ESKAY MINING CORP.

FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 29, 2016

(EXPRESSED IN CANADIAN DOLLARS)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Eskay Mining Corp.

We have audited the accompanying financial statements of Eskay Mining Corp., which comprise the statements of financial position as at February 29, 2016 and February 28, 2015, and the statements of loss and comprehensive loss, statements of cash flows, and statements of changes in shareholders' deficiency for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Eskay Mining Corp. as at February 29, 2016 and February 28, 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that Eskay Mining Corp. had continuing losses during the year ended February 29, 2016 and a working capital deficiency and cumulative deficit as at February 29, 2016. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about Eskay Mining Corp.'s ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
June 24, 2016

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

	February 29, 2016	February 28, 2015
ASSETS		
Current assets		
Cash	**$ 7,501**	$ 29,797
Amounts receivable (note 7)	**25,828**	4,424
Prepaid expenses	**4,832**	4,832
Total current assets	**38,161**	39,053
Non-current assets		
Deposits and exploration advances (note 3)	**132,870**	151,670
Total assets	**$ 171,031**	$ 190,723
SHAREHOLDERS' DEFICIENCY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (notes 9, 10 and 16)	**$ 332,271**	$ 319,573
Amounts due to related parties (note 16)	**885,083**	709,151
Promissory note (note 9)	**79,752**	79,752
Total current liabilities	**1,297,106**	1,108,476
Non-current liabilities		
Provision for reclamation (note 8)	**54,182**	52,304
Total liabilities	**1,351,288**	1,160,780
Shareholders' deficiency		
Share capital (note 11)	**64,226,299**	64,113,859
Reserves (note 12)	**724,790**	745,195
Accumulated deficit	**(66,131,346)**	(65,829,111)
Total shareholders' deficiency	**(1,180,257)**	(970,057)
Total shareholders' deficiency and liabilities	**$ 171,031**	$ 190,723

Nature of operations and going concern (note 1)
Commitments and contingencies (note 19)
Subsequent events (note 20)

Approved on behalf of the Board of Directors:

"Hugh M. (Mac) Balkam", Director

"J. Gordon McMehen", Director

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

Eskay Mining Corp.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Year Ended February 29, 2016	Year Ended February 28, 2015
Operating expenses		
Exploration and evaluation expenditures (note 3)	**$ 18,322**	$ 72,892
General and administrative (note 15)	**472,945**	477,406
Total operating expenses	**(491,267)**	(550,298)
Other items		
Interest income	**182**	662
Site restoration costs (note 3)	**(18,800)**	(9,500)
Loss before income taxes	**(509,885)**	(559,136)
Deferred income tax recovery (note 17)	**-**	1,458
Net loss and comprehensive loss for the year	**$ (509,885)**	$ (557,678)
Basic and diluted net loss per share (note 13)	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	**97,328,836**	96,893,829

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

Eskay Mining Corp.
Statements of Cash Flows
(Expressed in Canadian dollars)

	Year Ended February 29, 2016	Year Ended February 28, 2015
Operating activities		
Net loss for the year	**$ (509,885)**	$ (557,678)
Adjustments for:		
Share-based payments	**239,685**	216,695
Accretion (note 8)	**1,878**	1,812
Deferred income tax recovery	**-**	(1,458)
Changes in non-cash working capital items:		
Amounts receivable	**(21,404)**	7,495
Amounts payable and other liabilities	**12,698**	(659)
Amounts due to related parties	**175,932**	170,953
Net cash used in operating activities	**(101,096)**	(162,840)
Investing activity		
Redemption of deposits and exploration advances	**18,800**	9,500
Net cash provided by investing activity	**18,800**	9,500
Financing activities		
Proceeds from shares issued as a result of exercise of warrants (note 11(b)(i)(ii))	**-**	173,600
Proceeds from shares issued as a result of exercise of stock options (note 11(b)(iii))	**60,000**	-
Net cash provided by financing activities	**60,000**	173,600
Net change in cash	**(22,296)**	20,260
Cash, beginning of year	**29,797**	9,537
Cash, end of year	**$ 7,501**	$ 29,797

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

Eskay Mining Corp.

Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian dollars)

Equity attributable to shareholders

	Share capital	Reserves	Accumulated deficit	Total shareholders' deficiency
Balance, February 28, 2014	**$ 63,939,813**	**$ 823,060**	**$ (65,564,089)**	**$ (801,216)**
Share-based payments	-	216,695	-	216,695
Exercise of warrants (note 11(b)(i)(ii))	173,600	-	-	173,600
Expiry of warrants	-	(11,004)	11,004	-
Tax impact on expiry of warrants	-	-	(1,458)	(1,458)
Expiry of stock options	-	(283,110)	283,110	-
Transfer of value from exercise of warrants (note 11(b)(i))	446	(446)	-	-
Net loss for the year	-	-	(557,678)	(557,678)
Balance, February 28, 2015	**$ 64,113,859**	**$ 745,195**	**$ (65,829,111)**	**$ (970,057)**
Share-based payments	-	239,685	-	239,685
Exercise of stock options (note 11(b)(iii))	112,440	(52,440)	-	60,000
Expiry of stock options	-	(207,650)	207,650	-
Net loss for the year	-	-	(509,885)	(509,885)
Balance, February 29, 2016	**$ 64,226,299**	**$ 724,790**	**$ (66,131,346)**	**$ (1,180,257)**

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

1. Nature of operations and going concern

Eskay Mining Corp. (the "Company" or "Eskay") is a Canadian company incorporated in British Columbia and listed for trading on the TSX Venture Exchange and the Frankfurt Stock Exchange. The Company is primarily engaged in the acquisition and exploration of mineral properties. The primary office of the Company is located at 36 Toronto Street, Suite 1000, Toronto, Ontario, M5C 2C5, Canada.

These financial statements were approved by the Board of Directors on June 24, 2016.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. 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 the current and prior periods, with a current net loss of $509,885 during the year ended February 29, 2016 (year ended February 28, 2015 - $557,678) and has an accumulated deficit of $66,131,346 (February 28, 2015 - $65,829,111). As at February 29, 2016, the Company had a working capital deficiency of $1,258,945 (February 28, 2015 - $1,069,423).

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 (see note 20). While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future. If the going concern assumption was not used then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these financial statements.

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

2. Significant accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee of the IASB. The policies set out below have been consistently applied to all periods presented. These financial statements have been prepared on a historical cost basis, except for those instruments carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(b) Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred on exploration projects not commercially viable and technically feasible. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

2. Significant accounting policies (continued)

(c) Mining tax credits

Mining tax credits are recorded in the accounts when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits. These non-repayable mining tax credits are earned in respect of exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related exploration and evaluation expenditures.

(d) Decommissioning, restoration and similar liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of an exploration property interest. Such costs arising from the decommissioning of a plant and other site preparation work, discounted to their net present value, are provided for as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Changes in estimates of decommissioning costs are accounted for as a change in the related liability and recognized in profit and loss. The periodic unwinding of the discount is recognized in operations as an accretion expense.

(e) Significant accounting judgments and estimates

The application of the Company's accounting policies in compliance with IFRS requires the Company's management to make certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) Assets' carrying values and impairment charges
In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less disposal costs in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

(ii) Estimation of decommissioning and restoration costs and the timing of expenditure
The cost estimates are updated annually to reflect known developments, (e.g. revisions to cost estimates and to the estimated timing of decommissioning and restoration work), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

2. Significant accounting policies (continued)

(e) Significant accounting judgments and estimates (continued)

(iii) Income, value added, withholding and other taxes
The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company’s provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company’s income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company’s interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

(iv) Share-based payments
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(f) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. The Company's diluted loss per share for the periods presented does not include the effect of stock options and warrants as they are anti-dilutive.

(g) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which the options vest. The offset to the recorded cost is to share-based payment reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payment reserve is transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

2. Significant accounting policies (continued)

(g) Share-based payments (continued)

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(h) Income taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Impairment of non-financial assets

At each statement of financial position reporting date the carrying amounts of the Company's assets are reviewed to determine whether there is an indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less disposal costs and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss in the statements of loss and comprehensive loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

At the end of each reporting date, the Company assesses whether there is any indication that previously recognized impairment losses no longer exist. If such an indication exists, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss in the statement of loss and comprehensive loss.

2. Significant accounting policies (continued)

(j) Share capital and common share purchase warrants

The Company periodically issues units to investors consisting of common shares and common share purchase warrants in private placements. These private placement warrants are equity instruments. Accordingly, gross proceeds received from the issuance of units are accounted for as an increase in share capital. No separate valuation (i.e. "bifurcation") of the private placement warrants is made for accounting purposes at the time of issuance or at any time thereafter.

Transaction costs directly attributable to the issuance of units are recognized as a decrease in share capital net of related income tax effects. Agent warrants are reflected as transaction costs at their estimated issue date fair value as determined using the Black-Scholes option-pricing model. When agent warrants expire unexercised, the balance is transferred to deficit.

