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**ESKAY MINING CORP.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**THREE AND NINE MONTHS ENDED**  
**NOVEMBER 30, 2017**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

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**Notice to Reader**

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

# Eskay Mining Corp.

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

	November 30, 2017	February 28, 2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 160,245	\$ 113,696
Amounts receivable (note 4)	12,142	26,060
Prepaid expenses	9,937	5,724
<b>Total current assets</b>	<b>182,324</b>	<b>145,480</b>
<b>Non-current assets</b>		
Deposits and exploration advances (note 3)	132,870	132,870
<b>Total assets</b>	<b>\$ 315,194</b>	<b>\$ 278,350</b>
<b>SHAREHOLDERS' DEFICIENCY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Amounts payable and other liabilities (notes 6 and 13)	\$ 107,021	\$ 61,465
Amounts due to related parties (note 13)	305,026	610,849
<b>Total current liabilities</b>	<b>412,047</b>	<b>672,314</b>
<b>Non-current liabilities</b>		
Provision for reclamation (note 5)	57,638	56,127
Other liabilities (note 7)	161,105	161,105
<b>Total liabilities</b>	<b>630,790</b>	<b>889,546</b>
<b>Shareholders' deficiency</b>		
Share capital (note 8)	65,915,269	65,275,269
Reserves	959,502	964,150
Accumulated deficit	(67,190,367)	(66,850,615)
<b>Total shareholders' deficiency</b>	<b>(315,596)</b>	<b>(611,196)</b>
<b>Total shareholders' deficiency and liabilities</b>	<b>\$ 315,194</b>	<b>\$ 278,350</b>

Nature of operations and going concern (note 1)  
Commitments and contingencies (note 14)  
Subsequent events (note 16)

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

"Hugh M. (Mac) Balkam", Director

"J. Gordon McMehen", Director

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

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

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	Three Months Ended November 30,		Nine Months Ended November 30,	
	2017	2016	2017	2016
<b>Operating expenses</b>				
Exploration and evaluation expenditures (note 3)	\$ 51,618	\$ 53,825	\$ 85,498	\$ 87,792
General and administrative (note 12)	77,927	482,288	254,852	612,384
<b>Total operating expenses</b>	<b>(129,545)</b>	<b>(536,113)</b>	<b>(340,350)</b>	<b>(700,176)</b>
<b>Other items</b>				
Interest income	238	219	598	408
Loss on settlement of debt (note 8(b)(i))	-	-	-	(34,783)
Write-off of debt	-	-	-	162,273
<b>Loss before income taxes</b>	<b>(129,307)</b>	<b>(535,894)</b>	<b>(339,752)</b>	<b>(572,278)</b>
Income tax recovery	-	-	-	12,264
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (129,307)</b>	<b>\$ (535,894)</b>	<b>\$ (339,752)</b>	<b>\$ (560,014)</b>
<b>Net loss per share - Basic</b> (note 10)	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
<b>Net loss per share - Diluted</b> (note 10)	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding - Basic and Diluted</b> (note 10)	<b>108,891,897</b>	<b>102,646,134</b>	<b>108,299,198</b>	<b>101,735,771</b>
<b>Weighted average number of common shares outstanding - Diluted</b> (note 10)	<b>108,891,897</b>	<b>102,646,134</b>	<b>108,299,198</b>	<b>101,735,771</b>

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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)**

	<b>Nine Months Ended November 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>Operating activities</b>		
Net loss for the period	\$ (339,752)	\$ (560,014)
Adjustments for:		
Share-based payments	4,602	375,440
Accretion (note 5)	1,511	1,459
Loss on settlement of debt (note 8(b)(i))	-	34,783
Write-off of debt	-	(162,273)
Changes in non-cash working capital items:		
Amounts receivable	13,918	10,388
Prepaid expenses	(4,213)	-
Amounts payable and other liabilities	45,556	49,282
Amounts due to related parties	(305,823)	88,157
<b>Net cash used in operating activities</b>	<b>(584,201)</b>	<b>(162,778)</b>
<b>Investing activity</b>		
Repayment of promissory note	-	(79,752)
<b>Net cash used in investing activity</b>	<b>-</b>	<b>(79,752)</b>
<b>Financing activities</b>		
Proceeds from private placements (notes 3 and 8(b)(ii)(iii))	300,000	350,000
Share issue costs	(6,750)	(9,582)
Proceeds from shares issued as a result of exercise of stock options	37,500	106,750
Proceeds from shares issued as a result of exercise of warrants	300,000	-
<b>Net cash provided by financing activities</b>	<b>630,750</b>	<b>447,168</b>
<b>Net change in cash</b>	<b>46,549</b>	<b>204,638</b>
<b>Cash, beginning of period</b>	<b>113,696</b>	<b>7,501</b>
<b>Cash, end of period</b>	<b>\$ 160,245</b>	<b>\$ 212,139</b>

