
ESKAY MINING CORP.
CONDENSED INTERIM FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED
AUGUST 31, 2018
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice to Reader

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

Eskay Mining Corp.

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

Unaudited

	As at August 31, 2018	As at February 28, 2018
ASSETS		
Current assets		
Cash	\$ 103,352	\$ 165,634
Amounts receivable (note 4)	14,999	11,682
Prepaid expenses	64,278	9,875
Total current assets	182,629	187,191
Non-current assets		
Deposits and exploration advances (note 3)	72,870	132,870
Total assets	\$ 255,499	\$ 320,061
SHAREHOLDERS' DEFICIENCY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (notes 6 and 14)	\$ 57,562	\$ 85,105
Amounts due to related parties (note 14)	286,039	290,254
Flow-through share liability (note 7)	30,867	-
Total current liabilities	374,468	375,359
Non-current liabilities		
Provision for reclamation (note 5)	59,186	58,142
Other liabilities (note 8)	161,105	161,105
Total liabilities	594,759	594,606
Shareholders' deficiency		
Share capital (note 9)	66,677,037	66,220,609
Reserves	1,275,504	1,251,254
Accumulated deficit	(68,291,801)	(67,746,408)
Total shareholders' deficiency	(339,260)	(274,545)
Total shareholders' deficiency and liabilities	\$ 255,499	\$ 320,061

Nature of operations and going concern (note 1)

Commitments and contingencies (note 15)

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

Eskay Mining Corp.

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

	Three Months Ended August 31,		Six Months Ended August 31,	
	2018	2017	2018	2017
Operating expenses				
Exploration and evaluation expenditures (note 3)	\$ 55,816	\$ 28,072	\$ 325,329	\$ 33,880
General and administrative (note 13)	137,844	88,310	228,205	176,925
Total operating expenses	(193,660)	(116,382)	(553,534)	(210,805)
Other items				
Interest (expense) income	80	105	(192)	360
Loss before income taxes	(193,580)	(116,277)	(553,726)	(210,445)
Deferred income tax recovery (note 7)	8,333	-	8,333	-
Net loss and comprehensive loss for the period	\$ (185,247)	\$ (116,277)	\$ (545,393)	\$ (210,445)
Net loss per share - Basic (note 12)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Net loss per share - Diluted (note 12)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding - Basic and Diluted (note 12)	112,217,625	108,674,864	111,273,962	108,006,070
Weighted average number of common shares outstanding - Diluted (note 12)	112,217,625	108,674,864	111,273,962	108,006,070

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

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

	Six Months Ended August 31,	
	2018	2017
Operating activities		
Net loss for the period	\$ (545,393)	\$ (210,445)
Adjustments for:		
Share-based payments	46,850	-
Accretion (note 5)	1,044	1,007
Deferred income tax recovery	(8,333)	-
Changes in non-cash working capital items:		
Amounts receivable	(3,317)	(26,404)
Prepaid expenses	(54,403)	(10,338)
Amounts payable and other liabilities	(27,543)	56,587
Amounts due to related parties	(4,215)	(303,646)
Net cash used in operating activities	(595,310)	(493,239)
Investing activity		
Redemption of deposits and exploration advances	60,000	-
Net cash provided by investing activity	60,000	-
Financing activities		
Proceeds from private placements	448,028	300,000
Share issue costs	-	(6,750)
Proceeds from shares issued as a result of exercise of stock options	25,000	-
Proceeds from shares issued as a result of exercise of warrants	-	300,000
Net cash provided by financing activities	473,028	593,250
Net change in cash	(62,282)	100,011
Cash, beginning of period	165,634	113,696
Cash, end of period	\$ 103,352	\$ 213,707

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

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

Equity attributable to shareholders

	Share capital	Reserves	Accumulated deficit	Total shareholders' deficiency
Balance, February 28, 2017	\$ 65,275,269	\$ 964,150	\$ (66,850,615)	\$ (611,196)
Private placement (note 3)	300,000	-	-	300,000
Share issue costs - cash	(6,750)	-	-	(6,750)
Exercise of warrants (note 9(b)(i))	300,000	-	-	300,000
Net loss for the period	-	-	(210,445)	(210,445)
Balance, August 31, 2017	\$ 65,868,519	\$ 964,150	\$ (67,061,060)	\$ (228,391)
Balance, February 28, 2018	\$ 66,220,609	\$ 1,251,254	\$ (67,746,408)	\$ (274,545)
Private placement (note 9(ii)(iii))	457,700	-	-	457,700
Share issue costs - cash	(9,672)	-	-	(9,672)
Flow-through share premium (note 7)	(39,200)	-	-	(39,200)
Exercise of stock options (note 9(b)(iv))	47,600	(22,600)	-	25,000
Share-based payments	-	46,850	-	46,850
Net loss for the period	-	-	(545,393)	(545,393)
Balance, August 31, 2018	\$ 66,677,037	\$ 1,275,504	\$ (68,291,801)	\$ (339,260)

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

Eskay Mining Corp.

