
ESKAY MINING CORP.
CONDENSED INTERIM FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED AUGUST 31, 2017
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice to Reader

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

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

	August 31, 2017	February 28, 2017
ASSETS		
Current assets		
Cash	\$ 213,707	\$ 113,696
Amounts receivable (note 4)	52,464	26,060
Prepaid expenses	16,062	5,724
Total current assets	282,233	145,480
Non-current assets		
Deposits and exploration advances (note 3)	132,870	132,870
Total assets	\$ 415,103	\$ 278,350
SHAREHOLDERS' DEFICIENCY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (notes 6 and 13)	\$ 118,052	\$ 61,465
Amounts due to related parties (note 13)	307,203	610,849
Total current liabilities	425,255	672,314
Non-current liabilities		
Provision for reclamation (note 5)	57,134	56,127
Other liabilities (note 7)	161,105	161,105
Total liabilities	643,494	889,546
Shareholders' deficiency		
Share capital (note 8)	65,868,519	65,275,269
Reserves	964,150	964,150
Accumulated deficit	(67,061,060)	(66,850,615)
Total shareholders' deficiency	(228,391)	(611,196)
Total shareholders' deficiency and liabilities	\$ 415,103	\$ 278,350

Nature of operations and going concern (note 1)

Commitments and contingencies (note 14)

Approved on behalf of the Board of Directors:"Hugh M. (Mac) Balkam", Director"J. Gordon McMehen", Director

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

Eskay Mining Corp.

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

	Three Months Ended August 31,		Six Months Ended August 31,	
	2017	2016	2017	2016
Operating expenses				
Exploration and evaluation expenditures (note 3)	\$ 28,072	\$ 21,982	\$ 33,880	\$ 33,967
General and administrative (note 12)	88,310	75,997	176,925	130,096
Total operating expenses	(116,382)	(97,979)	(210,805)	(164,063)
Other items				
Interest income	105	(177)	360	189
Loss on settlement of debt (note 8(b)(i))	-	-	-	(34,783)
Write-off of debt	-	-	-	162,273
Loss before income taxes	(116,277)	(98,156)	(210,445)	(36,384)
Income tax recovery	-	12,264	-	12,264
Net loss and comprehensive loss for the period	\$ (116,277)	\$ (85,892)	\$ (210,445)	\$ (24,120)
Net loss per share - Basic (note 10)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Net loss per share - Diluted (note 10)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding - Basic and Diluted (note 10)	108,674,864	101,998,476	108,006,070	101,176,926
Weighted average number of common shares outstanding - Diluted (note 10)	108,674,864	101,998,476	108,006,070	101,176,926

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)

	Six Months Ended	
	August 31,	
	2017	2016
Operating activities		
Net loss for the period	\$ (210,445)	\$ (24,120)
Adjustments for:		
Accretion (note 5)	1,007	973
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	(26,404)	18,760
Prepaid expenses	(10,338)	(120)
Amounts payable and other liabilities	56,587	61,739
Amounts due to related parties	(303,646)	6,961
Net cash used in operating activities	(493,239)	(63,297)
Investing activity		
Repayment of promissory note	-	(79,752)
Net cash used in investing activity	-	(79,752)
Financing activities		
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 warrants	300,000	-
Net cash provided by financing activities	593,250	340,418
Net change in cash	100,011	197,369
Cash, beginning of period	113,696	7,501
Cash, end of period	\$ 213,707	\$ 204,870

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

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

Equity attributable to shareholders

	Share capital	Reserves	Accumulated deficit	Total shareholders' deficiency
Balance, February 29, 2016	\$ 64,226,299	\$ 724,790	\$ (66,131,346)	\$ (1,180,257)
Shares issued for settlement of debt (note 8(b)(i))	194,783	-	-	194,783
Private placement (note 8(b)(ii)(iii))	350,000	-	-	350,000
Share issue costs - cash	(9,582)	-	-	(9,582)
Net loss for the period	-	-	(24,120)	(24,120)
Balance, August 31, 2016	\$ 64,761,500	\$ 724,790	\$ (66,155,466)	\$ (669,176)
Balance, February 28, 2017	\$ 65,275,269	\$ 964,150	\$ (66,850,615)	\$ (611,196)
Private placement (note 3)	300,000	-	-	300,000
Share issue costs - cash	(6,750)	-	-	(6,750)
Exercise of warrants	300,000	-	-	300,000
Net loss for the period	-	-	(210,445)	(210,445)
Balance, August 31, 2017	\$ 65,868,519	\$ 964,150	\$ (67,061,060)	\$ (228,391)

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

Eskay Mining Corp.