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

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**Eskay Mining Corp.****Condensed Interim Statements of Changes in Shareholders' Deficiency****(Expressed in Canadian dollars)****(Unaudited)**

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**Equity attributable to shareholders**

	<b>Share capital</b>	<b>Reserves</b>	<b>Accumulated deficit</b>	<b>Total shareholders' deficiency</b>
<b>Balance, February 29, 2016</b>	<b>\$ 64,226,299</b>	<b>\$ 724,790</b>	<b>\$(66,131,346)</b>	<b>\$ (1,180,257)</b>
Shares issued for settlement of debt (note 8(b)(i)(iv))	536,465	-	-	536,465
Private placement (note 8(b)(ii)(iii))	350,000	-	-	350,000
Share issue costs - cash	(9,582)	-	-	(9,582)
Exercise of stock options (note 8(b)(v))	206,870	(100,120)	-	106,750
Share-based payments	-	375,440	-	375,440
Expiry of stock options	-	(35,960)	35,960	-
Net loss for the period	-	-	(560,014)	(560,014)
<b>Balance, November 30, 2016</b>	<b>\$ 65,310,052</b>	<b>\$ 964,150</b>	<b>\$(66,655,400)</b>	<b>\$ (381,198)</b>
<b>Balance, February 28, 2017</b>	<b>\$ 65,275,269</b>	<b>\$ 964,150</b>	<b>\$(66,850,615)</b>	<b>\$ (611,196)</b>
Private placement (note 3)	300,000	-	-	300,000
Share issue costs - cash	(6,750)	-	-	(6,750)
Exercise of warrants	300,000	-	-	300,000
Exercise of stock options (note 8(b)(vi))	46,750	(9,250)	-	37,500
Share-based payments	-	4,602	-	4,602
Net loss for the period	-	-	(339,752)	(339,752)
<b>Balance, November 30, 2017</b>	<b>\$ 65,915,269</b>	<b>\$ 959,502</b>	<b>\$(67,190,367)</b>	<b>\$ (315,596)</b>

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

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# **Eskay Mining Corp.**

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

**Three and Nine Months Ended November 30, 2017**

**(Expressed in Canadian dollars)**

**(Unaudited)**

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

Eskay Mining Corp. (the "Company" or "Eskay") is a Canadian company incorporated in British Columbia and listed for trading on the TSX Venture Exchange and the Frankfurt Stock Exchange. 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 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. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern. The Company has incurred losses in prior periods, with a current net loss of \$339,752 during the nine months ended November 30, 2017 (nine months ended November 30, 2016 - loss of \$560,014) and has an accumulated deficit of \$67,190,367 (February 28, 2017 - \$66,850,615). As at November 30, 2017, the Company had a working capital deficiency of \$229,723 (February 28, 2017 - \$526,834).

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 January 26, 2018, the date the Board of Directors approved the 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, 2017, 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, 2018 could result in restatement of these unaudited condensed interim financial statements.

# Eskay Mining Corp.

## Notes to the Condensed Interim Financial Statements Three and Nine Months Ended November 30, 2017 (Expressed in Canadian dollars) (Unaudited)

### 2. Significant accounting policies (continued)

#### (b) Recent accounting pronouncements

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is still in the process of assessing the impact of this pronouncement.

