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**ESKAY MINING CORP.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED FEBRUARY 28, 2019 AND 2018**  
**(EXPRESSED IN CANADIAN DOLLARS)**

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## Independent Auditor's Report

To the Shareholders of Eskay Mining Corp.

### Opinion

We have audited the financial statements of Eskay Mining Corp. (the "Company"), which comprise the statements of financial position as at February 28, 2019 and 2018, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of \$693,671 during the year ended February 28, 2019 and, as of that date, the Company's current liabilities exceeded its current assets by \$343,963. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report is Chris Milios.

UHY McGovern Hurley LLP



Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
June 25, 2019

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

	As at February 28, 2019	As at February 28, 2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 60,693	\$ 165,634
Amounts receivable (note 7)	10,370	11,682
Prepaid expenses	15,687	9,875
<b>Total current assets</b>	<b>86,750</b>	187,191
<b>Non-current assets</b>		
Deposits and exploration advances (note 3)	72,870	132,870
<b>Total assets</b>	<b>\$ 159,620</b>	<b>\$ 320,061</b>
<b>SHAREHOLDERS' (DEFICIENCY) AND LIABILITIES</b>		
<b>Current liabilities</b>		
Amounts payable and other liabilities (notes 9 and 17)	\$ 72,027	\$ 85,105
Amounts due to related parties (note 17)	330,067	290,254
Flow-through share liability (note 10)	28,619	-
<b>Total current liabilities</b>	<b>430,713</b>	375,359
<b>Non-current liabilities</b>		
Provision for reclamation (note 8)	60,229	58,142
Other liabilities (note 11)	161,105	161,105
<b>Total liabilities</b>	<b>652,047</b>	594,606
<b>Shareholders' (deficiency)</b>		
Share capital (note 12)	66,677,037	66,220,609
Reserves	1,165,600	1,251,254
Accumulated deficit	(68,335,064)	(67,746,408)
<b>Total shareholders' (deficiency)</b>	<b>(492,427)</b>	(274,545)
<b>Total shareholders' (deficiency) and liabilities</b>	<b>\$ 159,620</b>	<b>\$ 320,061</b>

Nature of operations and going concern (note 1)  
 Commitments and contingencies (note 18)  
 Subsequent event (note 21)

**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.

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

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	<b>Years Ended February 28,</b>	
	<b>2019</b>	<b>2018</b>
<b>Operating expenses</b>		
Exploration and evaluation expenditures (note 3)	\$ 289,520	\$ 137,635
General and administrative (note 16)	414,737	800,659
<b>Total operating expenses</b>	<b>(704,257)</b>	<b>(938,294)</b>
<b>Other items</b>		
Interest income	5	801
Flow-through share liability recovery (note 10)	10,581	-
<b>Net loss and comprehensive loss for the year</b>	<b>\$ (693,671)</b>	<b>\$ (937,493)</b>
<b>Net loss per share - Basic</b> (note 15)	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Net loss per share - Diluted</b> (note 15)	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding - Basic</b> (note 15)	<b>111,757,406</b>	<b>108,684,157</b>
<b>Weighted average number of common shares outstanding - Diluted</b> (note 15)	<b>111,757,406</b>	<b>108,684,157</b>

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)**

	Years Ended February 28,	
	2019	2018
<b>Operating activities</b>		
Net loss for the year	\$ (693,671)	\$ (937,493)
Adjustments for:		
Share-based payments	41,961	453,394
Accretion (note 8)	2,087	2,015
Flow-through share liability recovery	(10,581)	-
Changes in non-cash working capital items:		
Amounts receivable	1,312	14,378
Prepaid expenses	(5,812)	(4,151)
Amounts payable and other liabilities	(13,078)	23,640
Amounts due to related parties	39,813	(320,595)
<b>Net cash (used in) operating activities</b>	<b>(637,969)</b>	<b>(768,812)</b>
<b>Investing activity</b>		
Redemption of deposits and exploration advances	60,000	-
<b>Net cash provided by investing activity</b>	<b>60,000</b>	<b>-</b>
<b>Financing activities</b>		
Proceeds from private placements	457,700	300,000
Share issue costs	(9,672)	(6,750)
Proceeds from exercise of stock options	25,000	227,500
Proceeds from exercise of warrants	-	300,000
<b>Net cash provided by financing activities</b>	<b>473,028</b>	<b>820,750</b>
<b>Net change in cash</b>	<b>(104,941)</b>	<b>51,938</b>
<b>Cash, beginning of year</b>	<b>165,634</b>	<b>113,696</b>
<b>Cash, end of year</b>	<b>\$ 60,693</b>	<b>\$ 165,634</b>

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

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

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**Equity attributable to shareholders**

	<b>Share capital</b>	<b>Reserves</b>	<b>Accumulated deficit</b>	<b>Total shareholders' (deficiency)</b>
<b>Balance, February 28, 2017</b>	<b>\$ 65,275,269</b>	<b>\$ 964,150</b>	<b>\$ (66,850,615)</b>	<b>\$ (611,196)</b>
Private placement (note 3)	300,000	-	-	300,000
Share issue costs - cash	(6,750)	-	-	(6,750)
Exercise of warrants (note 12(b)(i))	300,000	-	-	300,000
Exercise of stock options (note 12(b)(ii))	352,090	(124,590)	-	227,500
Share-based payments	-	453,394	-	453,394
Expiry of stock options	-	(41,700)	41,700	-
Net loss for the year	-	-	(937,493)	(937,493)
<b>Balance, February 28, 2018</b>	<b>66,220,609</b>	<b>1,251,254</b>	<b>(67,746,408)</b>	<b>(274,545)</b>
Private placement (note 12(iii)(iv))	457,700	-	-	457,700
Share issue costs - cash	(9,672)	-	-	(9,672)
Flow-through share premium (note 10)	(39,200)	-	-	(39,200)
Exercise of stock options (note 12(b)(v))	47,600	(22,600)	-	25,000
Share-based payments	-	41,961	-	41,961
Expiry of stock options	-	(105,015)	105,015	-
Net loss for the year	-	-	(693,671)	(693,671)
<b>Balance, February 28, 2019</b>	<b>\$ 66,677,037</b>	<b>\$ 1,165,600</b>	<b>\$ (68,335,064)</b>	<b>\$ (492,427)</b>

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

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# **Eskay Mining Corp.**

## **Notes to Financial Statements**

**Years Ended February 28, 2019 and 2018**

**(Expressed in Canadian Dollars)**

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

Eskay Mining Corp. (the "Company" or "Eskay") is a Canadian company incorporated in British Columbia and listed for trading on the TSX Venture Exchange ("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 financial statements were approved by the board of directors on June 25, 2019.

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. The Company has incurred losses in prior periods, with a current net loss of \$693,671 during the year ended February 28, 2019 (year ended February 28, 2018 - loss of \$937,493) and has an accumulated deficit of \$68,335,064 (February 28, 2018 - \$67,746,408). As at February 28, 2019, the Company had a working capital deficiency of \$343,963 (February 28, 2018 - \$188,168). These matters represent material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern.

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 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*

These 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.

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**Eskay Mining Corp.**  
**Notes to Financial Statements**  
**Years Ended February 28, 2019 and 2018**  
**(Expressed in Canadian Dollars)**

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**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.

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**Eskay Mining Corp.**  
**Notes to Financial Statements**  
**Years Ended February 28, 2019 and 2018**  
**(Expressed in Canadian Dollars)**

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**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) *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.

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.

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**Eskay Mining Corp.**  
**Notes to Financial Statements**  
**Years Ended February 28, 2019 and 2018**  
**(Expressed in Canadian Dollars)**

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**2. Significant accounting policies (continued)**

*(g) 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.

*(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.

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# Eskay Mining Corp.

## Notes to Financial Statements

Years Ended February 28, 2019 and 2018

(Expressed in Canadian Dollars)

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### 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) *Flow-through shares*

The Company has financed a portion of its exploration activities through the issue of flow-through shares, which offer a tax incentive to Canadian investors by transferring the tax deductibility of exploration expenditures from the Company to the investors.

Flow-through shares are reported at issue price. If the flow-through shares are issued at a premium to the market price of non-flow through or hard dollar shares at the date of announcement, such premium or excess proceeds is reported as a liability. The subsequent renunciation of such qualifying expenditures incurred by the Company in favour of the flow-through subscribers is reported as a reduction in the flow-through share liability and a corresponding amount as other income recorded in profit and loss.

Resource expenditure deductions for income tax purposes related to exploration and evaluation activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. The Company has indemnified the subscribers of flow-through share offerings against any tax related amounts that became payable by the shareholder as a result of the Company not meeting its commitments.

#### (l) *IFRS 9, Financial Instruments*

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 retrospectively on March 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the comparative financial information. 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.

**Eskay Mining Corp.**  
**Notes to Financial Statements**  
**Years Ended February 28, 2019 and 2018**  
**(Expressed in Canadian Dollars)**

**2. Significant accounting policies (continued)**

*(l) IFRS 9, Financial Instruments (continued)*

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).