(k) Financial instruments

The Company does not have any derivative financial instruments. Financial assets are initially recorded at fair value and designated upon inception into one of the following categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL"). Loans and receivables are recognized on the date of origination. All other financial assets are recognized on the trade date at which the Company becomes party to the contractual provisions of the instrument.

Cash, amounts receivable and deposits are classified as loans and receivables and are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Cash equivalents are classified as FVTPL. A financial asset is classified at FVTPL if it is classified as held for trading or is designated as such upon initial recognition. Realized and unrealized gains and losses are reflected in the statement of loss. Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership to another entity. The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. Amounts payables and other liabilities are recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Amounts payable and other liabilities, amounts due to related parties and promissory note are classified as other financial liabilities and are initially recognized at fair value. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expire.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2. Significant accounting policies (continued)

(l) Change in accounting policies

(i) The amendments to IAS 24 - Related Party Disclosures, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. At March 1, 2015, the Company adopted this pronouncement and there was no material effect on its financial statements.

(ii) IFRS 13 – Fair Value Measurement was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 (as defined below) or IFRS 9 (as defined below), regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32 - Financial Instruments. The amendment is effective for annual periods beginning on or after July 1, 2014. At March 1, 2015, the Company adopted this pronouncement and there was no material effect on its financial statements.

(m) Recent accounting pronouncements

(i) 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.

(ii) IFRS 11 - Joint Arrangements was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. The Company is still in the process of assessing the impact of this pronouncement.

(iii) IAS 1 – Presentation of Financial Statements was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. The Company is still in the process of assessing the impact of this pronouncement.

(Expressed in Canadian dollars)

3. Exploration and evaluation expenditures

	Year Ended February 29, 2016	Year Ended February 28, 2015
St. Andrew Goldfield (SIB) - Eskay Project		
Surveying, sampling and analysis	**$ 606**	$ 19,729
Geological and consulting	**-**	13,709
Accretion	**1,878**	1,812
Lease payment	**15,838**	13,833
BC mining tax credit recovery	**-**	(4,074)
Transportation	**-**	1,737
	18,322	46,746
Corey Mineral Claims		
Geological and consulting	**-**	22,852
Transportation	**-**	2,354
Other	**-**	940
	-	26,146
Total exploration and evaluation expenditures	**$ 18,322**	$ 72,892

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. 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 Goldfields Ltd. 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.

On November 20, 2013, the Company entered into a second amending option agreement with St. Andrew Goldfields Ltd. 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 Goldfields Ltd.

On June 2, 2015, the Company entered into a third amending option agreement with St. Andrew Goldfields to extend the due date of the $79,752 promissory note to April 1, 2016 on the same terms (see notes 9 and 20).

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.

3. Exploration and evaluation expenditures (continued)

Deposits and Exploration Advances

As at February 29, 2016, the Company had $132,870 (February 28, 2015 - $151,670) 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.

During the year ended February 29, 2016, the Company did not properly reclaim certain sections of its former property interests. As a result, $18,800 (2015 - $9,500) was confiscated by the provincial government of British Columbia.

4. Capital risk management

The Company manages its capital with the following objectives:

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

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. As discussed in note 1, the Company's ability to continue to carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

The Company considers its capital to be equity, which comprises share capital, reserves and accumulated deficit, which at February 29, 2016, totaled $(1,180,257) (February 28, 2015 - $(970,057)).

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 29, 2016. 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 Venture Exchange (“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 29, 2016, the Company is not compliant with Policy 2.5. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

5. Financial risk management

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and commodity and equity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee and Board of Directors. There have been no changes in the risks, objectives, policies and procedures of the Company during the years ended February 29, 2016 and February 28, 2015.

5. Financial risk management (continued)

Financial risk (continued)

(i) Credit risk

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

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at February 29, 2016, the Company had cash of $7,501 (February 28, 2015 - $29,797) to settle current liabilities of $1,297,106 (February 28, 2015 - $1,108,476). All of the Company's short-term financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. As discussed in note 1, the Company's ability to continually meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing. See also note 20.

(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 prices.

(a) Interest rate risk

The Company has cash balances and a promissory note with a fixed interest rate. The Company's current policy is to invest excess cash in high yield savings accounts and guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

(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 29, 2016.

(Expressed in Canadian dollars)

5. Financial risk management (continued)

Sensitivity analysis

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

(i) Cash is subject to floating interest rates and a promissory note with a fixed interest rate. 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.

6. Categories of financial instruments

	February 29, 2016	February 28, 2015
Financial assets:		
Loans and receivables		
Cash	$ 7,501	$ 29,797
Amounts receivable	$ 25,828	$ 4,424
Deposits	$ 132,870	$ 151,670
Financial liabilities:		
Other financial liabilities		
Amounts payable and other liabilities	$ 332,271	$ 319,573
Amounts due to related parties	$ 885,083	$ 709,151
Promissory note	$ 79,752	$ 79,752

As of February 29, 2016 and February 28, 2015, the fair value of all of the Company's current financial instruments approximates the carrying value, due to their short-term nature.

7. Amounts receivable

	February 29, 2016	February 28, 2015
Sales tax receivable - (Canada)	**$ 25,161**	$ 3,956
Interest receivable	**221**	468
Other receivable	**446**	-
	$ 25,828	$ 4,424

(Expressed in Canadian dollars)

8. 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, 2014	**$**	**50,492**
Accretion		1,812
Balance at February 28, 2015		**52,304**
Accretion		1,878
Balance at February 29, 2016	**$**	**54,182**

The Company has estimated its total provision for reclamation to be $54,182 at February 29, 2016 (February 28, 2015 - $52,304) based on a total future liability of approximately $57,400 and an inflation rate of 1.4% (February 28, 2015 - 1%) and a discount rate of 2.23% (February 28, 2015 - 2.38%). Reclamation is expected to occur in the year 2021.

9. Promissory note

On November 20, 2013, Eskay entered into a promissory note with St. Andrew Goldfields Ltd. for the principal sum of $79,752 bearing interest of 8% per annum, calculated semi-annually (interest accruing from October 1, 2013) and due on April 1, 2015. On June 2, 2015, the due date of the promissory note was extended to April 1, 2016 on the same terms. As at February 29, 2016, there was $15,400 (February 28, 2015 - $9,002) of interest accrued on this promissory note which was included in amounts payable and other liabilities. Interest on overdue amounts will be calculated at the rate of 10% per annum, calculated and payable daily and compounded monthly. See also note 20.

10. Amounts payable and other liabilities

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

		February 29, 2016		**February 28, 2015**
Accounts payable	**$**	**293,041**	$	290,978
Accruals and others		**39,230**		28,595
Total amounts payable and other liabilities	**$**	**332,271**	$	319,573

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

		February 29, 2016		**February 28, 2015**
Less than 1 month	**$**	**43,520**	$	28,114
1 to 3 months		**11,067**		8,163
Greater than 3 months		**277,684**		283,296
Total amounts payable and other liabilities	**$**	**332,271**	$	319,573

(Expressed in Canadian dollars)

11. Share capital

a) Authorized share capital - the authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued - as at February 29, 2016, the issued share capital amounted to $64,226,299. Changes in issued share capital are as follows:

	Number of common shares	Amount
Balance, February 28, 2014	**95,423,555**	**$ 63,939,813**
Exercise of warrants (i)(ii)	1,736,000	173,600
Value transferred to share capital from exercise of warrants (i)	-	446
Balance, February 28, 2015	**97,159,555**	**$ 64,113,859**
Exercise of stock options (iii)	814,284	60,000
Value transferred to share capital from exercise of stock options (iii)	-	52,440
Balance, February 29, 2016	**97,973,839**	**$ 64,226,299**

(i) On April 14, 2014, a total of 1,466,000 warrants were exercised for common shares of the Company at $0.10 per share. On May 15, 2014, a total of 170,000 warrants were exercised by a director of the Company for common shares of the Company at $0.10 per share. A total value of $446 was transferred to share capital as a result of the exercise of these warrants.

(ii) On August 28, 2014, a total of 100,000 warrants were exercised by directors of the Company for common shares of the Company at $0.10 per share.

(iii) On July 7, 2015, a total of 142,856 stock options were exercised by directors of the Company for common shares of the Company at $0.14 per share. On July 27, 2015, a total of 71,428 stock options were exercised by directors of the Company for common shares of the Company at $0.14 per share. On February 8, 2016, a total of 600,000 stock options were exercised by directors of the Company for common shares of the Company at $0.05 per share. A total value of $52,440 was transferred to share capital as a result of the exercise of these stock options.

