regulations that may entail costs and delays, depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. The Company does not maintain environmental liability insurance.

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

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

### ***Potential Dilution***

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

### ***Management***

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

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

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

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

### ***First Nations and Aboriginal Rights***

Eskay is committed to working in partnership with our local communities and First Nations in a manner which fosters active participation and mutual respect. Eskay works towards minimizing negative project impacts, encouraging certain joint consultation processes, addressing certain decision making processes and towards maintaining meaningful ongoing dialogue not only for the Company but for all participants in the Golden Triangle region of British Columbia.

Many of Eskay's contractors and suppliers live and work in the local communities. The Company regularly consults with communities proximal to the Company's exploration activities to advise them of plans and answer any questions they may have about current and future activities. The objective is to operate to the benefit of the shareholders and the local communities using the resources and the environment today without compromising the long-term capacity to support post exploration and ultimately post mining land uses.

First Nations and indigenous groups in British Columbia are increasingly making lands and rights claims in respect of existing and prospective resource projects on lands asserted to be First Nation or indigenous traditional or treaty lands. Should a First Nation or indigenous group make such a claim in respect of the Properties and should such claim be resolved by government or the courts in favour of the First Nation or indigenous group, it could materially adversely affect the business of Eskay. In addition, consultation issues relating to First Nation interests and rights may impact the Company's ability to pursue exploration, development and mining at its projects and could result in costs and delays or materially restrict Eskay's activities. In addition, the government of British Columbia has passed Bill 41, which commits it to making the laws of British Columbia consistent with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). The incorporation of the principles of UNDRIP into and the impact on the regulations and regulatory practices relating to exploration and development of mining properties in British Columbia remain uncertain, but they likely will create new risks and responsibilities for the Company in respect of the exploration and development of its Properties.

### **Disclosure of Internal Controls**

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

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

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

### **Recent Accounting Pronouncements**

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

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

### **Subsequent events**

On March 8, 2021, the Company announced that it had 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 units of Eskay at a price of \$2.56 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at a price 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 TSX Venture Exchange is at least \$3.72 for twenty (20) consecutive trading days, and the 20th trading day (the "Final Trading Day") is on or after August 1, 2021, the date which is thirty (30) days from the Final Trading Day.

On March 25, 2021, the Company announced that it had acquired the remaining 20% interest in the SIB property from St. Andrew Goldfields Ltd. and now owns 100% of the property. St. Andrew Goldfields previous 20% interest has been converted into a 2% Net Smelter Royalty ("NSR"). Eskay has the right, exercisable at any time, to purchase on half of the 2% NSR for \$3 million and has a right of first refusal to purchase the remaining 1% NSR.

On April 22, 2021, the Company announce that it had commenced its 2021 exploration program with a property wide SkyTem Survey across its 100% owned Consolidate Eskay precious metal-rich volcanogenic massive sulphide ("VMS") project in the Golden Triangle, British Columbia.

Subsequent to year end, 238,127 warrants with an exercise price of \$1.30 were exercised for gross proceeds of \$309,565.

Subsequent to year end, 262,255 warrants with an exercise price of \$0.90 were exercised for gross proceeds of \$236,029.

Subsequent to year end, 350,000 options with an exercise price of \$0.08 were exercised for gross proceeds of \$28,000.

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

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

<b>Detail</b>	<b>Year Ended February 28, 2021 \$</b>	<b>Year Ended February 29, 2020 \$</b>
Professional fees	286,910	108,706
Reporting issuer costs	205,882	25,257
Office and general	267,072	167,858
Advertising and promotion	181	nil
Management and consulting fees	218,940	256,440
Interest and bank charges	8,163	4,195
Share-based payments	9,751,675	524,566
<b>Total</b>	<b>10,738,823</b>	<b>1,087,022</b>