Notes to the Condensed Interim Financial Statements

Three and Six Months Ended August 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

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 \$210,445 during the six months ended August 31, 2017 (six months ended August 31, 2016 - loss of \$24,120) and has an accumulated deficit of \$67,061,060 (February 28, 2017 - \$66,850,615). As at August 31, 2017, the Company had a working capital deficiency of \$143,022 (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 October 16, 2017, 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 Six Months Ended August 31, 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 August 31,		Six Months Ended August 31,	
	2017	2016	2017	2016
St. Andrew Goldfield (SIB) - Eskay Project				
Surveying, sampling and analysis	\$ -	\$ 162	\$ 511	\$ 639
Geological and consulting	27,569	1,097	27,569	11,901
Accretion	503	487	1,007	973
Lease payment	-	-	7,000	-
Other	-	-	(2,207)	218
	28,072	1,746	33,880	13,731
Corey Mineral Claims				
Surveying, sampling and analysis	-	8,000	-	8,000
Transportation	-	9,507	-	9,507
Claims	-	2,729	-	2,729
	-	20,236	-	20,236
Total exploration and evaluation expenditures	\$ 28,072	\$ 21,982	\$ 33,880	\$ 33,967

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.

Eskay Mining Corp.

Notes to the Condensed Interim Financial Statements

Three and Six Months Ended August 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

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 August 31, 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.

Eskay Mining Corp.

Notes to the Condensed Interim Financial Statements
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(Expressed in Canadian dollars)
(Unaudited)

4. Amounts receivable

	August 31, 2017	February 28, 2017
Sales tax receivable - (Canada)	\$ 51,612	\$ 25,374
Interest receivable	406	240
Other receivable	446	446
	\$ 52,464	\$ 26,060

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	1,007
Balance at August 31, 2017	\$ 57,134

The Company has estimated its total provision for reclamation to be \$57,134 at August 31, 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:

	August 31, 2017	February 28, 2017
Accounts payable	\$ 72,458	\$ 46,519
Accruals and others	45,594	14,946
Total amounts payable and other liabilities	\$ 118,052	\$ 61,465

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

	August 31, 2017	February 28, 2017
Less than 1 month	\$ 71,940	\$ 2,257
1 to 3 months	-	9,280
Greater than 3 months	46,112	49,928
Total amounts payable and other liabilities	\$ 118,052	\$ 61,465

Eskay Mining Corp.

Notes to the Condensed Interim Financial Statements

Three and Six Months Ended August 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

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 August 31, 2017, the issued share capital amounted to \$65,868,519. Changes in issued share capital are as follows:

	Number of common shares	Amount
Balance, February 29, 2016	97,973,839	\$ 64,226,299
Shares issued for settlement of debt (i)	1,855,072	194,783
Private placement (ii)(iii)	2,600,000	350,000
Share issue costs - cash	-	(9,582)
Balance, August 31, 2016	102,428,911	\$ 64,761,500
Balance, February 28, 2017	105,384,542	\$ 65,275,269
Exercise of warrants	2,000,000	300,000
Private placement (note 3)	1,290,322	300,000
Cost of issue	-	(6,750)
Balance, August 31, 2017	108,674,864	\$ 65,868,519

(i) During the six months ended August 31, 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.

(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.

Eskay Mining Corp.

Notes to the Condensed Interim Financial Statements
Three and Six Months Ended August 31, 2017
(Expressed in Canadian dollars)
(Unaudited)

8. Share capital (continued)

(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.