12. Stock options

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

	Number of stock options	Weighted average exercise price ($)
Balance, February 28, 2014	**8,900,000**	**0.15**
Granted (i)(ii)(iii)(iv)	2,450,000	0.11
Expired	(1,850,000)	0.26
Balance, February 28, 2015	**9,500,000**	**0.12**
Granted (v)(vi)(vii)	2,850,000	0.08
Expired	(1,800,000)	0.21
Exercised	(814,284)	0.07
Balance, February 29, 2016	**9,735,716**	**0.10**

12. Stock options (continued)

(i) On April 10, 2014, the Company granted stock options to consultants to purchase up to a total of 450,000 common shares of the Company at $0.10 per share for five years expiring April 10, 2019. These options vest as to 50% six months after date of grant and 50% twelve months after date of grant. The grant date fair value of $42,480 was 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 $0.10; risk-free interest rate of 1.67% and an expected life of five years. During the year ended February 29, 2016, a total of $2,334 (2015 - $40,146) was recorded as share-based payments.

(ii) On November 19, 2014, the Company granted stock options to a director and executive officer of the Company and to two consultants to purchase up to a total of 1,050,000 common shares of the Company at $0.08 per share for five years expiring November 19, 2019. 700,000 options vested immediately upon grant and 350,000 options vest as to 50% upon grant and 50% six months after date of grant. The grant date fair value of $78,750 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 166% based on the Company's historical volatility; share price of $0.08; risk-free interest rate of 1.53% and an expected life of five years. During the year ended February 29, 2016, a total of $5,802 (2015 - $72,948) was recorded as share-based payments.

(iii) On January 9, 2015, the Company granted stock options to a consultant to purchase up to a total of 100,000 common shares of the Company at $0.10 per share for five years expiring January 10, 2020. These options vest immediately upon grant. The grant date fair value of $8,400 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 165% based on the Company's historical volatility; share price of $0.09; risk-free interest rate of 1.22% and an expected life of five years. During the year ended February 29, 2016, a total of $nil (2015 - $8,400) was recorded as share-based payments.

(iv) On February 3, 2015, the Company granted stock options to directors and an officer of the Company to purchase up to a total of 850,000 common shares of the Company at $0.14 per share for five years expiring February 3, 2020. These options vest immediately upon grant and have a grant date fair value of $95,200, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 165% based on the Company's historical volatility; share price of $0.12; risk-free interest rate of 0.64% and an expected life of five years. During the year ended February 29, 2016, a total of $nil (2015 - $95,200) was recorded as share-based payments.

(v) On December 15, 2015, the Company granted stock options to directors and a consultant of the Company to purchase up to a total of 2,000,000 common shares of the Company at $0.075 per share for five years expiring December 15, 2020. These options vest immediately upon grant and have a grant date fair value of $142,000, estimated using the Black- Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 167% based on the Company's historical volatility; share price of $0.075; risk-free interest rate of 0.80% and an expected life of five years. During the year ended February 29, 2016, the full amount of $142,000 was recorded as share-based payments.

(vi) On December 23, 2015, the Company granted stock options to an officer of the Company to purchase up to a total of 250,000 common shares of the Company at $0.08 per share for five years expiring December 23, 2020. These options vest immediately upon grant and have a grant date fair value of $18,750, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 168% based on the Company's historical volatility; share price of $0.08; risk-free interest rate of 0.74% and an expected life of five years. During the year ended February 29, 2016, the full amount of $18,750 was recorded as share-based payments.

(vii) On February 5, 2016, the Company granted stock options to directors and an officer of the Company to purchase up to a total of 600,000 common shares of the Company at $0.105 per share for five years expiring February 5, 2021. These options vest immediately upon grant and have a grant date fair value of $70,800, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 168% based on the Company's historical volatility; share price of $0.105; risk-free interest rate of 0.58% and an expected life of five years. During the year ended February 29, 2016, the full amount of $70,800 was recorded as share-based payments.

(Expressed in Canadian dollars)

12. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of February 29, 2016:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Grant date fair value ($)	Number of options vested (exercisable)
September 20, 2016	0.20	0.56	200,000	18,000	200,000
September 21, 2016	0.20	0.56	200,000	17,960	200,000
January 25, 2018	0.15	1.91	1,600,000	133,440	1,600,000
April 26, 2018	0.15	2.16	250,000	9,250	250,000
February 12, 2019	0.05	2.96	2,400,000	113,760	2,400,000
April 10, 2019	0.10	3.11	450,000	42,480	450,000
November 19, 2019	0.08	3.72	1,050,000	78,750	1,050,000
January 9, 2020	0.10	3.86	100,000	8,400	100,000
February 3, 2020	0.14	3.93	635,716	71,200	635,716
December 15, 2020	0.075	4.80	2,000,000	142,000	2,000,000
December 23, 2020	0.08	4.82	250,000	18,750	250,000
February 5, 2021	0.105	4.94	600,000	70,800	600,000
		3.38	**9,735,716**	**724,790**	**9,735,716**

The weighted average exercise price of the vested options at February 29, 2016 is $0.10.

13. Net loss per common share

The calculation of basic and diluted loss per share for the year ended February 29, 2016 was based on the loss attributable to common shareholders of $509,885 (year ended February 28, 2015 - $557,678) and the weighted average number of common shares outstanding of 97,328,836 for the year ended February 29, 2016 (year ended February 28, 2015 - 96,893,829). Diluted loss per share did not include the effect of 9,735,716 (February 28, 2015 - 9,500,000) stock options as they are anti-dilutive.

14. Warrants

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

	Number of warrants	Weighted average exercise price ($)
Balance, February 28, 2014	**2,972,000**	**0.10**
Exercised	(1,736,000)	0.10
Expired	(1,236,000)	0.10
Balance, February 28, 2015 and February 29, 2016	**-**	**-**

(Expressed in Canadian dollars)

15. General and administrative

	Year Ended February 29, 2016	Year Ended February 28, 2015
Professional fees (note 16(ii))	**$ 46,975**	$ 58,836
Reporting issuer costs	**22,558**	20,968
Office and general	**5,549**	12,691
Advertising and promotion	**165**	10,713
Management and consulting fees (note 16(i))	**142,326**	141,964
Interest and bank charges	**15,687**	15,539
Share-based payments	**239,685**	216,695
	$ 472,945	$ 477,406

16. 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 year ended February 29, 2016, the Company paid or accrued $142,326 in management and consulting fees to companies controlled by current officers (year ended February 28, 2015 - $141,964).

(ii) For the year ended February 29, 2016, the Company paid or accrued $25,050 in professional fees (year ended February 28, 2015 - $27,601) to companies controlled by an officer of the Company.

(iii) On May 15, 2014, a total of 170,000 warrants were exercised by a director (Gordon McMehen) of the Company for common shares of the Company at $0.10 per share. On July 7, 2015, each of Gordon McMehen and Hugh M. (Mac) Balkam, who are directors of the Company, exercised 71,428 stock options at $0.14 per share. On July 27, 2015, Robert Myhill, a director of the Company exercised 71,428 stock options at $0.14 per share. On February 8, 2016, each of Gordon McMehen, Robert Myhill and Hugh M. (Mac) Balkam, who are directors of the Company, exercised 200,000 stock options each at $0.05 per share.

(iv) As at February 29, 2016, the Company owed an officer $112,500 (February 28, 2015 - $103,500) with respect to a loan advanced to the Company during the year ended February 29, 2012. This balance is unsecured, bears interest at 12% per annum and is due on demand.

(v) As at February 29, 2016, the Company owed certain officers, directors and parties related to officers and directors $772,583 (February 28, 2015 - $605,651) in relation to the transactions described above. These balances are unsecured, non interest bearing and due on demand. See also note 20.

To the knowledge of the directors and senior officers of the Company, as at February 29, 2016, 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. As at February 29, 2016, directors and officers of the Company control an aggregate of 11,917,560 common shares of the Company or approximately 12.16% 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.

(Expressed in Canadian dollars)

17. Income taxes

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2015 - 26.5%) were as follows:

	Year Ended February 29, 2016	Year Ended February 28, 2015
Loss before income taxes	**$ (509,885)**	$ (559,136)
Expected income tax recovery based at statutory rate	**(135,000)**	(148,000)
Expenses not deductible for tax purposes	**64,000**	55,542
Change in benefit of tax assets not recognized	**71,000**	91,000
Deferred income tax provision (recovery)	**$ -**	$ (1,458)

b) Deferred Income Tax

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

	February 29, 2016	February 28, 2015
Deductible Temporary Differences		
Non-capital losses	**$ 11,340,000**	$ 11,328,000
Other	**148,000**	148,000
Mineral exploration properties	**15,922,000**	15,653,000
Share issue costs	**13,000**	25,000
Equipment	**1,254,000**	1,254,000
Temporary differences	**$ 28,677,000**	$ 28,408,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

At February 29, 2016, the Company has approximately $11,340,000 of non-capital losses in Canada which under certain circumstances can be used to reduce the taxable income of future years. The Canadian losses expire in the following periods:

2025	$ 327,000
2026	1,130,000
2027	1,713,000
2028	2,540,000
2029	2,485,000
2030	2,788,000
2032	185,000
2034	80,000
2035	80,000
2036	12,000
	$ 11,340,000

18. 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.

19. 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 a management contract that requires an additional payment of up to $108,000 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.

20. Subsequent events

(i) On March 3, 2016, the Company settled $160,000 of management fees owed to a company controlled by an officer of the Company in consideration for the issuance of 1,855,072 common shares of the Company. The securities issued are legended and restricted from trading until July 4, 2016.