Notes to Condensed Interim Financial Statements
Three and Six Months Ended August 31, 2018
(Expressed in Canadian Dollars)
(Unaudited)

1. Nature of operations and going concern

Eskay Mining Corp. (the "Company" or "Eskay") is a Canadian company incorporated in British Columbia and listed for trading on the TSX Venture Exchange ("TSXV") and the Frankfurt Stock Exchange. The Company is primarily engaged in the acquisition and exploration of mineral properties. The primary office is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

These unaudited condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern. The Company has incurred losses in prior periods, with a current net loss of \$545,393 during the six months ended August 31, 2018 (six months ended August 31, 2017 - loss of \$210,445) and has an accumulated deficit of \$68,291,801 (February 28, 2018 - \$67,746,408). As at August 31, 2018, the Company had a working capital deficiency of \$191,839 (February 28, 2018 - \$188,168).

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

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

2. Significant accounting policies

Statement of compliance

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

The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of October 12, 2018, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended February 28, 2018, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending February 28, 2019 could result in restatement of these unaudited condensed interim financial statements.

Eskay Mining Corp.
Notes to Condensed Interim Financial Statements
Three and Six Months Ended August 31, 2018
(Expressed in Canadian Dollars)
(Unaudited)

2. Significant accounting policies (continued)

Change in accounting policies

IFRS 9, Financial Instruments

On July 24, 2014, the IASB issued the completed IFRS 9 to come into effect on January 1, 2018 with early adoption permitted.

IFRS 9 includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"), for the classification and measurement of financial liabilities.

The Company adopted IFRS 9 in its financial statements on March 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on March 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the statement of loss and comprehensive loss for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

Below is a summary showing the classification and measurement bases of our financial instruments as at March 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39).

Classification	IAS 39	IFRS 9
Cash	Loans and receivables (amortized cost)	Amortized cost
Amounts receivable	Loans and receivables (amortized cost)	Amortized cost
Amounts payable and other liabilities	Other financial liabilities (amortized cost)	Amortized cost
Amounts due to related parties	Other financial liabilities (amortized cost)	Amortized cost
Other liabilities	Other financial liabilities (amortized cost)	Amortized cost

The original carrying value of the Company's financial instruments under IAS 39 has not changed under IFRS 9.

Eskay Mining Corp.

Notes to Condensed Interim Financial Statements
Three and Six Months Ended August 31, 2018
(Expressed in Canadian Dollars)
(Unaudited)

3. Exploration and evaluation expenditures

	Three Months Ended August 31,		Six Months Ended August 31,	
	2018	2017	2018	2017
St. Andrew Goldfield (SIB) - Eskay Project				
Surveying, sampling and analysis	\$ 4,081	\$ -	\$ 4,081	\$ 511
Geological and consulting	-	27,569	-	27,569
Accretion	522	503	1,044	1,007
Lease payment	-	-	-	7,000
Other	3,449	-	4,949	(2,207)
Transportation	7,007	-	8,114	-
	15,059	28,072	18,188	33,880
Corey Mineral Claims				
Surveying, sampling and analysis	33,332	-	244,778	-
Geological and consulting	-	-	21,938	-
Camping procurement and expediting	-	-	33,000	-
Transportation	7,200	-	7,200	-
Other	225	-	225	-
	40,757	-	307,141	-
Total exploration and evaluation expenditures	\$ 55,816	\$ 28,072	\$ 325,329	\$ 33,880

St. Andrew Goldfield (SIB) - Eskay Project

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

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

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

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

Eskay Mining Corp.

Notes to Condensed Interim Financial Statements

Three and Six Months Ended August 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

3. Exploration and evaluation expenditures (continued)

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

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

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

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

In addition, SSR Mining is responsible for all deposits with the B.C Ministry of Energy and Mines in order to permit SSR Mining to conduct exploration and evaluation activities on the Property. As a result, on August 7, 2018, the B.C. Ministry of Energy and Mines refunded \$60,000 to the Company.