### 3. Exploration and evaluation expenditures

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2017	2016	2017	2016
<b>St. Andrew Goldfield (SIB) - Eskay Project</b>				
Surveying, sampling and analysis	\$ -	\$ 13,439	\$ 511	\$ 14,078
Geological and consulting	32,331	30,020	59,900	41,921
Accretion	504	486	1,511	1,459
Lease payment	-	-	7,000	-
Other	3,453	-	1,246	218
Transportation	10,523	9,880	10,523	9,880
	<b>46,811</b>	<b>53,825</b>	<b>80,691</b>	<b>67,556</b>
<b>Corey Mineral Claims</b>				
Geological and consulting	5,000	-	5,000	-
Camping procurement and expediting	-	-	-	8,000
Transportation	807	-	807	9,507
Claims	-	-	-	2,729
Other	(1,000)	-	(1,000)	-
	<b>4,807</b>	<b>-</b>	<b>4,807</b>	<b>20,236</b>
<b>Total exploration and evaluation expenditures</b>	<b>\$ 51,618</b>	<b>\$ 53,825</b>	<b>\$ 85,498</b>	<b>\$ 87,792</b>

#### St. Andrew Goldfield (SIB) - Eskay Project

Pursuant to an option agreement dated May 7, 2008 with St. Andrew Goldfields Ltd., the Company earned a 70% interest in the SIB Property at Eskay Creek, British Columbia (the “Property”). Pursuant to an amending option agreement with St. Andrew Goldfields Ltd. (“St. Andrew”) dated January 17, 2013, Eskay can earn a further 10% undivided interest in the Property for a total 80% working interest. Eskay had expended an aggregate of \$3.98 million on exploration of the Property and pursuant to the amending agreement between the parties, issued a further 265,000 common shares (issued on January 22, 2013) to St. Andrew to earn its 80% interest. The Company is required to assume and thereafter satisfy the bonding requirements imposed by the B.C. Ministry of Energy and Mines in respect of the Property, estimated to be a sum of approximately \$60,000. Upon satisfaction of the \$60,000 bond repayment obligation, title to 80% of the Property shall be transferred to the Company. The bond repayment obligation has been satisfied with a promissory note; however, the 80% earn-in is subject to the settlement of this promissory note. Upon transfer of the 80% interest in the Property to the Company, the parties will enter into a joint venture for the further exploration and development of the Property.

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## **Eskay Mining Corp.**

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

**Three and Nine Months Ended November 30, 2017**

**(Expressed in Canadian dollars)**

**(Unaudited)**

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

#### **St. Andrew Goldfield (SIB) - Eskay Project (continued)**

On November 20, 2013, the Company entered into a second amending option agreement with St. Andrew. Pursuant to the second amending option agreement, a lease payment obligation of \$19,752 and the \$60,000 bond repayment obligation were consolidated into a single fixed term loan due on April 1, 2015, bearing interest of 8% per annum calculated semi-annually from October 1, 2013 until payment. This fixed term loan is governed by a promissory note between Eskay and St. Andrew.

On June 2, 2015, the Company entered into a third amending option agreement with St. Andrew to extend the due date of the \$79,752 promissory note to April 1, 2016 on the same terms.

On January 26, 2016, Kirkland Lake Gold Inc. ("Kirkland Lake") announced it completed the acquisition of St. Andrew. St. Andrew is now a wholly-owned subsidiary of Kirkland Lake and continues to hold a 20% interest in the SIB Property.

On May 9, 2016, the Company repaid the promissory note together with accrued interest in the amount of \$97,421 and title to an 80% interest in the SIB Property has been transferred into the name of the Company.

On April 26, 2017, the Company announced that it has signed an option agreement (the "Agreement") with SSR Mining Inc. (formerly Silver Standard Resources Inc.) ("SSR Mining") pursuant to which SSR Mining may acquire up to a 60% undivided interest in part of Eskay's SIB Property, located in northwest British Columbia, Canada.

The SIB Property forms a small part of Eskay's property, which is jointly controlled by Eskay and St Andrew, who hold an 80% and 20% undivided interest, respectively. Under the terms of the Agreement, SSR Mining will explore the SIB Property during a three-year option period. To earn a 51% undivided interest in the SIB Property from Eskay, SSR Mining is required to complete a \$300,000 private placement (the "Private Placement") in the Company, and spend an aggregate of \$11.7 million in exploration expenditures over the three years, including \$3.7 million in the first year and \$4 million in each of the following two years of the option period, subject to certain gold price thresholds in each option year. Once a 51% undivided interest is earned, SSR Mining can either proceed to form a joint venture with Eskay and St Andrew to advance the SIB Property, or exercise a second option to earn a further 9% undivided interest for an aggregate of 60% undivided interest by either delivering a preliminary economic assessment or completing 23,000 meters of diamond drilling (including any drilling completed in order to exercise the first option) on the SIB Property.