(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 (1) common share of the Company priced at $0.10 and one (1) common share purchase warrant. Each warrant entitles the holder to acquire one (1) 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 TSX Venture Exchange is at least $0.30 for twenty (20) consecutive trading days, and the 20th trading day (the “Final Trading Day”) is at least four (4) months from May 4, 2016, the date which is thirty (30) days from the Final Trading Day. All securities issued pursuant to the Offering are legended and restricted from trading until September 5, 2016. Certain directors and officers subscribed for 1,000,000 units for $100,000.

(iii) On May 9, 2016, the Company announced that proceeds from the Offering were used to repay the promissory note together with accrued interest in the amount of $97,421 relating to the Company’s St. Andrew Goldfield (SIB) Property at Eskay Creek, British Columbia (the “SIB Property”) and title to an 80% interest in the SIB Property has been transferred into the name of the Company.

ESKAY MINING CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED FEBRUARY 29, 2016

(Expressed in Canadian Dollars)

Prepared by:

ESKAY MINING CORP.

36 Toronto Street, Suite 1000
Toronto, Ontario, M5C 2C5

Discussion dated June 24, 2016

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 29, 2016. 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 29, 2016 and February 28, 2015, 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. Accordingly, they do not include all of the information required for full annual financial statements by IFRS. Information contained herein is presented as of June 24, 2016, 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** or on SEDAR at **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.

Forward-looking statements	Assumptions	Risk factors
For fiscal 2017, the Company's operating expenses are estimated to be $10,000 to $30,000 per month for recurring operating costs.	The Company has anticipated all material costs; the operating and exploration activities of the Company for fiscal 2017 and the costs associated therewith, will be consistent with Eskay's current expectations.	Unforeseen costs to the Company will arise; any particular operating costs increase or decrease from the date of the estimation; changes in economic conditions.
The Company's cash position at February 29, 2016 is not anticipated to be sufficient to fund its operating expenses for the twelve months ending February 28, 2017. The Company expects to complete an equity financing or find a joint venture partner for the St. Andrew Goldfield (SIB) - Eskay Project. The Company anticipates it will defer amounts payable, to the extent possible, while the Company searches for financing.	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.	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; the Company's ability to retain and attract skilled staff; availability of permits; market competition.
Sensitivity analysis of financial instruments.	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 29, 2016.	Changes in debt and equity markets; interest rate and exchange rate fluctuations.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference 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 as a result 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 on 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"). 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 its completing the acquisition of its mineral property interests, 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 and the acquisition of properties that have the potential to contain gold or silver. 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.

Highlights

- During the year ended February 29, 2016, 1,800,000 stock options with a weighted average exercise price of $0.21 expired unexercised.

- On July 7, 2015, each of Gordon McMehen and Hugh M. (Mac) Balkam, who are directors of the Company, exercised 71,428 stock options at $0.14 per share. On July 27, 2015, Robert Myhill, a director of the Company exercised 71,428 stock options at $0.14 per share. On February 8, 2016, each of Gordon McMehen, Robert Myhill and Hugh M. (Mac) Balkam, who are directors of the Company, exercised 200,000 stock options each at $0.05 per share.

- On December 15, 2015, the Company granted an aggregate of 2,000,000 stock options to purchase common shares of Eskay at $0.075 per share for five years to three directors and a consultant of Eskay.

- On December 23, 2015, Eskay announced the appointment of William R. Johnstone as Corporate Secretary of the Company. Mr. Johnstone has been granted 250,000 options to purchase common shares of Eskay at $0.08 per share for five years.

- On February 5, 2016, the Company granted stock options to directors and an officer of the Company to purchase up to a total of 600,000 common shares of the Company at $0.105 per share for five years expiring February 5, 2021.

- On March 3, 2016, the Company settled $160,000 of management fees owed to a company controlled by an insider of the Company in consideration for the issuance of 1,855,072 common shares of the Company. The securities issued are legended and restricted from trading until July 4, 2016.

- On May 5, 2016, the Company closed the non-brokered offering ("Offering") of $200,000 with the sale of 2,000,000 Units. Each Unit comprises one (1) common share of the Company priced at $0.10 and one (1) common share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to acquire one (1) 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 (4) months from May 4, 2016, the date which is thirty (30) days from the Final Trading Day. All securities issued pursuant to the Offering are legended and restricted from trading until September 5, 2016.

- On May 9, 2016, the Company announced that proceeds from the Offering were used to repay a loan relating to the Company's St. Andrew Goldfield SIB Property at Eskay Creek, British Columbia (the "SIB Property") and title to the SIB Property has been transferred into the name of the Company.

  The Company earned its 80% interest in the SIB Property on January 23, 2013 pursuant to an option agreement with St. Andrew Goldfields Ltd. (now known as Kirkland Lake Gold Inc.) by expending $3.98 million dollars on exploration of the SIB Property. The SIB Property encompasses 33,000 hectares immediately adjacent to the prolific Eskay Creek Au-Ag mine of Barrick Gold which ceased production in 2008. Combined with Eskay's 100% owned Corey Property to the south, it controls 46,000 hectares or approximately 130,000 acres in northwest British Columbia's Golden Triangle.

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 acquired 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.

With the current market environment, the Company will explore the possibility of entering into a joint venture with senior mineral companies to fully explore its projects.

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. Year to date, equity markets in Canada showed signs of improvement, with equities increasing significantly. Strong equity markets are favourable conditions for completing a public merger, financing or acquisition transaction. Apart from these and the risk factors noted under the heading "Risks and Uncertainties", 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.

Mineral Property Interests

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. Pursuant to an amending option agreement with St. Andrew Goldfields Ltd. dated January 17, 2013, Eskay can earn a further 10% undivided interest in the SIB Property for a total 80% working interest. Eskay had expended an aggregate of $3.98 million on exploration of the SIB 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 Goldfields Ltd. 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 SIB Property, estimated to be a sum of approximately $60,000. 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 SIB Property to the Company, the parties will enter into a joint venture for the further exploration, evaluation and development of the SIB Property, if the SIB Property is proven successful.

On November 20, 2013, the Company entered into a second amending option agreement with St. Andrew Goldfields Ltd. Pursuant to the second amending option agreement, the lease payment obligation of $19,752 and the $60,000 bond repayment obligation are 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 Goldfields Ltd.

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

On May 9, 2016, the Company announced that proceeds from the Offering were used to repay a loan relating to the Company's SIB Property and title to the SIB Property has been transferred into the name of the Company. See also "Subsequent Events" section.

Current and Future Plans

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

Summary of Completed Activities (Year Ended February 29, 2016)	(A) Spent	Plans for the Project	(B) Planned Expenditures
Based on the Company's working capital deficit of $1,258,945 at February 29, 2016 (February 28, 2015 – working capital deficit of $1,069,423), the Company will have to raise equity capital in fiscal 2017 in amounts sufficient to fund its exploration work requirements. 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. Year ended February 29, 2016 – care and maintenance. All the projects are in good standing until 2021.	$16,444	Care and maintenance. The next phase of work is subject to signing a joint venture agreement which will provide a cash injection into the Company or market conditions improving so the Company can complete a financing.	$nil
Subtotals	**$16,444**		**$nil**
Total (A+B)			**$16,444**

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 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.

Current and Future Plans

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

Summary of Completed Activities (Year Ended February 29, 2016)	(A) Spent	Plans for the Project	(B) Planned Expenditures
Based on the Company's working capital deficit of $1,258,945 at February 29, 2016 (February 28, 2015 – working capital deficit of $1,069,423), the Company will have to raise equity capital in fiscal 2017 in amounts sufficient to fund its exploration work requirements. 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. Year ended February 29, 2016 – care and maintenance. All the projects are in good standing until 2021.	$nil	Care and maintenance. The next phase of work is subject to signing a joint venture agreement which will provide a cash injection into the Company or market conditions improving so the Company can complete a financing.	$nil
Subtotals	**$nil**		**$nil**
Total (A+B)			**$nil**

Deposits and Exploration Advances

As at February 29, 2016, the Company had $132,870 (February 28, 2015 - $151,670) 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.

During the year ended February 29, 2016, the Company did not properly reclaim certain sections of its property interests. As a result, $18,800 (2015 - $9,500) was confiscated by the provincial government of British Columbia.

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.

Summary of Quarterly Results

Three Months Ended	Profit and Loss		Total Assets ($)
	Total ($)	Basic and Diluted Loss Per Share [9] [10] ($)	
2016-February 29	(300,266) [1]	(0.00)	171,031
2015-November 30	(71,180) [2]	(0.00)	139,950
2015-August 31	(78,463) [3]	(0.00)	154,359
2015-May 31	(59,976) [4]	(0.00)	166,533
2015-February 28	(202,122) [5]	(0.00)	190,723
2014-November 30	(160,033) [6]	(0.00)	198,843
2014-August 31	(110,632) [7]	(0.00)	245,288
2014-May 31	(84,891) [8]	(0.00)	286,811

Notes:

(1) Net loss of $300,266 consisted primarily of: share-based payments of $231,550; exploration and evaluation expenditures of $3,108; professional fees of $12,582; reporting issuer costs of $12,673; and management and consulting fees of $35,593. All other expenses related to general working capital purposes.