9. Stock options

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

	Number of stock options	Weighted average exercise price (\$)
Balance, February 29, 2016 and August 31, 2016	9,735,716	0.10
Balance, February 28, 2017 and August 31, 2017	9,907,144	0.12

The following table reflects the actual stock options issued and outstanding as of August 31, 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	0.40	1,600,000	133,440	1,600,000
April 26, 2018	0.15	0.65	250,000	9,250	250,000
February 12, 2019	0.05	1.45	1,850,000	87,690	1,850,000
April 10, 2019	0.10	1.61	450,000	42,480	450,000
November 19, 2019	0.08	2.22	1,050,000	78,750	1,050,000
January 9, 2020	0.10	2.36	100,000	8,400	100,000
February 3, 2020	0.14	2.43	407,144	45,600	407,144
December 15, 2020	0.075	3.29	1,650,000	117,150	1,650,000
December 23, 2020	0.08	3.32	250,000	18,750	250,000
February 5, 2021	0.105	3.44	400,000	47,200	400,000
November 16, 2021	0.22	4.21	1,900,000	375,440	1,900,000
		2.36	9,907,144	964,150	9,907,144

The weighted average exercise price of the vested options at August 31, 2017 is \$0.12.

10. Net loss per common share

The calculation of basic and diluted loss per share for the three and six months ended August 31, 2017 was based on the loss of \$116,277 and \$210,445, respectively (three and six months ended August 31, 2016 - loss of \$85,892 and \$24,120, respectively) and the weighted average number of common shares outstanding of 108,674,864 and 108,006,070, respectively for the three and six months ended August 31, 2017 (three and six months ended August 31, 2016 - 101,998,476 and 101,176,926). Diluted loss per share for the three and six months ended August 31, 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 Six Months Ended August 31, 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 (\$)
Balance, February 29, 2016	-	-
Issued (note 8(b)(ii)(iii))	2,600,000	0.20
Balance, August 31, 2016	2,600,000	0.20
Balance, February 28, 2017	2,600,000	0.20
Exercised	(2,000,000)	0.15
Balance, August 31, 2017	600,000	0.35

The following table reflects the actual warrants issued and outstanding as of August 31, 2017:

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

⁽¹⁾ 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 August 31,		Six Months Ended August 31,	
	2017	2016	2017	2016
Professional fees (note 13(ii) and (v))	\$ 19,296	\$ 32,135	\$ 56,006	\$ 43,381
Reporting issuer costs	6,606	6,017	8,521	9,171
Office and general	7,146	(64)	16,420	(476)
Advertising and promotion	7,424	-	12,888	-
Management and consulting fees (note 13(i))	47,610	35,586	82,791	71,172
Interest and bank charges	228	2,323	299	6,848
	\$ 88,310	\$ 75,997	\$ 176,925	\$ 130,096

Eskay Mining Corp.

Notes to the Condensed Interim Financial Statements

Three and Six Months Ended August 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

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 six months ended August 31, 2017, the Company paid or accrued \$47,610 and \$82,791, respectively in management and consulting fees to companies controlled by current officers (three and six months ended August 31, 2016 - \$35,586 and \$71,172, respectively).

(ii) For the three and six months ended August 31, 2017, the Company paid or accrued \$6,204 and \$12,322, respectively in professional fees (three and six months ended August 31, 2016 - \$6,260 and \$12,469, respectively) to companies controlled by an officer of the Company.

(iii) As at August 31, 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 six months ended August 31, 2017.

(iv) As at August 31, 2017, the Company owed certain officers, directors and parties related to officers and directors \$252,381 (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 six months ended August 31, 2017, the Company paid professional fees and disbursements of \$10,182 and \$43,274, respectively (three and six months ended August 31, 2016 - \$23,155 and \$33,099, 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 August 31, 2017, Gardiner is owed \$8,322 (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 August 31, 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 August 31, 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.

Eskay Mining Corp.

Notes to the Condensed Interim Financial Statements

Three and Six Months Ended August 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

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 August 31, 2017, \$48,344 remains to be spent 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.