The Private Placement has been completed with the issuance of 1,290,322 common shares of the Company at a price of \$0.2325 per share.

#### **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 exploration properties are located in northwestern British Columbia, 70 km northwest of Stewart. The Company holds a 100% interest in these mineral tenures subject to a 2% net smelter royalty.

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

As at November 30, 2017, the Company had \$132,870 (February 28, 2017 - \$132,870) of deposits and exploration advances held by the provincial government of British Columbia. Such deposits were required by the B.C Ministry of Energy and Mines in order to permit the Company to conduct exploration and evaluation activities in that province.



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## Eskay Mining Corp.

### Notes to the Condensed Interim Financial Statements

Three and Nine Months Ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

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#### 4. Amounts receivable

	November 30, February 28, 2017 2017	
Sales tax receivable - (Canada)	\$ 11,208	\$ 25,374
Interest receivable	488	240
Other receivable	446	446
	<b>\$ 12,142</b>	<b>\$ 26,060</b>

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#### 5. 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, 2017	\$ 56,127
Accretion	1,511
<b>Balance at November 30, 2017</b>	<b>\$ 57,638</b>

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The Company has estimated its total provision for reclamation to be \$57,638 at November 30, 2017 (February 28, 2017 - \$56,127) based on a total future liability of approximately \$57,400 and an inflation rate of 2% (February 28, 2017 - 2%) and a discount rate of 1.69% (February 28, 2017 - 1.69%). Reclamation is expected to occur in the year 2021.

#### 6. 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:

	November 30, February 28, 2017 2017	
Accounts payable	\$ 87,194	\$ 46,519
Accruals and others	19,827	14,946
<b>Total amounts payable and other liabilities</b>	<b>\$ 107,021</b>	<b>\$ 61,465</b>

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

	November 30, February 28, 2017 2017	
Less than 1 month	\$ 45,126	\$ 2,257
1 to 3 months	15,679	9,280
Greater than 3 months	46,216	49,928
<b>Total amounts payable and other liabilities</b>	<b>\$ 107,021</b>	<b>\$ 61,465</b>

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## Eskay Mining Corp.

### Notes to the Condensed Interim Financial Statements

Three and Nine Months Ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

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#### 7. Other liabilities

During the year ended February 28, 2017, the Company transferred \$161,105 of accounts payable (the "Statute-barred Claims") to non-current liabilities on the basis that any claims in respect of the Statute-barred Claims were statute-barred under the Limitations Act (Ontario). The Statute-barred Claims related to expenses billed by and third party liabilities incurred by prior management of the Company prior to October 2010. However, for accounting purposes under IFRS, a debt can only be removed from the Company's Statement of Financial Position when it is extinguished meaning only when the contract is discharged or canceled or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation but it does not formally extinguish the debt for accounting purposes. It is the position of management of the Company that the Statute-barred Claims cannot be enforced by the creditors, do not create any obligation for the Company to pay out any cash and do not affect the financial or working capital position of the Company. The Statute-barred Claims are required to be reflected on the Company's Statement of Financial Position as a result of the current interpretation of IFRS, but they are classified as long-term liabilities since the Company has no intention or obligation to pay these Statute-barred Claims and the creditors cannot enforce payment of the Statute-barred Claims. While inclusion of these items is intended solely to comply with the requirements of IFRS, the Company in no way acknowledges any of the Statute-barred Claims.