(2) Net loss of $71,180 consisted primarily of: exploration and evaluation expenditures of $13,753; professional fees of $13,448; reporting issuer costs of $4,214; and management and consulting fees of $35,582. All other expenses related to general working capital purposes.

(3) Net loss of $78,463 consisted primarily of: exploration and evaluation expenditures of $559; professional fees of $11,328; reporting issuer costs of $4,334; and management and consulting fees of $35,577. All other expenses related to general working capital purposes.

(4) Net loss of $59,976 consisted primarily of: exploration and evaluation expenditures of $902; professional fees of $9,617; reporting issuer costs of $1,337; share-based payments of $8,135; and management and consulting fees of $35,574. All other expenses related to general working capital purposes.

(5) Net loss of $202,122 consisted primarily of: exploration and evaluation expenditures of $15,901; professional fees of $12,208; reporting issuer costs of $11,090; share-based payments of $115,378; and management and consulting fees of $35,539. All other expenses related to general working capital purposes.

(6) Net loss of $160,033 consisted primarily of: exploration and evaluation expenditures of $17,354; professional fees of $12,126; share-based payments of $76,376; and management and consulting fees of $35,475. These were offset by deferred income tax recovery of $1,458. All other expenses related to general working capital purposes.

(7) Net loss of $110,632 consisted primarily of: exploration and evaluation expenditures of $29,434; site restoration costs of $9,500; professional fees of $12,523; share-based payments of $16,046; and management and consulting fees of $35,475. All other expenses related to general working capital purposes.

(8) Net loss of $84,891 consisted primarily of: exploration and evaluation expenditures of $10,203; professional fees of $21,979; share-based payments of $8,895; and management and consulting fees of $35,475. 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.

Discussion of Operations

Year Ended February 29, 2016, Compared With Year Ended February 28, 2015

Eskay's net loss totaled $509,885 for the year ended February 29, 2016, with basic and diluted loss per share of $0.01. This compares with a net loss of $557,678 with basic and diluted loss per share of $0.01 for the year ended February 28, 2015. The difference of $47,793 was principally because:

- The Company incurred an increase in share-based payments of $22,990 for the year ended February 29, 2016, compared to the year ended February 28, 2015, due to the grant of 2,850,000 options during the current period compared to 2,450,000 options granted in the prior period.
- The Company incurred a decrease in exploration and evaluation expenditures of $54,570 for the year ended February 29, 2016, compared to the year ended February 28, 2015. These expenditures were lower due to reduced exploration activities at the Company's properties.
- The Company incurred a decrease in professional fees of $11,861 for the year ended February 29, 2016, compared to the year ended February 28, 2015. These costs were lower due to decreased corporate activity.
- The Company incurred a decrease in advertising and promotion of $10,548 for the year ended February 29, 2016, compared to the year ended February 28, 2015. These costs were lower due to decreased promotion costs.
- During the year ended February 29, 2016, the Company did not properly reclaim certain sections of its property interests. As a result, $18,800 was confiscated by the provincial government of British Columbia.
- All other expenses related to general working capital purposes.

Three Months Ended February 29, 2016, Compared With Three Months Ended February 28, 2015

Eskay's net loss totaled $300,266 for the three months ended February 29, 2016, with basic and diluted loss per share of $0.00. This compares with a net loss of $202,122 with basic and diluted loss per share of $0.00 for the three months ended February 28, 2015. The difference of $98,144 was principally because:

- The Company incurred an increase in share-based payments of $116,172 for the three months ended February 29, 2016, compared to the three months ended February 28, 2015, due to 2,850,000 stock options issued in the current period while only 950,000 options were issued in the comparative period.
- The Company incurred a decrease in exploration and evaluation expenditures of $12,793 for the three months ended February 29, 2016, compared to the three months ended February 28, 2015. These expenditures were lower due to reduced exploration activities at the Company's properties.
- The Company incurred a decrease in advertising and promotion of $5,798 for the three months ended February 29, 2016, compared to the three months ended February 28, 2015. These costs were lower due to decreased promotion costs.
- All other expenses related to general working capital purposes.

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.

On July 7, 2015, a total of 142,856 stock options were exercised for common shares of the Company at $0.14 per share. On July 27, 2015, a total of 71,428 stock options were exercised for common shares of the Company at $0.14 per share. On February 8, 2016, a total of 600,000 stock options were exercised for common shares of the Company at $0.05 per share. The gross proceed received from the stock option exercises was $60,000.

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 29, 2016, the Company had a working capital deficiency of $1,258,945 (February 28, 2015 – $1,069,423).

As at February 29, 2016, the Company has no debt, other than the promissory note with St. Andrew Goldfields Ltd. and a loan with an officer of the Company. Its credit and interest rate risk is 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 2017, the Company's expected operating expenses are estimated to be $10,000 to $30,000 per month for recurring operating costs. The Company will also continue to evaluate its projects.

The Company does not have sufficient funds to continue with its projects as of the date of this MD&A. In order to rectify this problem, the Company is in the process of searching for a joint venture partner which will allow the Company to continue with its projects, depending on how the agreement between Eskay and the joint venture partner is structured. The Company has not assigned an expenditure amount to the SIB Property until a joint venture partner is found. In addition, the Company has not assigned an expenditure amount for the Corey Mineral Claims until the Company raises sufficient funds. Subsequent to the fiscal year, the Company completed an equity financing in the amount of $200,000 (see "Subsequent Events" below).

The Company is not anticipated to have sufficient cash to fund its operating expenses for the twelve months ended February 28, 2017. The Company will have to raise additional equity capital for fiscal 2017 in amounts sufficient to fund both exploration work and working capital requirements. 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. Any further exploration programs on its properties are subject to the Company raising capital or finding a joint venture partner. It is anticipated that payments on select amounts payable will be deferred until a financing is completed.

Additional measures have been undertaken or are under consideration to further reduce corporate overhead and field office costs.

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:

Management and Consulting Fees	Year Ended February 29, 2016 $	Year Ended February 28, 2015 $
Hugh M. Balkam [(1)]	36,000	36,000
Balkam Partners Ltd. [(2)]	84,000	84,000
Marrelli Support Services Inc. [(3)]	22,326	21,964
Total	**142,326**	**141,964**

Professional Fees	Year Ended February 29, 2016 $	Year Ended February 28, 2015 $
Marrelli Support Services Inc. [(4)]	24,525	24,673
DSA Corporate Services Inc. [(4)]	525	2,928
Total	**25,050**	**27,601**

[(1)] Fees for performing the function of Chief Executive Officer.

[(2)] Management fees charged by Balkam Partners Ltd., a company controlled by Hugh M. Balkam, an officer of the Company. As at February 29, 2016, Balkam Partners Ltd. and Hugh M. Balkam were owed $688,597, (February 28, 2015 - $556,606) and these amounts were included in amounts due to related parties.

[(3)] 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.

[(4)] Professional fees charged by Marrelli Support Services Inc., a company controlled by Carmelo Marrelli, CFO of the Company. As at February 29, 2016, the Company owed Marrelli Support Services Inc. $83,986 (February 28, 2015 - $49,045).

Filing fees charged by DSA Corporate Services Inc., a company controlled by Carmelo Marrelli, CFO of the Company.

[(5)] On May 15, 2014, a total of 170,000 warrants were exercised by a director, Gordon McMehen, of the Company for common shares of the Company at $0.10 per share. On July 7, 2015, each of Gordon McMehen and Hugh M. (Mac) Balkam, who are directors of the Company, exercised 71,428 stock options at $0.14 per share. On July 27, 2015, Robert Myhill, a director of the Company exercised 71,428 stock options at $0.14 per share. On February 8, 2016, Gordon McMehen, Hugh M. Balkam and Robert Myhill, directors of the Company exercised a total of 600,000 stock options at $0.05 per share.

(6) As at February 29, 2016, Hugh M. Balkam, an officer of the Company, was owed $112,500 (February 28, 2015 - $103,500) with respect to a loan advanced to the Company. This balance bears interest at 12% per annum and is due on demand.

(7) As at February 29, 2016, the Company owed certain officers, directors and parties related to officers and directors $772,583 (February 28, 2015 - $605,651) in relation to the transactions described above. These balances are unsecured, non-interest bearing and due on demand.

To the knowledge of the directors and senior officers of the Company, as at February 29, 2016, 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. As at February 29, 2016, directors and officers of the Company control an aggregate of 11,917,560 common shares of the Company or approximately 12.16% 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. See also the "Subsequent Events" section.

Financial Instruments

The Company's financial instruments consist of:

Description	February 29, 2016 $	February 28, 2015 $
Cash	7,501	29,797
Deposits and exploration advances	132,870	151,670
Amounts receivable	25,828	4,424
Amounts payable and other liabilities	332,271	319,573
Amounts due to related parties	885,083	709,151
Promissory note	79,752	79,752

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 29, 2016 and February 28, 2015.