<b>Classification</b>	<b>IAS 39</b>	<b>IFRS 9</b>
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.

**Accounting policy under IFRS 9**

**Financial assets**

*Initial recognition and measurement*

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either FVTPL or FVOCI, and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVTPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

*Subsequent measurement – financial assets at amortized cost*

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the statements of loss.

*Subsequent measurement – financial assets at FVTPL*

Financial assets measured at FVTPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVTPL are carried at fair value in the statements of financial position with changes in fair value recognized in the statements of loss. The Company does not measure any financial assets at FVTPL.

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# **Eskay Mining Corp.**

## **Notes to Financial Statements**

**Years Ended February 28, 2019 and 2018**

**(Expressed in Canadian Dollars)**

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### **2. Significant accounting policies (continued)**

#### *(l) IFRS 9, Financial Instruments (continued)*

##### Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

##### Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

##### Impairment of financial assets

The Company's only financial assets subject to impairment are other accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

### **Financial liabilities**

##### Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVTPL. The Company's financial liabilities include accounts payable and other liabilities, amounts due to related parties, and other liabilities which are each measured at amortized cost. All financial liabilities are recognized initially at fair value.

##### Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the statements of loss.

##### Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in the statements of loss.

**Eskay Mining Corp.**  
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**2. Significant accounting policies (continued)**

*(m) Recent accounting pronouncement*

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after March 1, 2019. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

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

(ii) IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

**3. Exploration and evaluation expenditures**

	<b>Years Ended February 28,</b>	
	<b>2019</b>	<b>2018</b>
<b>St. Andrew Goldfield (SIB) - Eskay Project</b>		
Surveying, sampling and analysis	\$ 4,291	\$ 511
Geological and consulting	1,563	74,268
Accretion	2,087	2,015
Lease payment	-	7,000
Other	5,448	1,247
Transportation	8,114	14,337
	<b>21,503</b>	<b>99,378</b>
<b>Corey Mineral Claims</b>		
Surveying, sampling and analysis	244,778	-
Geological and consulting	30,750	38,450
Camping procurement and expediting	33,000	-
Transportation	8,550	807
Other	525	(1,000)
	<b>317,603</b>	<b>38,257</b>
Recovery from option partner	<b>(49,586)</b>	-
<b>Total exploration and evaluation expenditures</b>	<b>\$ 289,520</b>	<b>\$ 137,635</b>

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## **Eskay Mining Corp.**

### **Notes to Financial Statements**

**Years Ended February 28, 2019 and 2018**

**(Expressed in Canadian Dollars)**

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

#### **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.

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.

The private placement has been completed during fiscal 2018 (note 12) 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.

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# **Eskay Mining Corp.**

## **Notes to Financial Statements**

**Years Ended February 28, 2019 and 2018**

**(Expressed in Canadian Dollars)**

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

#### **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 February 28, 2019, 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.

### **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 (deficiency) which comprises share capital, reserves and accumulated deficit, which at February 28, 2019, totaled \$(492,427) (February 28, 2018 - \$(274,545)).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral exploration properties. Selected information is provided to the Board of Directors of the Company.

The Company's capital management objectives, policies and processes have remained unchanged during the year ended February 28, 2019. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of February 28, 2019, 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.

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**Eskay Mining Corp.**  
**Notes to Financial Statements**  
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**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 28, 2019 and 2018.

(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 28, 2019, the Company had cash of \$60,693 (February 28, 2018 - \$165,634) to settle current liabilities of \$430,713 (February 28, 2018 - \$375,359). 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.

(iii) Market risk

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

(a) Interest rate risk

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

(b) Foreign currency risk

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

(c) Commodity and equity price risk

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

Based on management's knowledge and experience of the financial markets, the Company does not believe it was exposed to any material movements in the underlying market risk variables during the year ended February 28, 2019.

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**Notes to Financial Statements**  
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**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. 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**

	<b>February 28, February 28,</b>	
	<b>2019</b>	<b>2018</b>
<b>Financial assets:</b>		
Amortized cost		
Cash	\$ 60,693	\$ 165,634
Amounts receivable	\$ 10,370	\$ 11,682
Deposits	\$ 72,870	\$ 132,870
<b>Financial liabilities:</b>		
Amortized cost		
Amounts payable and other liabilities	\$ 72,027	\$ 85,105
Amounts due to related parties	\$ 330,067	\$ 290,254
Other liabilities	\$ 161,105	\$ 161,105

As of February 28, 2019 and 2018, 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**

	<b>February 28, February 28,</b>	
	<b>2019</b>	<b>2018</b>
Sales tax receivable - (Canada)	\$ 9,826	\$ 10,666
Interest receivable	98	570
Other receivable	446	446
	<b>\$ 10,370</b>	<b>\$ 11,682</b>

**Eskay Mining Corp.**  
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**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:

<b>Balance at February 28, 2017</b>	<b>\$ 56,127</b>
Accretion	2,015
<b>Balance at February 28, 2018</b>	<b>58,142</b>
Accretion	2,087
<b>Balance at February 28, 2019</b>	<b>\$ 60,229</b>

The Company has estimated its total provision for reclamation to be \$60,229 at February 28, 2019 (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.

**9. 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:

	<b>February 28, February 28,</b>	
	<b>2019 2018</b>	
Accounts payable	<b>\$ 58,908</b>	\$ 52,407
Accruals and others	<b>13,119</b>	32,698
<b>Total amounts payable and other liabilities</b>	<b>\$ 72,027</b>	\$ 85,105

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

	<b>February 28, February 28,</b>	
	<b>2019 2018</b>	
Less than 1 month	<b>\$ 20,641</b>	\$ 30,901
1 to 3 months	<b>6,935</b>	-
Greater than 3 months	<b>44,451</b>	54,204
<b>Total amounts payable and other liabilities</b>	<b>\$ 72,027</b>	\$ 85,105

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**Eskay Mining Corp.**  
**Notes to Financial Statements**  
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**10. Flow-through share liability**

The following is a continuity schedule of the liability of the flow-through shares issuance:

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<b>Balance at February 28, 2018</b>	<b>\$ -</b>
Liability incurred on flow-through shares issued	39,200
Settlement of flow-through share liability on incurring expenditure	(10,581)
<b>Balance at February 28, 2019</b>	<b>\$ 28,619</b>

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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 year ended February 28, 2019, the Company satisfied \$10,581 of the commitment by incurring eligible expenditures of approximately \$63,485 and as a result the flow-through premium has been reduced to \$28,619.

**11. 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.

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**12. 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 28, 2019, the issued share capital amounted to \$66,677,037. Changes in issued share capital are as follows:

	Number of common shares	Amount
<b>Balance, February 28, 2017</b>	<b>105,384,542</b>	<b>\$ 65,275,269</b>
Exercise of warrants (i)	2,000,000	300,000
Exercise of stock options (ii)	1,600,000	227,500
Value transferred to share capital from exercise of stock options	-	124,590
Private placement (note 3)	1,290,322	300,000
Share issue costs - cash	-	(6,750)
<b>Balance, February 28, 2018</b>	<b>110,274,864</b>	<b>66,220,609</b>
Private placements (iii)(iv)	1,674,000	457,700
Flow-through share premium (note 10)	-	(39,200)
Cost of issue	-	(9,672)
Exercise of stock options (v)	300,000	25,000
Value transferred to share capital from exercise of stock options	-	22,600
<b>Balance, February 28, 2019</b>	<b>112,248,864</b>	<b>\$ 66,677,037</b>

(i) During the year ended February 28, 2018, 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) During the year ended February 28, 2018, 1,600,000 stock options were exercised by directors and consultants for common shares of the Company for gross proceeds of \$227,500. The options were exercised for the following prices: (1) 1,350,000 common shares of the Company at \$0.15 per share; and (2) 250,000 common shares of the Company at \$0.10 per share. A total value of \$124,590 was transferred to share capital from reserves as a result of the exercise of these stock options.

(iii) 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.

(iv) 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.

(v) During the year ended February 28, 2019, 300,000 stock options were exercised by a consultant for common shares of the Company for gross proceeds of \$25,000. The options were exercised for the following prices: (1) 100,000 common shares of the Company at \$0.10 per share; and (2) 200,000 common shares of the Company at \$0.075 per share. A total value of \$22,600 was transferred to share capital from reserves as a result of the exercise of these stock options.

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**13. Stock options**

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

	Number of stock options	Weighted average exercise price (\$)
<b>Balance, February 28, 2017</b>	<b>9,907,144</b>	<b>0.12</b>
Exercised	(1,600,000)	0.15
Granted (i)(ii)(iii)	2,100,000	0.235
Expired	(500,000)	0.15
<b>Balance, February 28, 2018</b>	<b>9,907,144</b>	<b>0.14</b>
Exercised	(300,000)	0.08
Granted (iv)	200,000	0.215
Expired	(1,950,000)	0.07
<b>Balance, February 28, 2019</b>	<b>7,857,144</b>	<b>0.16</b>

(i) On October 26, 2017, the Company granted 100,000 stock options to a consultant at \$0.35 per share for two years expiring October 26, 2019. These options vest as follows - 25% vest three months after the grant date and 25% every three months thereafter. During the year ended February 28, 2019, the consultant was terminated and the options expired. These options had a grant date fair value of \$23,100, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 148% based on the Company's historical volatility; share price of \$0.33; risk-free interest rate of 1.45% and an expected life of two years. During the year ended February 28, 2019, \$2,961 (year ended February 28, 2018 - \$14,363) was recorded as share-based payments.