The private placement has been completed during fiscal 2018 (note 9) with the issuance of 1,290,322 common shares of the Company at a price of \$0.2325 per share for gross proceeds of \$300,000.

SSR Mining is responsible for all deposits with the B.C Ministry of Energy and Mines in order to permit SSR Mining to conduct exploration and evaluation activities on Eskay's SIB Property. As a result, the B.C. Ministry of Energy and Mines refunded \$60,000 to the Company on August 7, 2018.

Corey Mineral Claims

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

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

Deposits and Exploration Advances

As at August 31, 2018, the Company had \$72,870 (February 28, 2018 - \$132,870) of deposits and exploration advances held by the provincial government of British Columbia. Such deposits were required by the B.C Ministry of Energy and Mines in order to permit the Company to conduct exploration and evaluation activities in that province.

Eskay Mining Corp.

Notes to Condensed Interim Financial Statements
Three and Six Months Ended August 31, 2018
(Expressed in Canadian Dollars)
(Unaudited)

4. Amounts receivable

	August 31, 2018	February 28, 2018
Sales tax receivable - (Canada)	\$ 14,481	\$ 10,666
Interest receivable	72	570
Other receivable	446	446
	\$ 14,999	\$ 11,682

5. Provision for reclamation

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

Balance at February 28, 2018	\$ 58,142
Accretion	1,044
Balance at August 31, 2018	\$ 59,186

The Company has estimated its total provision for reclamation to be \$59,186 at August 31, 2018 (February 28, 2018 - \$58,142) based on a total future liability of approximately \$57,400 and an inflation rate of 2% (February 28, 2018 - 2%) and a discount rate of 1.69% (February 28, 2018 - 1.69%). Reclamation is expected to occur in the year 2021.

6. Amounts payable and other liabilities

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

	August 31, 2018	February 28, 2018
Accounts payable	\$ 50,550	\$ 52,407
Accruals and others	7,012	32,698
Total amounts payable and other liabilities	\$ 57,562	\$ 85,105

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

	August 31, 2018	February 28, 2018
Less than 1 month	\$ 10,524	\$ 30,901
1 to 3 months	-	-
Greater than 3 months	47,038	54,204
Total amounts payable and other liabilities	\$ 57,562	\$ 85,105

Eskay Mining Corp.

Notes to Condensed Interim Financial Statements

Three and Six Months Ended August 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

7. Flow-through share liability

Other liability includes the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability of the flow-through shares issuance:

Balance at February 28, 2018	\$ -
Liability incurred on flow-through shares issued	39,200
Settlement of low-through share liability on incurring expenditure	(8,333)
Balance at August 31, 2018	\$ 30,867

The flow-through common shares issued in the non-brokered private placement completed on June 1, 2018 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$39,200.

The flow-through premium is derecognized through income as the eligible expenditures are incurred. For the six months ended August 31, 2018, the Company satisfied \$8,333 of the commitment by incurring eligible expenditures of approximately \$50,000 and as a result the flow-through premium has been reduced to \$30,867.

8. Other liabilities

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

Eskay Mining Corp.

Notes to Condensed Interim Financial Statements Three and Six Months Ended August 31, 2018 (Expressed in Canadian Dollars) (Unaudited)

9. Share capital

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

b) Common shares issued - as at August 31, 2018, the issued share capital amounted to \$66,677,037. Changes in issued share capital are as follows:

	Number of common shares	Amount
Balance, February 28, 2017	105,384,542	\$ 65,275,269
Exercise of warrants (i)	2,000,000	300,000
Private placement (note 3)	1,290,322	300,000
Share issue costs - cash	-	(6,750)
Balance, August 31, 2017	108,674,864	\$ 65,868,519
Balance, February 28, 2018	110,274,864	\$ 66,220,609
Private placements (ii)(iii)	1,674,000	457,700
Flow-through share premium (note 7)	-	(39,200)
Cost of issue	-	(9,672)
Exercise of stock options (iv)	300,000	25,000
Value transferred to share capital from exercise of stock options	-	22,600
Balance, August 31, 2018	112,248,864	\$ 66,677,037

(i) During the six months ended August 31, 2017, 2,000,000 warrants were exercised for common shares of the Company for gross proceeds of \$300,000. 1,000,000 warrants were exercised by directors of the Company.