(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 as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at February 29, 2016, the Company had cash of $7,501 (February 28, 2015 – cash of $29,797) to settle current liabilities of $1,297,106 (February 28, 2015 - $1,108,476). All of the Company's current financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms, except for the promissory note with St. Andrew Goldfields Ltd. 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 has cash balances, a promissory note with St. Andrew Goldfields Ltd. and a loan with an officer of the Company. All debt has fixed interest rates. The Company periodically monitors its cash balances and is satisfied with the creditworthiness of its Canadian chartered bank.

(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 29, 2016.

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 and a promissory note with a fixed interest rate. 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 deficit, which at February 29, 2016, totaled a deficiency of $1,180,257 (February 28, 2015 - deficiency of $970,057).

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 29, 2016. 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 29, 2016, the Company is not compliant with Policy 2.5. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

Outlook

For the immediate future, the Company plans to continue to search for financing, and once funds are raised, develop an exploration program for the SIB Property and the Corey Mineral Claims. The Company is continually evaluating direct or indirect acquisitions of additional properties. The Company continues to monitor its spending and will amend its plans and budgets based on exploration results and expectations of being able to raise financing as and when required.

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 are generally becoming more restrictive. As of the date of this MD&A, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future.

Commitments

The Company is party to a management contract that requires an additional payment of up to $108,000 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 the Company's financial statements.

Share Capital

As of the date of this MD&A, the Company had 101,828,911 issued and outstanding common shares, 2,000,000 warrants and 9,735,716 stock options outstanding. Therefore, the Company had 113,564,627 common shares on a fully diluted basis.

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 "key-man" insurance, nor has it entered into non-competition and nondisclosure agreements with management and has no current plans to do so.

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.

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.

Change in Accounting Polices

(i) The amendments to IAS 24 – Related Party Disclosures, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. At March 1, 2015, the Company adopted this pronouncement and there was no material effect on its financial statements.

(ii) IFRS 13 – Fair Value Measurement ("IFRS 13") was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 (as defined below) or IFRS 9 (as defined below), regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32 – Financial Instruments. The amendment is effective for annual periods beginning on or after July 1, 2014. At March 1, 2015, the Company adopted this pronouncement and there was no material effect on its financial statements.

Recent Accounting Pronouncements

(i) 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.

(ii) IFRS 11 - Joint Arrangements was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. The Company is still in the process of assessing the impact of this pronouncement.

(iii) IAS 1 – Presentation of Financial Statements was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. The Company is still in the process of assessing the impact of this pronouncement.

Subsequent Events

(i) On March 3, 2016, the Company settled $160,000 of management fees owed to a company controlled by an officer of the Company in consideration for the issuance of 1,855,072 common shares of the Company. The securities issued are legended and restricted from trading until July 4, 2016.

(ii) On May 5, 2016, the Company closed the Offering of $200,000 with the sale of 2,000,000 units. Each unit comprises one (1) common share of the Company priced at $0.10 and one warrant. Each warrant entitles the holder to acquire one (1) 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 Final Trading Day is at least four (4) months from May 4, 2016, the date which is thirty (30) days from the Final Trading Day. All securities issued pursuant to the Offering are legended and restricted from trading until September 5, 2016.

(iii) On May 9, 2016, the Company announced that proceeds from the Offering were used to repay the promissory note together with accrued interest in the amount of $97,421 relating to the Company's St. Andrew Goldfield (SIB) Property and title to an 80% interest in the SIB Property has been transferred into the name of the Company.

Additional Disclosure for Venture Issuers without Significant Revenue

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

Detail	**Year Ended February 29, 2016 $**	**Year Ended February 28, 2015 $**
Professional fees	46,975	58,836
Reporting issuer costs	22,558	20,968
Office and general	5,549	12,691
Advertising and promotion	165	10,713
Management and consulting fees	142,326	141,964
Interest and bank charges	15,687	15,539
Share-based payments	239,685	216,695
Total	**472,945**	477,406

Project Expenditures

The following table sets forth a breakdown of material components of exploration expenditures incurred at the St. Andrew Goldfield (SIB) – Eskay Project.

Exploration and evaluation expenditures	Year Ended February 29, 2016 $	Year Ended February 28, 2015 $
Surveying, sampling and analysis	606	19,729
Geological and consulting	nil	13,709
Accretion	1,878	1,812
Lease payment	15,838	13,833
BC mining tax credit recovery	nil	(4,074)
Transportation	nil	1,737
Exploration and evaluation expenditures	**18,322**	**46,746**

The following table sets forth a breakdown of material components of exploration expenditures incurred at the Corey Mineral Claims.

Exploration and evaluation expenditures	Year Ended February 29, 2016 $	Year Ended February 28, 2015 $
Geological and consulting	nil	22,852
Transportation	nil	2,354
Other	nil	940
Exploration and evaluation expenditures	**nil**	**26,146**

ESKAY MINING CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED FEBRUARY 29, 2016

(Expressed in Canadian Dollars)

Prepared by:

ESKAY MINING CORP.

36 Toronto Street, Suite 1000
Toronto, Ontario, M5C 2C5

Discussion dated June 24, 2016

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 29, 2016. 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 29, 2016 and February 28, 2015, 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. Accordingly, they do not include all of the information required for full annual financial statements by IFRS. Information contained herein is presented as of June 24, 2016, 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** or on SEDAR at **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.

Forward-looking statements	Assumptions	Risk factors
For fiscal 2017, the Company's operating expenses are estimated to be $10,000 to $30,000 per month for recurring operating costs.	The Company has anticipated all material costs; the operating and exploration activities of the Company for fiscal 2017 and the costs associated therewith, will be consistent with Eskay's current expectations.	Unforeseen costs to the Company will arise; any particular operating costs increase or decrease from the date of the estimation; changes in economic conditions.
The Company's cash position at February 29, 2016 is not anticipated to be sufficient to fund its operating expenses for the twelve months ending February 28, 2017. The Company expects to complete an equity financing or find a joint venture partner for the St. Andrew Goldfield (SIB) - Eskay Project. The Company anticipates it will defer amounts payable, to the extent possible, while the Company searches for financing.	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.	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; the Company's ability to retain and attract skilled staff; availability of permits; market competition.
Sensitivity analysis of financial instruments.	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 29, 2016.	Changes in debt and equity markets; interest rate and exchange rate fluctuations.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference 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 as a result 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 on 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"). 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 its completing the acquisition of its mineral property interests, 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 and the acquisition of properties that have the potential to contain gold or silver. 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.

Highlights

- During the year ended February 29, 2016, 1,800,000 stock options with a weighted average exercise price of $0.21 expired unexercised.

- On July 7, 2015, each of Gordon McMehen and Hugh M. (Mac) Balkam, who are directors of the Company, exercised 71,428 stock options at $0.14 per share. On July 27, 2015, Robert Myhill, a director of the Company exercised 71,428 stock options at $0.14 per share. On February 8, 2016, each of Gordon McMehen, Robert Myhill and Hugh M. (Mac) Balkam, who are directors of the Company, exercised 200,000 stock options each at $0.05 per share.

- On December 15, 2015, the Company granted an aggregate of 2,000,000 stock options to purchase common shares of Eskay at $0.075 per share for five years to three directors and a consultant of Eskay.

- On December 23, 2015, Eskay announced the appointment of William R. Johnstone as Corporate Secretary of the Company. Mr. Johnstone has been granted 250,000 options to purchase common shares of Eskay at $0.08 per share for five years.

- On February 5, 2016, the Company granted stock options to directors and an officer of the Company to purchase up to a total of 600,000 common shares of the Company at $0.105 per share for five years expiring February 5, 2021.

- On March 3, 2016, the Company settled $160,000 of management fees owed to a company controlled by an insider of the Company in consideration for the issuance of 1,855,072 common shares of the Company. The securities issued are legended and restricted from trading until July 4, 2016.

- On May 5, 2016, the Company closed the non-brokered offering ("Offering") of $200,000 with the sale of 2,000,000 Units. Each Unit comprises one (1) common share of the Company priced at $0.10 and one (1) common share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to acquire one (1) 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 (4) months from May 4, 2016, the date which is thirty (30) days from the Final Trading Day. All securities issued pursuant to the Offering are legended and restricted from trading until September 5, 2016.

- On May 9, 2016, the Company announced that proceeds from the Offering were used to repay a loan relating to the Company's St. Andrew Goldfield SIB Property at Eskay Creek, British Columbia (the "SIB Property") and title to the SIB Property has been transferred into the name of the Company.

  The Company earned its 80% interest in the SIB Property on January 23, 2013 pursuant to an option agreement with St. Andrew Goldfields Ltd. (now known as Kirkland Lake Gold Inc.) by expending $3.98 million dollars on exploration of the SIB Property. The SIB Property encompasses 33,000 hectares immediately adjacent to the prolific Eskay Creek Au-Ag mine of Barrick Gold which ceased production in 2008. Combined with Eskay's 100% owned Corey Property to the south, it controls 46,000 hectares or approximately 130,000 acres in northwest British Columbia's Golden Triangle.