(ii) On January 30, 2018, the Company granted stock options to directors and an officer of the Company to purchase up to a total of 1,750,000 common shares of the Company at \$0.235 per share for five years expiring January 30, 2023. These options vest immediately upon grant and have a grant date fair value of \$383,250, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 161% based on the Company's historical volatility; share price of \$0.235; risk-free interest rate of 2.08% and an expected life of five years. During the year ended February 28, 2018, the full amount of \$383,250 was recorded as share-based payments.

(iii) On February 5, 2018, the Company granted stock options to consultants of the Company to purchase up to a total of 250,000 common shares of the Company at \$0.24 per share for five years expiring February 5, 2023. These options vest immediately upon grant and have a grant date fair value of \$55,780, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 160% based on the Company's historical volatility; share price of \$0.24; risk-free interest rate of 2.08% and an expected life of five years. During the year ended February 28, 2018, the full amount of \$55,780 was recorded as share-based payments.

(iv) 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 year ended February 28, 2019, \$39,000 was recorded as share-based payments.

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**13. Stock options (continued)**

The following table reflects the actual stock options issued and outstanding as of February 28, 2019:

<b>Expiry date</b>	<b>Exercise price (\$)</b>	<b>Weighted average remaining contractual life (years)</b>	<b>Number of options outstanding</b>	<b>Grant date fair value (\$)</b>	<b>Number of options vested (exercisable)</b>
April 10, 2019	0.10	0.36	200,000	18,880	200,000
November 19, 2019	0.08	0.97	1,050,000	78,750	1,050,000
February 3, 2020	0.14	1.18	407,144	45,600	407,144
December 15, 2020	0.075	2.04	1,450,000	102,950	1,450,000
December 23, 2020	0.08	2.07	250,000	18,750	250,000
February 5, 2021	0.105	2.19	400,000	47,200	400,000
November 16, 2021	0.22	2.96	1,900,000	375,440	1,900,000
January 30, 2023	0.235	4.17	1,750,000	383,250	1,750,000
February 5, 2023	0.24	4.19	250,000	55,780	250,000
July 4, 2023	0.215	4.59	200,000	39,000	200,000
		<b>2.40</b>	<b>7,857,144</b>	<b>1,165,600</b>	<b>7,857,144</b>

The weighted average exercise price of the vested options at February 28, 2019 is \$0.16.

**14. Warrants**

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

	<b>Number of warrants</b>	<b>Weighted average exercise price (\$)</b>
<b>Balance, February 28, 2017</b>	<b>2,600,000</b>	<b>0.20</b>
Exercised	(2,000,000)	0.15
<b>Balance, February 28, 2018</b>	<b>600,000</b>	<b>0.35</b>
Issued (note 12(iii)(iv))	1,282,000	0.40
Expired	(600,000)	0.35
<b>Balance, February 28, 2019</b>	<b>1,282,000</b>	<b>0.40</b>

The following table reflects the warrants issued and outstanding as of February 28, 2019:

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

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

**Eskay Mining Corp.**  
**Notes to Financial Statements**  
**Years Ended February 28, 2019 and 2018**  
**(Expressed in Canadian Dollars)**

**15. Net loss per common share**

The calculation of basic and diluted loss per share for the year ended February 28, 2019 was based on the loss of \$693,671 (year ended February 28, 2018 - loss of \$937,493) and the weighted average number of common shares outstanding of 111,757,406 for the year ended February 28, 2019 (year ended February 28, 2018 - 108,684,157). The diluted loss per share for the year ended February 28, 2019 excluded 7,857,144 (2018 - 9,907,144) options and 1,282,000 (2018 - 600,000) warrants that were anti-dilutive.

**16. General and administrative**

	<b>Years Ended February 28,</b>	
	<b>2019</b>	<b>2018</b>
Professional fees (note 17(ii) and (v))	\$ 113,079	\$ 92,294
Reporting issuer costs	26,937	26,899
Office and general	46,840	61,512
Advertising and promotion	18,671	-
Management and consulting fees (note 17(i))	166,440	165,962
Interest and bank charges	809	598
Share-based payments	41,961	453,394
	<b>\$ 414,737</b>	<b>\$ 800,659</b>

**17. 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 28, 2019, the Company paid or accrued \$166,440 in management and consulting fees to companies controlled by current officers (year ended February 28, 2018 - \$165,962).

(ii) For the year ended February 28, 2019, the Company paid or accrued \$27,141 in professional fees (year ended February 28, 2018 - \$26,656) to companies controlled by an officer of the Company.

(iii) During the year ended February 28, 2019, the Company received an advance of \$125,000 from an officer of the Company to assist with short-term cash flow needs. During the year ended February 28, 2019, the Company repaid the advance of \$125,000 to this officer. As at February 28, 2019, 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 February 28, 2019, the Company owed certain officers, directors and parties related to officers and directors \$289,670 (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 year ended February 28, 2019, the Company paid professional fees and disbursements of \$33,248 (year ended February 28, 2018 - \$61,227) to Gardiner Roberts LLP ("Gardiner"), a law firm of which William R. Johnstone, Corporate Secretary of the Company, is a partner. These services were incurred in the normal course of operations for general corporate matters. As at February 28, 2019, Gardiner is owed \$8,615 (February 28, 2018 - \$2,095) and this amount is included in amounts due to related parties.

(vi) See note 12(b)(i)(ii).

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**Eskay Mining Corp.**  
**Notes to Financial Statements**  
**Years Ended February 28, 2019 and 2018**  
**(Expressed in Canadian Dollars)**

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**17. Related party balances and transactions (continued)**

To the knowledge of the Company, as at February 28, 2019, 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 28, 2019, directors and officers of the Company control an aggregate of 20,059,763 common shares of the Company or approximately 17.87% 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.

**18. 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 is obligated to spend \$235,200 by December 31, 2019. As at February 28, 2019, the Company had spent \$63,485 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.

**19. 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.

**Eskay Mining Corp.**  
**Notes to Financial Statements**  
**Years Ended February 28, 2019 and 2018**  
**(Expressed in Canadian Dollars)**

**20. 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% (2018 - 26.5%) were as follows:

<b>Years Ended February 28,</b>	<b>2019</b>	<b>2018</b>
Loss before income taxes	\$ (693,671)	\$ (937,493)
Expected income tax recovery based at statutory rate	(184,000)	(248,000)
Expenses not deductible for tax purposes	11,000	120,000
Other	17,000	88,000
Change in benefit of tax assets not recognized	156,000	40,000
Deferred income tax provision (recovery)	\$ -	\$ -

b) Deferred Income Tax

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

	<b>February 28, 2019</b>	<b>February 28, 2018</b>
<b>Deductible Temporary Differences</b>		
Non-capital losses carry-forward	\$ 11,034,000	\$ 11,029,000
Mineral exploration properties	17,221,000	16,635,000
Share issue costs	16,000	11,000
Equipment	1,254,000	1,254,000
Other temporary differences	148,000	148,000
Temporary differences	\$ 29,673,000	\$ 29,077,000

At February 28, 2019, the Company has approximately \$11,034,000 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:

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
2037	8,000
2038	8,000
2039	5,000
	<u>\$ 11,034,000</u>

**21. Subsequent event**

On March 6, 2019, the Company announced the grant of an aggregate of 2,500,000 stock options to directors and consultants of the Company. The stock options are exercisable at \$ 0.08 per share for five years.

# **ESKAY MINING CORP.**

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

**FOR THE YEAR ENDED FEBRUARY 28, 2019**

**(Expressed in Canadian Dollars)**

**Prepared by:**

**ESKAY MINING CORP.**

**The Canadian Venture Building,  
82 Richmond Street East,  
Toronto, Ontario, M5C 1P1**

**Discussion dated June 25, 2019**

## **Introduction**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Eskay Mining Corp. ("Eskay" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended February 28, 2019. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the years ended February 28, 2019 and 2018, 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 25, 2019, unless otherwise indicated.

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

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

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

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

**Eskay Mining Corp.**  
**Management's Discussion & Analysis**  
**Year Ended February 28, 2019**  
**Discussion dated: June 25, 2019**

Forward-looking statements	Assumptions	Risk factors
For fiscal 2020, the Company's operating expenses are estimated to be \$20,000 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 2019 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 28, 2019 is not anticipated to be sufficient to fund its operating expenses for the twelve months ending February 28, 2020. The Company expects to complete an equity financing. 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.