#### 8. 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 November 30, 2017, the issued share capital amounted to \$65,915,269. Changes in issued share capital are as follows:

	Number of common shares	Amount
<b>Balance, February 29, 2016</b>	<b>97,973,839</b>	<b>\$ 64,226,299</b>
Shares issued for settlement of debt (i)(iv)	3,482,131	536,465
Exercise of stock options (v)	1,328,572	106,750
Value transferred to share capital from exercise of stock options	-	100,120
Private placement (ii)(iii)	2,600,000	350,000
Share issue costs - cash	-	(9,582)
<b>Balance, November 30, 2016</b>	<b>105,384,542</b>	<b>\$ 65,310,052</b>
<b>Balance, February 28, 2017</b>	<b>105,384,542</b>	<b>\$ 65,275,269</b>
Exercise of warrants	2,000,000	300,000
Exercise of stock options (vi)	250,000	37,500
Value transferred to share capital from exercise of stock options	-	9,250
Private placement (note 3)	1,290,322	300,000
Cost of issue	-	(6,750)
<b>Balance, November 30, 2017</b>	<b>108,924,864</b>	<b>\$ 65,915,269</b>

(i) During the nine months ended November 30, 2016, the Company settled an aggregate of \$160,000 of debt by the issuance of 1,855,072 common shares of the Company at a fair value of \$194,783 resulting in a loss on settlement of debt of \$34,783 realized through the statement of loss and comprehensive loss.

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## Eskay Mining Corp.

### Notes to the Condensed Interim Financial Statements

Three and Nine Months Ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

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#### 8. Share capital (continued)

(ii) On May 5, 2016, the Company closed a non-brokered offering ("Offering") of \$200,000 with the sale of 2,000,000 units. Each unit comprises one common share of the Company priced at \$0.10 and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.15 until the earlier of (i) May 4, 2018; and (ii) in the event that the closing price of the common shares on the TSXV is at least \$0.30 for twenty (20) consecutive trading days, and the 20th trading day (the "Final Trading Day") is at least four months from May 4, 2016, the date which is thirty (30) days from the Final Trading Day. Certain directors and officers subscribed for 1,000,000 units for \$100,000, being Gordon McMehen, director \$50,000; and Mac Balkam, director and officer \$50,000.

(iii) On August 8, 2016, the Company closed a non-brokered offering of \$150,000 with the sale of 600,000 flow-through units ("FT Unit"). Each FT Unit comprises one common share of the Company priced at \$0.25 and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.35 until the earlier of (i) August 5, 2018; and (ii) in the event that the closing price of the common shares on the TSXV is at least \$0.40 for twenty (20) consecutive trading days, and the 20th trading day (the "20th Trading Day") is at least four months from August 5, 2016, the date which is thirty (30) days from the 20th Trading Day.

(iv) The Company received approval from shareholders at the November 2, 2016 Annual and Special Meeting and has received final approval from the TSXV to settle an aggregate of \$341,682 of management fees owed to a company controlled by the President and CEO of the Company in consideration for the issuance of 1,627,059 common shares of the Company at a price of \$0.21 per share.

(v) On November 16, 2016, directors' options that were granted on: (a) February 12, 2014 to exercise 550,000 options to purchase 550,000 common shares of the Company at \$0.05 per share; (b) February 3, 2015 to exercise 228,572 options to purchase 228,572 common shares of the Company at \$0.14 per share; (c) December 15, 2015 to exercise 350,000 options to exercise 350,000 common shares of the Company at \$0.075 per share; and (d) February 5, 2016 to exercise 200,000 options to purchase 200,000 common shares of the Company at \$0.105 per share were exercised for an aggregate of \$106,750.

(vi) On September 12, 2017, 250,000 options that were granted on April 26, 2013 at \$0.15 per share were exercised for an aggregate of \$37,500.

#### 9. Stock options

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

	Number of stock options	Weighted average exercise price (\$)
<b>Balance, February 29, 2016</b>	<b>9,735,716</b>	<b>0.10</b>
Exercised	(1,328,572)	0.08
Granted (i)	1,900,000	0.22
Expired	(400,000)	0.20
<b>Balance, November 30, 2016</b>	<b>9,907,144</b>	<b>0.12</b>
<b>Balance, February 28, 2017</b>	<b>9,907,144</b>	<b>0.12</b>
Exercised	(250,000)	0.15
Granted (ii)	100,000	0.35
<b>Balance, November 30, 2017</b>	<b>9,757,144</b>	<b>0.12</b>

## Eskay Mining Corp.

### Notes to the Condensed Interim Financial Statements

Three and Nine Months Ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

#### 9. Stock options (continued)

(i) On November 17, 2016, the Company granted stock options to a director, an officer and two consultants of Eskay to purchase up to a total of 1,900,000 common shares of the Company at \$0.22 per share for five years expiring November 16, 2021. These options vest immediately upon grant and have a grant date fair value of \$375,440, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 169% based on the Company's historical volatility; share price of \$0.21; risk-free interest rate of 0.94% and an expected life of five years. During the nine months ended November 30, 2016, the full amount of \$375,440 was recorded as share-based payments.