(ii) On June 1, 2018, the Company closed the first tranche of a non-brokered private placement with the sale of 784,000 flow-through units ("FT Units") of the Company at a price of \$0.30 per FT Unit for \$235,200 and 690,000 units at a price of \$0.25 per unit for \$172,500 for aggregate gross proceeds of \$407,700. Eligible finders were paid cash finders' fees of \$4,500.

Each FT Unit comprises one common share of the Company and one-half of one common share purchase warrant. Each full warrant entitles the holder to acquire one common share at a price of \$0.40 until the earlier of (i) June 1, 2020 (the "Closing"); and (ii) in the event that the closing price of the common shares on the TSXV is at least \$0.60 for ten (10) consecutive trading days, and the 10th trading day (the "Final Trading Day") is at least four (4) months from the Closing, the date which is thirty (30) days from the Final Trading Day (the "Trigger Date"). Each unit comprises one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.40 until the earlier of (i) June 1, 2020; and (ii) the Trigger Date.

(iii) On June 7, 2018, the Company closed the final tranche of a non-brokered private placement with the sale of 200,000 units at a price of \$0.25 per unit for proceeds of \$50,000. Each unit comprises one common share of the Company and one warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.40 until the earlier of (i) June 7, 2020; and (ii) the Trigger Date.

(iv) During the six months ended August 31, 2018, 300,000 stock options were exercised by a consultant for common shares of the Company for gross proceeds of \$25,000.

Eskay Mining Corp.

Notes to Condensed Interim Financial Statements
Three and Six Months Ended August 31, 2018
(Expressed in Canadian Dollars)
(Unaudited)

10. 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, 2017 and August 31, 2017	9,907,144	0.12
Balance, February 28, 2018	9,907,144	0.14
Exercised	(300,000)	0.08
Granted (i)	200,000	0.215
Balance, August 31, 2018	9,807,144	0.14

(i) On July 4, 2018, the Company granted 200,000 stock options to a consultant at \$0.215 per share for five years expiring July 4, 2023. These options vested immediately. These options have a grant date fair value of \$39,000, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 147% based on the Company's historical volatility; share price of \$0.215; risk-free interest rate of 2.06% and an expected life of five years. During the three and six months ended August 31, 2018, \$39,000 was recorded as share-based payments.

The following table reflects the actual stock options issued and outstanding as of August 31, 2018:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Grant date fair value (\$)	Number of options vested (exercisable)
February 12, 2019	0.05	0.45	1,850,000	87,690	1,850,000
April 10, 2019	0.10	0.61	200,000	18,880	200,000
October 26, 2019	0.35	1.15	100,000	23,100	75,000
November 19, 2019	0.08	1.22	1,050,000	78,750	1,050,000
February 3, 2020	0.14	1.43	407,144	45,600	407,144
December 15, 2020	0.075	2.29	1,450,000	102,950	1,450,000
December 23, 2020	0.08	2.32	250,000	18,750	250,000
February 5, 2021	0.105	2.44	400,000	47,200	400,000
November 16, 2021	0.22	3.21	1,900,000	375,440	1,900,000
January 30, 2023	0.235	4.42	1,750,000	383,250	1,750,000
February 5, 2023	0.24	4.44	250,000	55,780	250,000
July 4, 2023	0.215	4.84	200,000	39,000	200,000
		2.42	9,807,144	1,276,390	9,782,144

The weighted average exercise price of the vested options at August 31, 2018 is \$0.14.

Eskay Mining Corp.

Notes to Condensed Interim Financial Statements
Three and Six Months Ended August 31, 2018
(Expressed in Canadian Dollars)
(Unaudited)

11. Warrants

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

	Number of warrants	Weighted average exercise price (\$)
Balance, February 28, 2017	2,600,000	0.20
Exercised	(2,000,000)	0.15
Balance, August 31, 2017	600,000	0.35
Balance, February 28, 2018	600,000	0.35
Issued (note 9(ii)(iii))	1,282,000	0.40
Expired	(600,000)	0.35
Balance, August 31, 2018	1,282,000	0.40

The following table reflects the warrants issued and outstanding as of August 31, 2018:

Expiry date	Number of warrants outstanding	Exercise price
June 1, 2020	1,082,000	\$ 0.40 ⁽¹⁾
June 7, 2020	200,000	\$ 0.40 ⁽²⁾
	1,282,000	\$ 0.40

⁽¹⁾ Each warrant entitles the holder to acquire one common share at a price of \$0.40 until the earlier of (i) June 1, 2020; and (ii) in the event that the closing price of the common shares on the TSXV is at least \$0.60 for ten (10) consecutive trading days, and the 10th Trading Day is at least four (4) months from June 1, 2018, the date which is thirty (30) days from the 10th Trading Day.