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**

- On May 14, 2018, the Company issued 300,000 common shares to a consultant from the exercise of 300,000 stock options for gross proceeds of \$25,000.
- 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.

- 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.
- SSR Mining Inc. (formerly Silver Standard Resources Inc.) ("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.

- On November 9, 2018, the Company announced that SSR Mining has advised the Company it intends to terminate the option agreement originally announced in the Company's press release dated April 26, 2017 and return the SIB Property to the Company by February 28, 2019 year-end.
- On March 6, 2019, the Company announced the grant of an aggregate of 2,500,000 stock options to directors and consultants of the Company. The stock options are exercisable at \$ 0.08 per share for five years.

### **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. 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.

### **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.

## Outlook

For the immediate future, the Company plans to continue to search for financing, and once funds are raised, develop an exploration program for its projects. 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.

## Mineral Property Interests

Charles J. Greig, P. Geo., a member of the Company's Advisory Team, is a Qualified Person under the definition of National Instrument 43-101. Mr. Greig has approved the disclosure contained under the heading "Mineral Property Interests" and has verified the scientific and technical data contained herein.

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

Summary of Completed Activities (Year Ended February 28, 2019)	(A) Spent (approx.)	Plans for the Project (Fiscal 2020)	(B) Planned Expenditures (approx.)
Based on the Company's working capital deficit of \$343,963 at February 28, 2019 (February 28, 2018 – working capital deficit of \$188,168), the Company will have to raise equity capital in fiscal 2020 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.  Notes 1 and 2 below.  All the projects are in good standing until 2021.	\$337,000	Permitting has been completed for a large-scale deep drilling program at the SIB. The other areas discussed in Note 1 will also be the focus for work aimed at developing drill targets. On the North Mitchell block, the focus will be on geologic mapping to help target mineralizing systems on the block, which lies north of Brucejack and east of Fe Cap. On the southernmost Eskay tenures, the Company is currently flying an airborne geophysical survey aimed at targeting Ni-Cu-Co mineralization akin to that intersected at Garibaldi's Nickel Mtn. occurrence on the adjacent property to the west. Follow-up reconnaissance prospecting, geochemical surveys, and mapping will be undertaken to better evaluate the potential for this style of mineralization, as well as for Eskay Creek-style mineralization in the Middle Jurassic felsic submarine volcanic stratigraphy farther south on the property. At the same time, copper porphyry style mineralization in the Big Red area will be further assessed for its depth potential.	To be determined
	<b>\$337,000</b>		<b>To be determined</b>

The Company is in the process of assessing several options and preparing a budget for the 2020 fiscal year. The Company's land claims are in good standing until 2029.

## **Note 1**

### **Corey Mineral Claims**

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

These mineral properties are 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.

### **Red Lightning**

On the southernmost part of the Corey Property, the 2016 fieldwork and sampling strongly suggests that rocks similar in age, lithology, and alteration to those hosting the Eskay Creek deposit not only underlie parts of Eskay's 100% owned Corey block on the southwestern part of the property, as was previously known, but also underlie most of the area to the east and southeast of there, toward the Frank Mackie icefield, which has been regarded previously as being underlain by older rocks. Very encouraging results were returned by preliminary soil and rock geochemical sampling in that area, east of Ted Morris glacier, including two strings of soil geochemical samples across 400 to 500 meters which all yield anomalous precious metals values, along with very strongly anomalous "pathfinder" elements such as, Sb, Cu, Pb, Mo and Zn, which are characteristic of "Eskay-style" mineralization.

Immediately after the 2017 field season, highly-regarded geologist and magmatic Ni-Cu sulphide system expert Dr. Peter Lightfoot was contracted by the Company to carry out a review of previous work on Eskay's Red Lightning zone magmatic Ni-Cu-Co occurrence. Dr. Lightfoot, who was recently involved closely in Garibaldi Resources' recognition and exploration of the potential at the nearby E&L Ni-Cu-PGE- Au-Ag massive sulphide occurrence (20 km northwest), has confirmed that the mineralization at Red Lightning is indeed that of a magmatic nickel-copper sulphide system, and that this system intrudes the Eskay-equivalent rocks now recognized as common throughout the Corey Property. And while the grades intersected to date are sub-economic (20.4 m at 0.79% Cu, 0.42% Ni and 0.08% Co, including 10 m at 1.03% Cu, 0.55% Ni and 0.10% Co [estimated true thicknesses of 10.8 m and 5.3 m, respectively]), the Ni-Cu system remains prospective.

The prospectivity evident at Red Lightning and nearby is also evident from a review of previous work in the belt by the Company. This work, which included stream sediment sampling and airborne geophysics, strongly suggests that Red Lightning should be viewed as just one small part of what is likely a much larger, 15 km long, relatively underexplored belt that likely includes other mafic-ultramafic bodies. The belt is outlined by anomalous Ni-Cu stream sediment geochemistry and airborne magnetic highs that may well run from the Red Lightning zone along a northwest trend toward Garibaldi's Ni-Cu prospects and the E&L Zone. It is clear from the figures and this data that the Red Lightning-E&L trend warrants follow-up exploration work focusing on Ni-Cu-PGE mineralization.

### **North Mitchell block**

The Company's North Mitchell Block consists of six tenures comprising 1446 hectares that lies in "Elephant Country," less than 2 km east-southeast of Seabridge Gold's porphyry Au-Cu deposit, Iron Cap, and a similar distance across the Mitchell glacier from Pretium's Snowfield gold deposit. Recent mapping of the property has confirmed that the same stratigraphic units which host many of the occurrences on Pretium's Brucejack property track across and are preserved at North Mitchell. This is significant because many of the occurrences at Brucejack, which are aligned along a NNE trend that runs from south of the Valley of the Kings (Brucejack deposit) north at least as far as the Snowfield deposit, occur at, or near, a similar stratigraphic level within the Early Jurassic section. Along that trend, intrusive and host stratified rocks

below that stratigraphic level are commonly much more altered than the rocks above. This is particularly so near discordant structures (faults) which cut the host rocks and appear to have acted as controls for mineralization and alteration along the trend, but commonly at high angles to it. As has been shown at Brucejack, these faults also appear to have acted as basin-bounding extensional structures during deposition of the Early Jurassic volcanic and associated clastic rocks. In the Sulphurets Camp, these discordant structures may also have been reactivated and locally inverted much later, during contractional deformation associated with development of Skeena fold belt in mid- Cretaceous time. Examples of such inverted structures in the Camp probably include the Sulphurets and Mitchell thrust faults, as well as folds at various scales, including the Valley of Kings syncline along the Brucejack trend, and folds and faults running sub- parallel to the trends of the Sulphurets and Mitchell thrusts.

On the North Mitchell Block direct evidence for the presence of a mineralizing system is restricted to locally pervasive quartz-sericite-pyrite (qsp) alteration at lower stratigraphic levels and locally associated veining that to date has only returned anomalous gold grades. Our mapping, however, has revealed good evidence on the property for the existence of a possible inverted Early Jurassic structure, and this structure is coincident with the most intense alteration. The structure is manifest as a (faulted) mid-Cretaceous fold with a northeasterly trending axial plane across which a gently to moderately northerly-dipping sequence of relatively thin but distinctive volcanic strata on the northwest correlates well with similar but steeply southeasterly-dipping to slightly overturned strata on the east that appear to be part of a much thicker sequence than their correlatives to the west. The change in stratigraphic thickness of coeval strata across this strongly southeast-vergent structure may therefore mark the presence of an inverted syn-depositional Early Jurassic structure. Given its association with common qsp alteration of lower Hazelton Group rocks, and given its general spatial association with both the Brucejack trend and with the northeast trend marked by the Au-rich Cu porphyries at Kerr, Sulphurets, Mitchell, and Iron Cap on Seabridge's property (a trend which includes the emerging Au and Au-Cu systems still farther northeast on Tudor Gold's Treaty Creek property), this conceptual but blind target at North Mitchell is truly compelling.

The Company is considering a number of approaches to help refine targets for drilling at North Mitchell, including further geologic mapping, and a Magnetotelluric or deep-looking IP Survey.

## **Note 2**

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

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

On April 26, 2017, the Company announced that it has signed the Agreement with 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.

On July 7, 2017, the Company announced that the diamond drilling at its 4,400 hectare SIB property was underway. That drill campaign was the first part of a three year program in which SSR Mining committed to spend \$3.7 million in the first year.

On July 11, 2018, the Company announced the second part of the three year program in which SSR Mining committed to spend \$4.0 million in the second season. The second part of the drill program is expected to reach 7,000 to 9,000 meters.