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 acquired 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.

With the current market environment, the Company will explore the possibility of entering into a joint venture with senior mineral companies to fully explore its projects.

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. Year to date, equity markets in Canada showed signs of improvement, with equities increasing significantly. Strong equity markets are favourable conditions for completing a public merger, financing or acquisition transaction. Apart from these and the risk factors noted under the heading "Risks and Uncertainties", 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.

Mineral Property Interests

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. Pursuant to an amending option agreement with St. Andrew Goldfields Ltd. dated January 17, 2013, Eskay can earn a further 10% undivided interest in the SIB Property for a total 80% working interest. Eskay had expended an aggregate of $3.98 million on exploration of the SIB 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 Goldfields Ltd. 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 SIB Property, estimated to be a sum of approximately $60,000. 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 SIB Property to the Company, the parties will enter into a joint venture for the further exploration, evaluation and development of the SIB Property, if the SIB Property is proven successful.

On November 20, 2013, the Company entered into a second amending option agreement with St. Andrew Goldfields Ltd. Pursuant to the second amending option agreement, the lease payment obligation of $19,752 and the $60,000 bond repayment obligation are 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 Goldfields Ltd.

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

On May 9, 2016, the Company announced that proceeds from the Offering were used to repay a loan relating to the Company's SIB Property and title to the SIB Property has been transferred into the name of the Company. See also "Subsequent Events" section.

Current and Future Plans

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

Summary of Completed Activities (Year Ended February 29, 2016)	(A) Spent	Plans for the Project	(B) Planned Expenditures
Based on the Company's working capital deficit of $1,258,945 at February 29, 2016 (February 28, 2015 – working capital deficit of $1,069,423), the Company will have to raise equity capital in fiscal 2017 in amounts sufficient to fund its exploration work requirements. 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. Year ended February 29, 2016 – care and maintenance. All the projects are in good standing until 2021.	$16,444	Care and maintenance. The next phase of work is subject to signing a joint venture agreement which will provide a cash injection into the Company or market conditions improving so the Company can complete a financing.	$nil
Subtotals	**$16,444**		**$nil**
Total (A+B)			**$16,444**

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 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.

Current and Future Plans

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

Summary of Completed Activities (Year Ended February 29, 2016)	(A) Spent	Plans for the Project	(B) Planned Expenditures
Based on the Company's working capital deficit of $1,258,945 at February 29, 2016 (February 28, 2015 – working capital deficit of $1,069,423), the Company will have to raise equity capital in fiscal 2017 in amounts sufficient to fund its exploration work requirements. 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. Year ended February 29, 2016 – care and maintenance. All the projects are in good standing until 2021.	$nil	Care and maintenance. The next phase of work is subject to signing a joint venture agreement which will provide a cash injection into the Company or market conditions improving so the Company can complete a financing.	$nil
Subtotals	**$nil**		**$nil**
Total (A+B)			**$nil**

Deposits and Exploration Advances

As at February 29, 2016, the Company had $132,870 (February 28, 2015 - $151,670) 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.

During the year ended February 29, 2016, the Company did not properly reclaim certain sections of its property interests. As a result, $18,800 (2015 - $9,500) was confiscated by the provincial government of British Columbia.

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.

Summary of Quarterly Results

Three Months Ended	Profit and Loss		Total Assets ($)
	Total ($)	Basic and Diluted Loss Per Share [9] [10] ($)	
2016-February 29	(300,266) [1]	(0.00)	171,031
2015-November 30	(71,180) [2]	(0.00)	139,950
2015-August 31	(78,463) [3]	(0.00)	154,359
2015-May 31	(59,976) [4]	(0.00)	166,533
2015-February 28	(202,122) [5]	(0.00)	190,723
2014-November 30	(160,033) [6]	(0.00)	198,843
2014-August 31	(110,632) [7]	(0.00)	245,288
2014-May 31	(84,891) [8]	(0.00)	286,811

Notes:

(1) Net loss of $300,266 consisted primarily of: share-based payments of $231,550; exploration and evaluation expenditures of $3,108; professional fees of $12,582; reporting issuer costs of $12,673; and management and consulting fees of $35,593. All other expenses related to general working capital purposes.

(2) Net loss of $71,180 consisted primarily of: exploration and evaluation expenditures of $13,753; professional fees of $13,448; reporting issuer costs of $4,214; and management and consulting fees of $35,582. All other expenses related to general working capital purposes.

(3) Net loss of $78,463 consisted primarily of: exploration and evaluation expenditures of $559; professional fees of $11,328; reporting issuer costs of $4,334; and management and consulting fees of $35,577. All other expenses related to general working capital purposes.

(4) Net loss of $59,976 consisted primarily of: exploration and evaluation expenditures of $902; professional fees of $9,617; reporting issuer costs of $1,337; share-based payments of $8,135; and management and consulting fees of $35,574. All other expenses related to general working capital purposes.

(5) Net loss of $202,122 consisted primarily of: exploration and evaluation expenditures of $15,901; professional fees of $12,208; reporting issuer costs of $11,090; share-based payments of $115,378; and management and consulting fees of $35,539. All other expenses related to general working capital purposes.

(6) Net loss of $160,033 consisted primarily of: exploration and evaluation expenditures of $17,354; professional fees of $12,126; share-based payments of $76,376; and management and consulting fees of $35,475. These were offset by deferred income tax recovery of $1,458. All other expenses related to general working capital purposes.

(7) Net loss of $110,632 consisted primarily of: exploration and evaluation expenditures of $29,434; site restoration costs of $9,500; professional fees of $12,523; share-based payments of $16,046; and management and consulting fees of $35,475. All other expenses related to general working capital purposes.

(8) Net loss of $84,891 consisted primarily of: exploration and evaluation expenditures of $10,203; professional fees of $21,979; share-based payments of $8,895; and management and consulting fees of $35,475. 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.

Discussion of Operations

Year Ended February 29, 2016, Compared With Year Ended February 28, 2015

Eskay's net loss totaled $509,885 for the year ended February 29, 2016, with basic and diluted loss per share of $0.01. This compares with a net loss of $557,678 with basic and diluted loss per share of $0.01 for the year ended February 28, 2015. The difference of $47,793 was principally because:

- The Company incurred an increase in share-based payments of $22,990 for the year ended February 29, 2016, compared to the year ended February 28, 2015, due to the grant of 2,850,000 options during the current period compared to 2,450,000 options granted in the prior period.
- The Company incurred a decrease in exploration and evaluation expenditures of $54,570 for the year ended February 29, 2016, compared to the year ended February 28, 2015. These expenditures were lower due to reduced exploration activities at the Company's properties.
- The Company incurred a decrease in professional fees of $11,861 for the year ended February 29, 2016, compared to the year ended February 28, 2015. These costs were lower due to decreased corporate activity.
- The Company incurred a decrease in advertising and promotion of $10,548 for the year ended February 29, 2016, compared to the year ended February 28, 2015. These costs were lower due to decreased promotion costs.
- During the year ended February 29, 2016, the Company did not properly reclaim certain sections of its property interests. As a result, $18,800 was confiscated by the provincial government of British Columbia.
- All other expenses related to general working capital purposes.

Three Months Ended February 29, 2016, Compared With Three Months Ended February 28, 2015

Eskay's net loss totaled $300,266 for the three months ended February 29, 2016, with basic and diluted loss per share of $0.00. This compares with a net loss of $202,122 with basic and diluted loss per share of $0.00 for the three months ended February 28, 2015. The difference of $98,144 was principally because:

- The Company incurred an increase in share-based payments of $116,172 for the three months ended February 29, 2016, compared to the three months ended February 28, 2015, due to 2,850,000 stock options issued in the current period while only 950,000 options were issued in the comparative period.
- The Company incurred a decrease in exploration and evaluation expenditures of $12,793 for the three months ended February 29, 2016, compared to the three months ended February 28, 2015. These expenditures were lower due to reduced exploration activities at the Company's properties.
- The Company incurred a decrease in advertising and promotion of $5,798 for the three months ended February 29, 2016, compared to the three months ended February 28, 2015. These costs were lower due to decreased promotion costs.
- All other expenses related to general working capital purposes.

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.

On July 7, 2015, a total of 142,856 stock options were exercised for common shares of the Company at $0.14 per share. On July 27, 2015, a total of 71,428 stock options were exercised for common shares of the Company at $0.14 per share. On February 8, 2016, a total of 600,000 stock options were exercised for common shares of the Company at $0.05 per share. The gross proceed received from the stock option exercises was $60,000.

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 29, 2016, the Company had a working capital deficiency of $1,258,945 (February 28, 2015 – $1,069,423).