(ii) On October 26, 2017, the Company granted 100,000 stock options to a consultant at \$0.35 per share for two years expiring October 26, 2019. These options vest as follows - 25% vest three months after the grant date and 25% every three months thereafter. These options have a grant date fair value of \$23,100, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 148% based on the Company's historical volatility; share price of \$0.33; risk-free interest rate of 1.45% and an expected life of two years. During the three and nine months ended November 30, 2017, \$4,602 was recorded as share-based payments.

The following table reflects the actual stock options issued and outstanding as of November 30, 2017:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Grant date fair value (\$)	Number of options vested (exercisable)
January 25, 2018	0.15	0.15	1,600,000	133,440	1,600,000
February 12, 2019	0.05	1.20	1,850,000	87,690	1,850,000
April 10, 2019	0.10	1.36	450,000	42,480	450,000
October 26, 2019	0.35	1.90	100,000	23,100	-
November 19, 2019	0.08	1.97	1,050,000	78,750	1,050,000
January 9, 2020	0.10	2.11	100,000	8,400	100,000
February 3, 2020	0.14	2.18	407,144	45,600	407,144
December 15, 2020	0.075	3.04	1,650,000	117,150	1,650,000
December 23, 2020	0.08	3.07	250,000	18,750	250,000
February 5, 2021	0.105	3.19	400,000	47,200	400,000
November 16, 2021	0.22	3.96	1,900,000	375,440	1,900,000
		<b>2.16</b>	<b>9,757,144</b>	<b>978,000</b>	<b>9,657,144</b>

The weighted average exercise price of the vested options at November 30, 2017 is \$0.12.

#### 10. Net loss per common share

The calculation of basic and diluted loss per share for the three and nine months ended November 30, 2017 was based on the loss of \$129,307 and \$339,752, respectively (three and nine months ended November 30, 2016 - loss of \$535,894 and \$560,014, respectively) and the weighted average number of common shares outstanding of 108,891,897 and 108,299,198, respectively for the three and nine months ended November 30, 2017 (three and nine months ended November 30, 2016 - 102,646,134 and 101,735,771). Diluted loss per share for the three and nine months ended November 30, 2017 did not include the effect of stock options and warrants as they are anti-dilutive.

## Eskay Mining Corp.

Notes to the Condensed Interim Financial Statements  
Three and Nine Months Ended November 30, 2017  
(Expressed in Canadian dollars)  
(Unaudited)

### 11. Warrants

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

	Number of warrants	Weighted average exercise price (\$)
<b>Balance, February 29, 2016</b>	-	-
Issued (note 8(b)(ii)(iii))	2,600,000	0.20
<b>Balance, November 30, 2016</b>	<b>2,600,000</b>	<b>0.20</b>
<b>Balance, February 28, 2017</b>	<b>2,600,000</b>	<b>0.20</b>
Exercised	(2,000,000)	0.15
<b>Balance, November 30, 2017</b>	<b>600,000</b>	<b>0.35</b>

The following table reflects the actual warrants issued and outstanding as of November 30, 2017:

Expiry date	Number of warrants outstanding	Exercise price
August 5, 2018	600,000	\$ 0.35 <sup>(1)</sup>

<sup>(1)</sup> Each warrant entitles the holder to acquire one common share at a price of \$0.35 until the earlier of (i) August 5, 2018; and (ii) in the event that the closing price of the common shares on the TSXV is at least \$0.40 for twenty (20) consecutive trading days, and the 20th Trading Day is at least four months from August 5, 2016, the date which is thirty (30) days from the 20th Trading Day.