The SIB property drilling will target highly prospective precious metals-enriched VMS-style mineralization south along trend from Barrick's Eskay Creek mine, which was the world's richest volcanogenic massive sulphide (VMS) deposit in terms of precious metals grades - it produced 3.3 million ounces of gold and 159 million ounces of silver from 2.18 million tonnes of ore between 1994 and 2008, as previously reported by Barrick Gold Corporation ("Barrick").<sup>(1)</sup> The mineralization and resources previously reported for the Eskay Creek Mine are not necessarily indicative of the mineralization, if any, hosted on the Company's property. The 2017 drill campaign's relatively deep holes (average approximately 900 meters) will target Eskay-style mineralization beneath the Lulu zone, which in previous and generally shallow drilling returned intercepts ranging up to 14.4 g/t gold and 1,060 g/t silver across 14.3 meters, and 10.8 g/t gold and 766 g/t silver across 24.8 meters <sup>(2)(3)</sup>. These high-grade intersections were of stratiform, Eskay-style sulphide-sulphosalt bearing mudstone occurring in close association with Eskay Creek rhyolite. Limited deep drilling by the Company in 2008 and 2010 indicate that similar volcanic and volcano-sedimentary host rocks, including the geochemically distinctive Eskay rhyolite, occur at depth beneath the Lulu zone, in the footwall of the Coulter Creek thrust fault, which truncates the Lulu zone at depth. Results from the Company's deep drilling conducted in 2008 included an intersection of 25.2 meters at a grade of 2.13 g/t gold, 4.0 g/t silver, 0.174% zinc and 0.124% lead <sup>(4)</sup> at 488 meters depth in the footwall to the thrust. The footwall stratigraphy, however, remains incompletely tested along what is a nearly 4 kilometer long trend, and this trend is the primary target of the program.

Eskay and SSR Mining plan to continue to systematically drill-test the prospective volcanic package beneath the Coulter Creek fault by drilling widely-spaced, deeper holes from surface. This work will be supported by airborne geophysics (currently underway), by down-hole geophysics to help detect proximal mineralization to drillholes, and by litho-geochemical sampling to map the distinctive alteration patterns common to VMS deposits.

On August 2, 2017, the Company announced that drilling at the SIB property is targeting a virtually unexplored part of the property beneath this fault, known as the Coulter Creek Thrust Fault ("CCFT"). The

program's objectives are to locate the favorable host volcanic rocks beneath the CCFT, determine their lateral and vertical extent, and test for the presence of classic massive sulphide alteration and precious metal mineralization.

On October 19, 2017, the Company announced the completion of the first year's 9,336 m, 12 hole diamond drill program on its SIB property. As mentioned, the drill program was designed to test for precious metals enriched massive sulphide mineralization and prospective lithologies beneath the CCTF, immediately south-southwest along strike from Barrick's past-producing Eskay Creek mine. The CCTF is a north-south trending, east dipping structure that separates Eskay rhyolite and interbedded sedimentary rocks of the Salmon River Formation to the east, from Bowser Lake Group sedimentary rocks to the west. Ten drill holes targeted CCTF footwall rocks, while two holes targeted a potential northern extension of known mineralization in the CCTF hanging wall (LULU Zone). Holes testing the CCTF footwall were drilled on 100-250 m centers over a strike length of approximately 1 km on a north-south trend. Hanging wall holes were drilled off a single pad approximately 150m to the northeast of the LULU Zone. Bore-Hole-Transient-Electro-Magnetic (BHTEM), IP, magnetic and optical televiwer surveys were performed upon the completion of drill holes.

*Footnotes:*

1. BC Geological Survey MINFILE Database (<http://minfile.gov.bc.ca/Summary.aspx?minfilno=104B++008>).
2. McGuigan, P. J. (2002) *Technical Report on the Eskay Properties of Heritage Explorations Ltd. And Glenfred Holdings Inc.*
3. Rebagliati, C. M. et al (1991) *Diamond Drill Report on the Sib 1-16, 20-39 and Polo 1-13 Claims.*
4. McKinley, S. D. (2008) *2008 Exploration on the Eskay Property.*

Preliminary BHTEM interpretation from the program has outlined a number of weak off-hole conductors, all located to the west of the drill holes by 25-100 metres. These are likely hosted by prospective rhyolitic or basaltic rocks of the Salmon River Formation.

All of the 2017 drillholes targeting the CCTF footwall intersected alteration consistent with footwall alteration in a volcanogenic massive sulphide (VMS) setting (variably intense chlorite-sericite alteration); local sulphide-bearing veins were also intersected in a number of holes. Assays from the 2017 drilling were suggestive of the presence of two styles of mineralization: 1) disseminated sulphides hosting anomalous pathfinder elements within carbonaceous mudstone; and 2) polymetallic sulphide veins, locally up to 10 cm thick, consisting of pyrite, pyrrhotite, sphalerite, galena, +/- chalcopyrite and arsenopyrite. The former style occurs in mudstone stratigraphically overlying rocks correlative with the Eskay Creek Mine footwall rhyolite, and it has a similar geochemical signature to mineralization observed along the fringes of stratiform ore bodies at the mine. The polymetallic veins are hosted within the Eskay-type footwall rhyolite. A list of drillhole highlights from the 2017 drill program is given in Table 1.

**Table 1: 2017 Drillhole Highlights**

Hole	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)	Zn (%)	Pb (%)	As (ppm)	Sb (ppm)	Hg (ppm)
EK17-142	891.30	894.30	3.00	0.47	0.5	-	-	61	13	-
EK17-145	622.00	623.00	1.00	0.03	1.0	-	-	1980	241	3.58
EK17-146	221.00	223.00	2.00	0.30	1.5	0.02	-	352	57	-
EK17-147	337.63	339.19	1.56	0.02	0.3	0.04	0.01	972	89	-
EK17-148	132.30	135.30	3.00	0.02	5.2	0.04	-	3040	61	-
EK17-149	321.30	324.30	3.00	0.01	2.8	0.08	-	581	171	1.2
EK17-149	390.38	396.38	6.00	0.01	3.7	0.20	0.04	202	5	N/A
Incl.	395.38	396.38	1.00	0.03	11.6	0.44	0.11	667	7	N/A

N/A – Not analyzed

**Exploration – focused review of historical data**

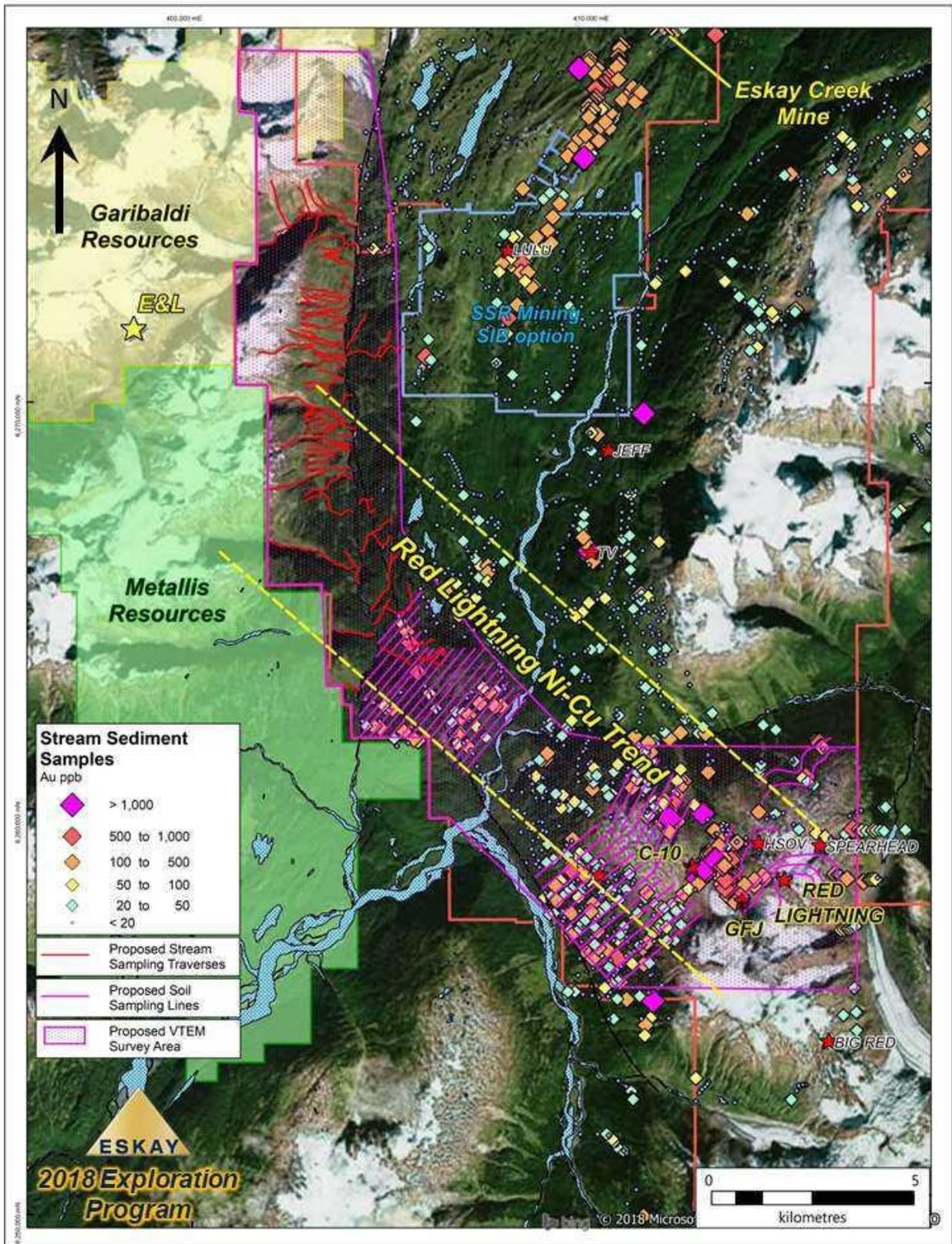
In late 2017, the Company also initiated a detailed review of all historical data collected from its extensive land package, which includes occurrences such as Red Lightning. This review, which differs from previous compilations in its more detailed scope, is intended to help focus field-based follow-up that will generate specific drill targets. That fieldwork will build on fieldwork undertaken in 2016 (See October 17, 2016 news release) and will likely consist of geological mapping, prospecting, geochemical sampling and local ground geophysical surveying, with drilling to follow, either later on in the 2018 field season, or in 2019. The compilation is being undertaken by geologists Andrew Mitchell, Neil Prowse, and Arron Albano, under the supervision of Charlie Greig of C.J. Greig & Associates Ltd., all of whom are familiar with the area and who were closely involved in the 2017 SIB property exploration program that was funded by SSR Mining Inc.