⁽²⁾ Each warrant entitles the holder to acquire one common share at a price of \$0.40 until the earlier of (i) June 7, 2020; and (ii) in the event that the closing price of the common shares on the TSXV is at least \$0.60 for ten (10) consecutive trading days, and the 10th Trading Day is at least four (4) months from June 7, 2018, the date which is thirty (30) days from the 10th Trading Day.

12. Net loss per common share

The calculation of basic and diluted loss per share for the three and six months ended August 31, 2018 was based on the loss of \$185,247 and \$545,393, respectively (three and six months ended August 31, 2017 - loss of \$116,277 and \$210,445, respectively) and the weighted average number of common shares outstanding of 112,217,625 and 111,273,962 for the three and six months ended August 31, 2018 (three and six months ended August 31, 2017 - 108,674,864 and 108,006,070). Diluted loss per share for the three and six months ended August 31, 2018 and 2017 did not include the effect of stock options and warrants as they are anti-dilutive.

Eskay Mining Corp.

Notes to Condensed Interim Financial Statements
Three and Six Months Ended August 31, 2018
(Expressed in Canadian Dollars)
(Unaudited)

13. General and administrative

	Three Months Ended August 31,		Six Months Ended August 31,	
	2018	2017	2018	2017
Professional fees (note 14(ii) and (v))	\$ 25,877	\$ 19,296	\$ 49,223	\$ 56,006
Reporting issuer costs	10,590	6,606	11,652	8,521
Office and general	8,720	7,146	27,643	16,420
Advertising and promotion	9,000	7,424	9,000	12,888
Management and consulting fees (note 14(i))	41,610	47,610	83,220	82,791
Interest and bank charges	407	228	617	299
Share-based payments	41,640	-	46,850	-
	\$ 137,844	\$ 88,310	\$ 228,205	\$ 176,925

14. Related party balances and transactions

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

Eskay entered into the following transactions with related parties:

(i) For the three and six months ended August 31, 2018, the Company paid or accrued \$41,610 and \$83,220, respectively in management and consulting fees to companies controlled by current officers (three and six months ended August 31, 2017 - \$47,610 and \$82,791, respectively).

(ii) For the three and six months ended August 31, 2018, the Company paid or accrued \$6,195 and \$12,532, respectively in professional fees (three and six months ended August 31, 2017 - \$6,204 and \$12,322, respectively) to companies controlled by an officer of the Company.

(iii) During the three and six months ended August 31, 2018, the Company received an advance of \$125,000 from an officer of the Company to assist with short-term cash flow needs. During the three and six months ended August 31, 2018, the Company repaid the advance of \$125,000 to this officer. As at August 31, 2018, the Company owed this officer \$31,782 (February 28, 2018 - \$31,782) which pertained to interest accrued on a loan advanced to the Company during the year ended February 29, 2012.

(iv) As at August 31, 2018, the Company owed certain officers, directors and parties related to officers and directors \$253,217 (February 28, 2018 - \$288,159), excluding legal services disclosed in (v) below, in relation to the transactions described above. These balances are unsecured, non interest bearing and due on demand.

(v) During the three and six months ended August 31, 2018, the Company paid professional fees and disbursements of \$8,869 and \$22,968, respectively (three and six months ended August 31, 2017 - \$10,182 and \$43,274, respectively) to Gardiner Roberts LLP ("Gardiner"), a law firm of which William R. Johnstone, Corporate Secretary of the Company, is a partner. These services were incurred in the normal course of operations for general corporate matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at August 31, 2018, Gardiner is owed \$1,040 (February 28, 2018 - \$2,095) and this amount is included in amounts due to related parties.

Eskay Mining Corp.

Notes to Condensed Interim Financial Statements

Three and Six Months Ended August 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

14. Related party balances and transactions (continued)

(vi) See note 9(b)(i).

To the knowledge of the directors and senior officers of the Company, as at August 31, 2018, 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 August 31, 2018, directors and officers of the Company control an aggregate of 19,961,763 common shares of the Company or approximately 17.78% 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.

15. Commitments and contingencies

Environmental contingencies

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Management contract

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

Flow-through commitment

The Company was obligated to spend \$235,200 by December 31, 2019. As at December 31, 2019, the Company had spent \$50,000 of funding as part of the flow-through funding agreement for shares issued in June 2018. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. The Company indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments.

16. 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.