### 12. General and administrative

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2017	2016	2017	2016
Professional fees (note 13(ii) and (v))	\$ 18,361	\$ 34,311	\$ 74,367	\$ 77,692
Reporting issuer costs	6,815	11,873	15,336	21,044
Office and general	6,357	16,605	35,665	16,129
Advertising and promotion	-	3,908	-	3,908
Management and consulting fees (note 13(i))	41,606	37,876	124,397	109,048
Interest and bank charges	186	2,275	485	9,123
Share-based payments (note 9)	4,602	375,440	4,602	375,440
	\$ 77,927	\$ 482,288	\$ 254,852	\$ 612,384

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## **Eskay Mining Corp.**

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

**Three and Nine Months Ended November 30, 2017**

**(Expressed in Canadian dollars)**

**(Unaudited)**

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#### **13. Related party balances and transactions**

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

Eskay entered into the following transactions with related parties:

(i) For the three and nine months ended November 30, 2017, the Company paid or accrued \$41,606 and \$124,397, respectively in management and consulting fees to companies controlled by current officers (three and nine months ended November 30, 2016 - \$35,594 and \$106,766, respectively).

(ii) For the three and nine months ended November 30, 2017, the Company paid or accrued \$6,782 and \$19,104, respectively in professional fees (three and nine months ended November 30, 2016 - \$7,010 and \$19,479, respectively) to companies controlled by an officer of the Company.

(iii) As at November 30, 2017, the Company owed an officer \$46,500 (February 28, 2017 - \$121,500) with respect to interest accrued on a loan advanced to the Company during the year ended February 29, 2012. The original loan of \$75,000 was repaid during the nine months ended November 30, 2017.

(iv) As at November 30, 2017, the Company owed certain officers, directors and parties related to officers and directors \$252,983 (February 28, 2017 - \$489,349), excluding legal services disclosed in (v) below, in relation to the transactions described above. These balances are unsecured, non interest bearing and due on demand.

(v) During the three and nine months ended November 30, 2017, the Company paid professional fees and disbursements of \$9,578 and \$52,852, respectively (three and nine months ended November 30, 2016 - \$26,546 and \$59,645, respectively) to Gardiner Roberts LLP ("Gardiner"), a law firm of which William R. Johnstone, Corporate Secretary of the Company, is a partner. These services were incurred in the normal course of operations for general corporate matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at November 30, 2017, Gardiner is owed \$5,543 (February 28, 2017 - \$140,524) and this amount is included in amounts due to related parties.

(vi) On March 23, 2017, two directors exercised an aggregate of 1,000,000 warrants at \$0.15 per share.

To the knowledge of the directors and senior officers of the Company, as at November 30, 2017, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than Mr. Hugh M. (Mac) Balkam, the President, Chief Executive Officer ("CEO") and a Director of the Company, who owns or controls, directly or indirectly, 11.21% of the issued and outstanding shares of the Company. These stockholdings can change at any time at the discretion of the owner. As at November 30, 2017, directors and officers of the Company control an aggregate of 18,819,763 common shares of the Company or approximately 17.32% 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. Other than Mr. Hugh M. (Mac) Balkam, the President, CEO and a Director of the Company, who owns or controls, directly or indirectly, 11.21% of the issued and outstanding shares of the Company, the Company is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

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# **Eskay Mining Corp.**

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

**Three and Nine Months Ended November 30, 2017**

**(Expressed in Canadian dollars)**

**(Unaudited)**

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### **14. 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 requires 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 \$150,000 by December 31, 2017. As at November 30, 2017, the Company spent all funding as part of the flow-through funding agreement for shares issued in August 2016. 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 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.

### **15. 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.

### **16. Subsequent events**

(i) Subsequent to November 30, 2017, 1,100,000 stock options with an exercise price of \$0.15 and expiry date of January 25, 2018 were exercised for gross proceeds of \$165,000. In addition, 250,000 stock options with an exercise price of \$0.10 and expiry date of April 10, 2019 were exercised for gross proceeds of \$25,000.

(ii) On January 22, 2018, the Company announced that SSR Mining Inc. has elected to proceed with the second year of a three year option agreement with the Company on the SIB property. SSR Mining may earn an undivided 51% interest by spending an aggregate of \$11.7 million in exploration expenditures over the term of the agreement. SSR Mining may earn a further 9% undivided interest for an aggregate 60% undivided interest by delivering either a preliminary economic assessment or completing an aggregate of 23,000 meters of diamond drilling.