**2018 Exploration Plans**

The 2018 work will focus on the westernmost part of the Corey property, in a largely unexplored belt adjacent to Garibaldi Resources' E & L nickel discovery (see attached figure). At its southern end, this belt encompasses the Company's Red Lightning prospect, in which drilling has returned up to 0.55% Ni over 10 m from magmatic sulphides hosted by mafic intrusive rocks.

**2019 Exploration Plans**

The Company is in the process of assessing several options for the property and is preparing a work plan and budget for the 2020 fiscal year.



In the same area, a belt of quartz-sericite-pyrite altered volcanic rocks is coincident with an extensive Au-in-soil geochemical anomaly and a number of encouraging broad and locally high- grade drill intercepts (e.g. 99.4 g/t Au over 1.5 m) and chip samples of up to 51.9 g/t gold. This is the partially-explored gold-rich C10-GFJ trend, within which a portion of the trend, bracketed by some of the most encouraging drill and surface sampling results, remains untested.

Exploration will begin with a deep-imaging VTEM airborne geophysical survey, which has been employed to great effect by Garibaldi Resources. The survey will be flown over the length of the prospective belt, encompassing our virtually unexplored western border next to Garibaldi Resources and Metallis Resources, and extending southeast over the Red Lightning Ni-Cu Trend. An extensive ground-based field program will follow, consisting of prospecting, rock, soil, and stream sediment sampling, along with reconnaissance mapping. The work on the ground will help to identify drill targets.

On September 18, 2018, the Company released the results of an extensive (136 km<sup>2</sup>) VTEM survey on its Corey property, along its boundary with properties to the west held by Garibaldi Resources and Metallis Resources as well as Red Lightning Ni-Cu trend in the same area. Three distinct VTEM anomalies deemed worthy of immediate follow-up were identified. The "White Whale anomaly" occurs along strike of Garibaldi Resources' E&L occurrence and VTEM Anomaly A. The "Cascade anomaly" is adjacent to Metallis Resources' Thunder North zone, which is coincident with a series of easterly trending gossans that continue onto the Company's ground. The Sweet Virginia anomaly occurs along the Red Lightning Ni-Cu trend, within the Company's 100% owned ground.

Preliminary fieldwork has been carried out at all VTEM conductors. The area surrounding the White Whale anomaly is steep and partially covered with ice, but samples of talus fines returned highly anomalous Cu values ranging from 291 to 571 ppm, and a grab sample from an argillite horizon containing disseminated pyrite and chalcopyrite returned 0.55% Cu. Prospecting and stream sediment sampling along creeks draining the Cascade anomaly returned values of up to 351 ppm nickel, and a sample of float collected from a large boulder from within the most consistently anomalous drainage returned 817 ppm copper and 270 ppm Ni. The boulder appears to have fallen from the bluffs above, which could not be accessed from the drainage. Soil geochemical sampling at the Sweet Virginia anomaly outlined a northwest trending geochemical anomaly which yielded gold and silver values ranging up to 182 ppb and 7.4 ppm, respectively, with copper and zinc support.

On December 7, 2018, the Company reported the latest assay results and preliminary interpretations from the 2018 SIB property drill campaign. One highlight is that broad intervals of encouraging Volcanogenic Massive Sulphide (VMS) feeder-style mineralization were intercepted in two holes collared in the hangingwall of the Coulter Creek Thrust Fault (CCTF; figs 1-4). One of the holes, EK18-160, intersected 61.9 g/t gold and 8.9 g/t silver over 1.0 m within a 109.25 m interval grading 0.24 g/t gold, 3.6 g/t silver, 0.15% lead and 0.18% zinc, excluding the above-mentioned high-grade zone. Another hole, EK18-158, located 2.5 km south of EK18-160, cut several zones of gold mineralization, including an 11.93 m interval of elevated precious and base metals that included a 1.0 m interval of 2.81 g/t gold, 2.7 g/t silver, 0.10% lead and 0.11% zinc, and a 73.4 m interval grading 0.34 g/t gold.

Within the footwall of the CCTF, hole EK18-157 intersected sporadic gold mineralization over a 48 m wide zone (not fully sampled) which yielded anomalous gold geochemistry where sampled, and which graded up to 0.61 g/t Au. In this hole, the gold mineralization is hosted within rhyolite that is indistinguishable texturally and geochemically from that at the Eskay Creek mine, only 6 km distant to the north. Also of note is that hole EK18-157 represents the southwestern-most extent of drilling in the CCTF footwall. This suggests to the Company that exploration potential beneath Bowser Lake Group cover rocks in the footwall of the fault does indeed exist in this area, where favourable Eskay Rift stratigraphy remains untested, open to the south, and is well within reach of diamond drills. See Table 1 for drill highlights.

**Table 1: 2018 SIB Property Drilling Highlights**

Hole	Depth From (m)	Depth To (m)	Length (m)	Au g/t	Ag g/t	Zn ppm	Pb ppm
EK18-160	142.40	251.65	109.25	0.80	3.6	1833	1490
<i>including</i>	169.06	170.32	1.26	0.14	49.2	48800	36800
	201.97	203.10	1.13	1.85	20.0	28400	16650
	203.10	204.10	1.00	61.90	8.5	122	89
EK18-158	78.92	90.85	11.93	0.57	1.0	346	157
<i>including</i>	80.92	81.92	1.00	2.81	2.7	1125	1045
EK18-158	425.40	499.00	73.60	0.34	1.0	209	108
EK18-157	614.20	617.20	3.00	0.15	<0.5	90	16
EK18-157	619.20	620.20	1.00	0.61	<0.5	122	19

The 2018 drill campaign, fully funded by SSR Mining Inc. ("SSR Mining"), was designed to test for precious metals enriched VMS mineralization primarily in the footwall of the CCTF. The 2018 drill program consisted of 11 holes, including extensions of EK17-150 and -151 drilled in 2017 (See Table 2). Drilling reaffirmed our assertion that potential remains in the both hangingwall and footwall of the CCTF, and it expanded our understanding of the geometry of Eskay Creek-equivalent stratigraphy in the CCTF footwall. (See Figure 1). The Company is thankful to SSR Mining for its participation in exploration at SIB, and it looks forward to continuing that exploration by leveraging the knowledge and understanding gained in the programs funded by SSR Mining. Eskay is grateful to be able to maintain its 80 percent ownership share in the property along with minority partner Kirkland Lake Gold.

**Table 2: 2018 Drill Collar Details**

Hole Name	UTM NAD83 Easting	UTM NAD83 Northing	Elevation (m)	Length (m)	Azimuth	Dip
EK18-150X*	407563	6274156	960.98	452.30	100	-80
EK18-153*	408130	6274353	1139.06	592.05	293	-65
EK18-151X*	407420	6274024	954.59	375.00	110	-70
EK18-155*	407190	6274071	1005.70	1037.49	113	-53
EK18-154*	408424	6274903	1143.87	696.30	293	-70
EK18-156*	407545	6270945	795.00	1084.20	100	-75
EK18-157	407065	6273338	970.00	677.20	95	-54
EK18-158	408021	6273462	1103.00	939.55	264	-68
EK18-159*	407065	6273338	970.00	1266.30	95	-88
EK18-160	409232	6275687	1173.00	939.00	305	-54
EK18-161*	407065	6273338	970.00	1068.30	95	-70

\*No significant results to report

#### **DETAILS OF DRILLING: HANGINGWALL OF THE COULTER CREEK THRUST FAULT**

Four holes were collared and drilled east to west in the hangingwall block of the CCTF (Figure 1). Two of the holes (EK18-158 and EK18-160), located 2.5 km apart, intersected broad zones of semi-massive pyrite, chalcopyrite, galena and sphalerite veins within silicified volcanic rocks of the Betty Creek formation (See Figures 2 and 3 for cross-sections, and Table 1 above for results).