As at February 29, 2016, the Company has no debt, other than the promissory note with St. Andrew Goldfields Ltd. and a loan with an officer of the Company. Its credit and interest rate risk is 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 2017, the Company's expected operating expenses are estimated to be $10,000 to $30,000 per month for recurring operating costs. The Company will also continue to evaluate its projects.

The Company does not have sufficient funds to continue with its projects as of the date of this MD&A. In order to rectify this problem, the Company is in the process of searching for a joint venture partner which will allow the Company to continue with its projects, depending on how the agreement between Eskay and the joint venture partner is structured. The Company has not assigned an expenditure amount to the SIB Property until a joint venture partner is found. In addition, the Company has not assigned an expenditure amount for the Corey Mineral Claims until the Company raises sufficient funds. Subsequent to the fiscal year, the Company completed an equity financing in the amount of $200,000 (see "Subsequent Events" below).

The Company is not anticipated to have sufficient cash to fund its operating expenses for the twelve months ended February 28, 2017. The Company will have to raise additional equity capital for fiscal 2017 in amounts sufficient to fund both exploration work and working capital requirements. 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. Any further exploration programs on its properties are subject to the Company raising capital or finding a joint venture partner. It is anticipated that payments on select amounts payable will be deferred until a financing is completed.

Additional measures have been undertaken or are under consideration to further reduce corporate overhead and field office costs.

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:

Management and Consulting Fees	Year Ended February 29, 2016 $	Year Ended February 28, 2015 $
Hugh M. Balkam (1)	36,000	36,000
Balkam Partners Ltd. (2)	84,000	84,000
Marrelli Support Services Inc. (3)	22,326	21,964
Total	**142,326**	**141,964**

Professional Fees	Year Ended February 29, 2016 $	Year Ended February 28, 2015 $
Marrelli Support Services Inc. (4)	24,525	24,673
DSA Corporate Services Inc. (4)	525	2,928
Total	**25,050**	**27,601**

(1) Fees for performing the function of Chief Executive Officer.

(2) Management fees charged by Balkam Partners Ltd., a company controlled by Hugh M. Balkam, an officer of the Company. As at February 29, 2016, Balkam Partners Ltd. and Hugh M. Balkam were owed $688,597, (February 28, 2015 - $556,606) and these amounts were included in amounts due to related parties.

(3) 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.

(4) Professional fees charged by Marrelli Support Services Inc., a company controlled by Carmelo Marrelli, CFO of the Company. As at February 29, 2016, the Company owed Marrelli Support Services Inc. $83,986 (February 28, 2015 - $49,045).

Filing fees charged by DSA Corporate Services Inc., a company controlled by Carmelo Marrelli, CFO of the Company.

(5) On May 15, 2014, a total of 170,000 warrants were exercised by a director, Gordon McMehen, of the Company for common shares of the Company at $0.10 per share. On July 7, 2015, each of Gordon McMehen and Hugh M. (Mac) Balkam, who are directors of the Company, exercised 71,428 stock options at $0.14 per share. On July 27, 2015, Robert Myhill, a director of the Company exercised 71,428 stock

options at $0.14 per share. On February 8, 2016, Gordon McMehen, Hugh M. Balkam and Robert Myhill, directors of the Company exercised a total of 600,000 stock options at $0.05 per share.

(6) As at February 29, 2016, Hugh M. Balkam, an officer of the Company, was owed $112,500 (February 28, 2015 - $103,500) with respect to a loan advanced to the Company. This balance bears interest at 12% per annum and is due on demand.

(7) As at February 29, 2016, the Company owed certain officers, directors and parties related to officers and directors $772,583 (February 28, 2015 - $605,651) in relation to the transactions described above. These balances are unsecured, non-interest bearing and due on demand.

To the knowledge of the directors and senior officers of the Company, as at February 29, 2016, 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. As at February 29, 2016, directors and officers of the Company control an aggregate of 11,917,560 common shares of the Company or approximately 12.16% 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. See also the "Subsequent Events" section.

Financial Instruments

The Company's financial instruments consist of:

Description	**February 29, 2016 $**	**February 28, 2015 $**
Cash	7,501	29,797
Deposits and exploration advances	132,870	151,670
Amounts receivable	25,828	4,424
Amounts payable and other liabilities	332,271	319,573
Amounts due to related parties	885,083	709,151
Promissory note	79,752	79,752

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 29, 2016 and February 28, 2015.

(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 as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at February 29, 2016, the Company had cash of $7,501 (February 28, 2015 – cash of $29,797) to settle current liabilities of $1,297,106 (February 28, 2015 - $1,108,476). All of the Company's current financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms, except for the promissory note with St. Andrew Goldfields Ltd. 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 has cash balances, a promissory note with St. Andrew Goldfields Ltd. and a loan with an officer of the Company. All debt has fixed interest rates. The Company periodically monitors its cash balances and is satisfied with the creditworthiness of its Canadian chartered bank.

(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 29, 2016.

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 and a promissory note with a fixed interest rate. 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 deficit, which at February 29, 2016, totaled a deficiency of $1,180,257 (February 28, 2015 - deficiency of $970,057).

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 29, 2016. 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 29, 2016, the Company is not compliant with Policy 2.5. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

Outlook

For the immediate future, the Company plans to continue to search for financing, and once funds are raised, develop an exploration program for the SIB Property and the Corey Mineral Claims. The Company is continually evaluating direct or indirect acquisitions of additional properties. The Company continues to monitor its spending and will amend its plans and budgets based on exploration results and expectations of being able to raise financing as and when required.

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 are generally becoming more restrictive. As of the date of this MD&A, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future.

Commitments

The Company is party to a management contract that requires an additional payment of up to $108,000 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 the Company's financial statements.

Share Capital

As of the date of this MD&A, the Company had 101,828,911 issued and outstanding common shares, 2,000,000 warrants and 9,735,716 stock options outstanding. Therefore, the Company had 113,564,627 common shares on a fully diluted basis.

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 "key-man" insurance, nor has it entered into non-competition and nondisclosure agreements with management and has no current plans to do so.

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.

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.

Change in Accounting Polices

(i) The amendments to IAS 24 – Related Party Disclosures, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. At March 1, 2015, the Company adopted this pronouncement and there was no material effect on its financial statements.

(ii) IFRS 13 – Fair Value Measurement ("IFRS 13") was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 (as defined below) or IFRS 9 (as defined below), regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32 – Financial Instruments. The amendment is effective for annual periods beginning on or after July 1, 2014. At March 1, 2015, the Company adopted this pronouncement and there was no material effect on its financial statements.

Recent Accounting Pronouncements

(i) 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.

(ii) IFRS 11 - Joint Arrangements was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. The Company is still in the process of assessing the impact of this pronouncement.

(iii) IAS 1 – Presentation of Financial Statements was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. The Company is still in the process of assessing the impact of this pronouncement.

Subsequent Events

(i) On March 3, 2016, the Company settled $160,000 of management fees owed to a company controlled by an officer of the Company in consideration for the issuance of 1,855,072 common shares of the Company. The securities issued are legended and restricted from trading until July 4, 2016.

(ii) On May 5, 2016, the Company closed the Offering of $200,000 with the sale of 2,000,000 units. Each unit comprises one (1) common share of the Company priced at $0.10 and one warrant. Each warrant entitles the holder to acquire one (1) 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 Final Trading Day is at least four (4) months from May 4, 2016, the date which is thirty (30) days from the Final Trading Day. All securities issued pursuant to the Offering are legended and restricted from trading until September 5, 2016.

(iii) On May 9, 2016, the Company announced that proceeds from the Offering were used to repay the promissory note together with accrued interest in the amount of $97,421 relating to the Company's St. Andrew Goldfield (SIB) Property and title to an 80% interest in the SIB Property has been transferred into the name of the Company.

Additional Disclosure for Venture Issuers without Significant Revenue

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

Detail	**Year Ended February 29, 2016 $**	**Year Ended February 28, 2015 $**
Professional fees	46,975	58,836
Reporting issuer costs	22,558	20,968
Office and general	5,549	12,691
Advertising and promotion	165	10,713
Management and consulting fees	142,326	141,964
Interest and bank charges	15,687	15,539
Share-based payments	239,685	216,695
Total	**472,945**	477,406

Project Expenditures

The following table sets forth a breakdown of material components of exploration expenditures incurred at the St. Andrew Goldfield (SIB) – Eskay Project.

Exploration and evaluation expenditures	Year Ended February 29, 2016 $	Year Ended February 28, 2015 $
Surveying, sampling and analysis	606	19,729
Geological and consulting	nil	13,709
Accretion	1,878	1,812
Lease payment	15,838	13,833
BC mining tax credit recovery	nil	(4,074)
Transportation	nil	1,737
Exploration and evaluation expenditures	**18,322**	**46,746**

The following table sets forth a breakdown of material components of exploration expenditures incurred at the Corey Mineral Claims.

Exploration and evaluation expenditures	Year Ended February 29, 2016 $	Year Ended February 28, 2015 $
Geological and consulting	nil	22,852
Transportation	nil	2,354
Other	nil	940
Exploration and evaluation expenditures	**nil**	**26,146**