EK18-160, in the Northern SIB enclave block, returned the highest gold grades of discordant, VMS "feeder-style" mineralization ever drilled on the SIB property. Areas up-stratigraphy have been explored by wide-spaced shallow drilling but remain untested for up to 200 m up-dip, and for approximately 850 m along strike (total length of the enclave claim block); this represents an area that is open for further exploration drilling.

EK18-158 encountered several broad zones of anomalous gold mineralization in the hangingwall of the CCTF, including a 73.6 m wide intercept within silicified intermediate to felsic volcanic rocks that returned 0.34 g/t gold. EK08-134, located about 150 m north of EK18-158, encountered similar alteration and mineralization at the same stratigraphic level and returned 2.19 g/t gold over 20.20 m. We interpret these mineralized zones to represent VMS feeder systems, which remain largely untested in areas up-stratigraphy and along strike; it represents another highly prospective target.

#### **DETAILS OF DRILLING: FOOTWALL OF THE COULTER CREEK THRUST FAULT—A NEW GEOLOGIC INTERPRETATION YIELDING EXCITING DRILL TARGETS IN ESKAY-EQUIVALENT SALMON RIVER FORMATION STRATIGRAPHY**

Six drill holes were collared in the footwall of the CCTF in 2018, and similar to the 10 holes drilled in the same area in the 2017 SIB program, typically drilled blind through as much as 450 meters of Bowser Lake Group cover rocks. In the geology beneath the cover, the holes revealed complex relationships among basaltic pillowed flows and rhyolite flows and flow-domes of the Salmon River formation. These relationships are in part manifest as abrupt along-strike thickness changes (e.g., cross-section shown in Figure 4) that are interpreted to represent significant syn-volcanic tectonism coincident with active subsea volcanism. Such apparently active extensional faulting and microbasin development in a sea-floor environment is considered essential to the formation and preservation of massive sulfide deposits. This is particularly significant given that the host rocks are essentially indistinguishable geochemically and lithologically from the distinctive rocks which host the orebodies at the Eskay Creek mine. Importantly, given our new understanding of the geology, the steeply easterly dipping lithological contact between basalt and rhyolite, which hosts the orebodies at the Eskay Creek deposit, remains untested to the south.

The southernmost hole drilled during the 2018 SIB program (EK18-157) intersected a 48 m wide zone (between 614.2 and 662.2 m) of intermittent intervals containing elevated gold within silicified tuffaceous and flow-banded rhyolite. It is the Company's view that significant exploration potential remains in the CCTF footwall, particularly southward from the area drilled in 2017 and 2018, from which it is now inferred that the prospective rhyolite package appears to be thickening. The favourable Eskay stratigraphy remains open and untested to the south, well within reach of diamond drilling.

In summary, the 2018 drilling season at SIB was a success. It confirmed that the highly prospective conceptual stratigraphic target existed within the footwall of the CCTF, was reachable with the diamond drill and was mineralized. In addition, in discovering new gold mineralization within the hangingwall of the CCTF, the Company has shown that even the northern part of the SIB property retains its excellent exploration potential.

### Deposits and Exploration Advances

As at February 28, 2019, 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.

### Selected Annual Financial Information

	Year ended February 28, 2019 (\$)	Year ended February 28, 2018 (\$)	Year ended February 28, 2017 (\$)
Revenue	nil	nil	nil
Net loss	(693,671)	(937,493)	(755,229)
Net loss per share – basic and diluted	(0.01)	(0.01)	(0.01)
	As at February 28, 2019 (\$)	As at February 28, 2018 (\$)	As at February 28, 2017 (\$)
Total assets	159,620	320,061	278,350
Total long-term liabilities	221,334	219,247	217,232

### Summary of Quarterly Results

Three Months Ended	Profit and Loss		Total Assets (\$)
	Total (\$)	Basic and Diluted Loss Per Share <sup>(9)</sup> <sup>(10)</sup> (\$)	
2019-February 28	(96,036) <sup>(1)</sup>	(0.00)	159,620
2018-November 30	(52,242) <sup>(2)</sup>	(0.00)	202,124
2018-August 31	(185,247) <sup>(3)</sup>	(0.00)	255,499
2018-May 31	(360,146) <sup>(4)</sup>	(0.00)	561,961
2018-February 28	(597,741) <sup>(5)</sup>	(0.01)	320,061
2017-November 30	(129,307) <sup>(6)</sup>	(0.00)	315,194
2017-August 31	(116,277) <sup>(7)</sup>	(0.00)	415,103
2017-May 31	(94,168) <sup>(8)</sup>	(0.00)	469,292

- (1) Net loss of \$96,036 consisted primarily of: exploration and evaluation expenditures of \$8,381; professional fees of \$30,603 and management and consulting fees of \$47,220 offset by deferred tax recovery of \$1,310. All other expenses related to general working capital purposes.
- (2) Net loss of \$52,242 consisted primarily of: professional fees of \$33,253; office and general of \$15,271 and management and consulting fees of \$36,000 offset by exploration and evaluation expenditure recovery of \$44,190. All other expenses related to general working capital purposes.
- (3) Net loss of \$185,247 consisted primarily of: exploration and evaluation expenditures of \$55,816; professional fees of \$25,877; share-based payments of \$41,640 and management and consulting

fees of \$41,610 offset by deferred tax recovery of \$8,333. All other expenses related to general working capital purposes.

- (4) Net loss of \$360,146 consisted primarily of: exploration and evaluation expenditures of \$269,513; professional fees of \$23,346; office and general of \$18,923 and management and consulting fees of \$41,610. All other expenses related to general working capital purposes.
- (5) Net loss of \$597,741 consisted primarily of: exploration and evaluation expenditures of \$52,137; professional fees of \$17,927; share-based payments of \$448,792 and management and consulting fees of \$41,565. All other expenses related to general working capital purposes.
- (6) Net loss of \$129,307 consisted primarily of: exploration and evaluation expenditures of \$51,618; professional fees of \$18,361; reporting issuer costs of \$6,815 and management and consulting fees of \$41,606. All other expenses related to general working capital purposes.
- (7) Net loss of \$116,277 consisted primarily of: exploration and evaluation expenditures of \$28,072; professional fees of \$19,296; advertising and promotion of \$7,424 and management and consulting fees of \$47,610. All other expenses related to general working capital purposes.
- (8) Net loss of \$94,168 consisted primarily of: exploration and evaluation expenditures of \$5,808; professional fees of \$36,710; advertising and promotion of \$5,464 and management and consulting fees of \$35,181. 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 28, 2019, Compared With Year Ended February 28, 2018*

Eskay's net loss totaled \$693,671 for the year ended February 28, 2019, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$937,493 with basic and diluted loss per share of \$0.01 for the year ended February 28, 2018. The difference of \$243,822 was principally because:

- There was a decrease in share-based payments of \$411,433 for the year ended February 28, 2019, compared to the year ended February 28, 2018. During the year ended February 28, 2019, the Company granted 200,000 options compared to 2,100,000 options granted in the prior period. Share-based payments will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.
- The Company incurred an increase in exploration and evaluation expenditures of \$151,885 for the year ended February 28, 2019, compared to the year ended February 28, 2018. These expenditures were higher due to increased work on the St. Andrew Goldfield (SIB) - Eskay Project. See heading "Mineral Property Interests" above.
- During the year ended February 28, 2019, the Company recorded a deferred income tax recovery of \$10,581 compared to \$nil the year ended February 28, 2018. The Company has a policy whereby proceeds from flow-through issuances are allocated between the offering of shares and the sale of tax benefits based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference and is extinguished by crediting deferred income tax recovery on a pro-rata basis as the expenditures are made.
- All other expenses related to general working capital purposes.

*Three Months Ended February 28, 2019, Compared With Three Months Ended February 28, 2018*

Eskay's net loss totaled \$96,036, for the three months ended February 28, 2019, with basic and diluted loss per share of \$0.00. This compares with a net loss of \$597,741 with basic and diluted loss per share of \$0.01 for the three months ended February 28, 2018. The difference of \$501,705 was principally because:

- The Company incurred a decrease in share-based payments of \$448,792 for the three months ended February 28, 2019, compared to the three months ended February 28, 2018, due to nil stock options issued in the current period while 2,000,000 options were issued in the comparative period. Share-based payments will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.
- The Company incurred a decrease in exploration and evaluation expenditures of \$43,756 for the three months ended February 28, 2019, compared to the three months ended February 28, 2018. These expenditures were lower due to decreased work on the St. Andrew Goldfield (SIB) - Eskay Project. See heading "Mineral Property Interests" above.
- During the three months ended February 28, 2019, office and general decreased by \$21,921 compared to the three months ended February 28, 2018 due to cost saving initiatives implemented to conserve on cash.
- All other expenses related to general working capital purposes.

### **Cash Flow**

At February 28, 2019, the Company had cash of \$60,693 compared to \$165,634 at February 28, 2018. The decrease in cash of \$104,941 from the February 28, 2018 cash balance of \$165,634 was as a result of cash outflow in operating activities of \$637,969 offset by cash inflows from financing activities and investing activities of \$473,028 and \$60,000, respectively.

Operating activities were affected by adjustments for share-based payments of \$41,961, accretion of \$2,087 and deferred income tax recovery of \$10,581 and net change in non-cash working capital balances of \$22,235 because of a decrease in amounts receivable of \$1,312, an increase in prepaid expenses of \$5,812, a decrease in accounts payable and accrued liabilities of \$13,078 and an increase in amounts due to related parties of \$39,813.

Financing activities provided cash of \$473,028 from the proceeds from private placements which closed in June 2018 in the amount of \$448,028 and from the exercise of options in the amount of \$25,000.

Investing activities provided cash of \$60,000 from the redemption of deposits.

### **Liquidity and Financial Position**

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

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

**Eskay Mining Corp.**  
**Management's Discussion & Analysis**  
**Year Ended February 28, 2019**  
**Discussion dated: June 25, 2019**

At February 28, 2019, the Company had a working capital deficiency of \$343,963 (February 28, 2018 – \$188,168).

As at February 28, 2019, the Company has no debt. 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 2020, the Company's expected operating expenses are estimated to be \$20,000 to \$30,000 per month for recurring operating costs. The Company will continue to evaluate its exploration projects and is currently preparing a budget for its plans on these projects.

The Company is not anticipated to have sufficient cash to fund its operating expenses and exploring its mineral claims for the twelve months ended February 28, 2020. The Company will have to raise additional equity capital for fiscal 2020 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.

### **Related Party Transactions**

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

Eskay was a party to the following transactions with related parties:

	<b>Year Ended February 28, 2019 \$</b>	<b>Year Ended February 28, 2018 \$</b>
<b>Management and Consulting Fees</b>		
Hugh M. Balkam <sup>(1)</sup>	36,000	36,000
Balkam Partners Ltd. <sup>(2)</sup>	108,000	108,000
Marrelli Support Services Inc. <sup>(3)</sup>	22,440	21,962
<b>Total</b>	<b>166,440</b>	<b>165,962</b>

	<b>Year Ended February 28, 2019 \$</b>	<b>Year Ended February 28, 2018 \$</b>
<b>Professional Fees</b>		
Marrelli Support Services Inc. <sup>(4)</sup>	27,141	26,656
<b>Total</b>	<b>27,141</b>	<b>26,656</b>

**Eskay Mining Corp.**  
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**Discussion dated: June 25, 2019**

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(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 28, 2019, Balkam Partners Ltd. and Hugh M. Balkam were owed \$276,340, (February 28, 2018 - \$253,824) 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 28, 2019, the Company owed Marrelli Support Services Inc. \$13,330 (February 28, 2018 - \$2,553).

(5) During the year ended February 28, 2019, the Company received an advance of \$125,000 from an officer of the Company to assist with short-term cash flow needs. During the year ended February 28, 2019, the Company repaid the advance of \$125,000 to this officer. As at February 28, 2019, Hugh M. Balkam, an officer of the Company, was owed \$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.

(6) As at February 28, 2019, the Company owed certain officers, directors and parties related to officers and directors \$289,670 (February 28, 2018 - \$288,159) in relation to the transactions described above. These balances are unsecured, non-interest bearing and due on demand.

(7) During the year ended February 28, 2019, the Company paid or accrued professional fees and disbursements of \$33,248 (year ended February 28, 2018 - \$61,227) to Gardiner Roberts LLP ("Gardiner"), a law firm of which William R. Johnstone, Corporate Secretary of the Company, is a partner. These services were incurred in the normal course of operations for general corporate matters. As at February 28, 2019, Gardiner is owed \$8,615 (February 28, 2018 - \$2,095) and this amount is included in amounts due to related parties.

(8) During the year ended February 28, 2018, 1,600,000 stock options were exercised by directors and consultants for common shares of the Company for gross proceeds of \$227,500. The options were exercised for the following prices: (i) 1,350,000 common shares of the Company at \$0.15 per share; and (ii) 250,000 common shares of the Company at \$0.10 per share.

(9) During the year ended February 28, 2018, Hugh M. (Mac) Balkam and Gordon McMehen (directors of the Company) exercised an aggregate of 1,000,000 warrants at \$0.15 per share.

To the knowledge of the Company, as at February 28, 2019, 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 28, 2019, directors and officers of the Company control an aggregate of 20,059,763 common shares of the Company or approximately 17.87% 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.

## **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.

## **Financial Instruments**

The Company's financial instruments consist of:

<b>Description</b>	<b>February 28, 2019 \$</b>	<b>February 28, 2018 \$</b>
Cash	60,693	165,634
Deposits and exploration advances	72,870	132,870
Amounts receivable	10,370	11,682
Amounts payable and other liabilities	72,027	85,105
Amounts due to related parties	330,067	290,254
Other liabilities	161,105	161,105

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

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

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

### **Financial risk**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest risk rate, foreign currency risk and commodity and equity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee and Board of Directors. There have been no changes in the risks, objectives, policies and procedures of the Company during the years ended February 28, 2019 and 2018.

#### *(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 28, 2019, the Company had cash of \$60,693 (February 28, 2018 - \$165,634) to settle current liabilities of \$430,713 (February 28, 2018 - \$375,359). All of the Company's current financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

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

#### *(iii) Market risk*

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

##### *(a) Interest rate risk*

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

##### *(b) Foreign currency risk*

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

(c) Commodity and equity price risk

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

Based on management's knowledge and experience of the financial markets, the Company does not believe it was exposed to any material movements in the underlying market risk variables during the year ended February 28, 2019.

### **Sensitivity analysis**

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

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

### **Capital Management**

The Company manages its capital with the following objectives:

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

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

The Company considers its capital to be equity (deficiency), which comprises share capital, reserves and accumulated deficit, which at February 28, 2019, totaled a deficiency of \$492,427 (February 28, 2018 - deficiency of \$274,545).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral exploration properties. Selected information is provided to the Board of Directors of the Company.

The Company's capital management objectives, policies and processes have remained unchanged during the year ended February 28, 2019. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of February 28,

2019, 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.

## **Environmental Contingency**

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.

## **Commitments**

### Management contract

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

### Flow-through commitment

The Company is obligated to spend \$235,200 by December 31, 2019. As at February 28, 2019, the Company had spent \$63,485 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.

## **Share Capital**

As of the date of this MD&A, the Company had 112,248,864 issued and outstanding common shares, 1,282,000 warrants and 10,157,144 stock options outstanding. Therefore, the Company had 123,688,008 common shares on a fully diluted basis.

## **Proposed Transactions**

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

## **Risks and Uncertainties**

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

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

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

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

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

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

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

### ***Mineral Exploration***

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

### ***Country Risk***

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

### ***Uninsurable Risks***

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

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

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

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

Environmental legislation is evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors, officers and employees. Permits from a variety of regulatory authorities are required for many aspects of mineral exploitation activities, including closure and reclamation. Future environmental legislation could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of closure and reclamation plans, the Company must comply with standards and laws and regulations that may entail costs and delays, depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. The Company does not maintain environmental liability insurance.

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

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

### ***Potential Dilution***

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

### ***Management***

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

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

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

The Company has not purchased "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.

### **Recent Accounting Pronouncements**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2019. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

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

(ii) IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

### 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 28, 2019 \$	Year Ended February 28, 2018 \$
Professional fees	113,079	92,294
Reporting issuer costs	26,937	26,899
Office and general	46,840	61,512
Advertising and promotion	18,671	nil
Management and consulting fees	166,440	165,962
Interest and bank charges	809	598
Share-based payments	41,961	453,394
<b>Total</b>	<b>414,737</b>	<b>800,659</b>

### Project Expenditures

The following table sets forth a breakdown of material components of exploration expenditures incurred:

Exploration and evaluation expenditures - St. Andrew Goldfield (SIB) – Eskay Project	Year Ended February 28, 2019 \$	Year Ended February 28, 2018 \$
Surveying, sampling and analysis	4,291	511
Geological and consulting	1,563	74,268
Accretion	2,087	2,015
Lease payment	nil	7,000
Other	5,448	1,247
Transportation	8,114	14,337
	<b>21,503</b>	<b>99,378</b>
<b>Corey Mineral Claims</b>		
Surveying, sampling and analysis	244,778	nil
Geological and consulting	30,750	38,450
Camping procurement and expediting	33,000	nil
Transportation	8,550	807
Other	525	(1,000)
	<b>317,603</b>	<b>38,257</b>
<b>Recovery from option partner</b>	<b>(49,586)</b>	<b>nil</b>
<b>Total exploration and evaluation expenditures</b>	<b>289,520</b>	<b>137,635</b>

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