

**National Instrument 62-103**

**Form 62-103F1**

***REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS***

**Item 1 - Security and Reporting Issuer**

- 1.1 **State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.**

This report relates to the common shares (the “**Common Shares**”) in the capital of:

ESKAY MINING CORP. (the “**Issuer**” or “**Eskay**”)  
82 Richmond Street East  
Toronto, Ontario M5C 1P1

- 1.2 **State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.**

Not applicable. The transaction that triggered the requirement to file this report was a private transaction.

**Item 2 - Identity of the Acquiror**

- 2.1 **State the name and address of the acquiror.**

Hugh Mac Balkam (the “**Acquiror**”)  
330 Sunset Blvd.  
Thornbury, Ontario N0H 2P0

- 2.2 **State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.**

On September 4, 2019, the Acquiror entered into an agreement to acquire ownership of 1,263,157 Common Shares of the Issuer through a company controlled by the Acquiror, Balkam Partners Ltd., to settle a debt owed to Balkam Partners Ltd. of \$90,000.00 (the “**Debt Settlement**”). The Acquiror was also granted 600,000 options to acquire Common Shares at \$0.095 for five years (the “**Stock Option Grant**”).

A copy of the press release issued by the Acquiror on September 11, 2019 is attached hereto as Schedule “A”.

- 2.3 **State the names of any joint actors.**

Balkam Partners Ltd., a company controlled by the Acquiror, and Wanita Balkam, the spouse of the Acquiror.

### **Item 3 - Interest in Securities of the Reporting Issuer**

- 3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror's securityholding percentage in the class of securities.**

The Acquiror, in concert with Balkam Partners Ltd., which is controlled by the Acquiror, and the spouse of the Acquiror, now owns or exercises control or direction over 13,401,059 Common Shares of Eskay and has a contractual right, subject to TSX Venture Exchange approval, to acquire a further 1,263,157 Common Shares for a total of 14,664,216 Common Shares. As a result, the interest of the Acquiror and his joint actors will be increased from 9.568% (as reflected in the last early warning report filed on March 4, 2016) to 12.79% of the issued and outstanding Common Shares of Eskay after giving effect to the Debt Settlement, an increase of 3.22% from the last report filed. The Acquiror also holds options to acquire 3,728,572 Common Shares of Eskay. If the Acquiror were to exercise all of his options, the Acquiror would have control over 18,392,788 Common Shares of Eskay, representing 15.54% of the issued and outstanding Common Shares of Eskay, on a partially diluted basis, an increase of 2.46% from the last report filed.

- 3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.**

The requirement to file this report was triggered by the Debt Settlement and the Stock Option Grant. See Item 2.2 for details.

- 3.3 If the transaction involved a securities lending arrangement, state that fact.**

Not applicable.

- 3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.**

The Acquiror and the joint actors held 12,801,059 Common Shares representing 11.4% of the issued and outstanding capital of the Issuer before the Debt Settlement and Stock Option Grant and options to acquire 3,128,572 Common Shares of Eskay. If the options were exercised, the Acquiror and the joint actors would have control over 15,929,811 Common Shares representing 13.8% on a partially diluted basis. After the Debt Settlement and the Stock Option Grant the Acquiror and the joint actors will hold 14,664,216 Common Shares representing 12.79% of the issued and outstanding capital of the Issuer. The Acquiror also holds options to acquire 3,728,572 Commons Shares of Eskay. If the options were exercised, the Acquiror and the joint actors would have control over 18,392,788 Common Shares representing 15.54% on a partially diluted basis.

- 3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which**

- (a) the acquiror, either alone or together with any joint actors, has ownership and control,**

See Item 3.1.

- (b) **the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

Not applicable

- (c) **the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

- 3.6 **If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

Not applicable.

- 3.7 **If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

Not applicable.

**State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.**

Not applicable.

- 3.8 **If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

#### **Item 4 Consideration Paid**

- 4.1 **State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

Each Common Share to be issued pursuant to the Debt Settlement will be acquired at a price of \$0.07125 per share for aggregate consideration of \$90,000. The exercise price of stock options ranges from \$0.075 to \$0.235.

- 4.2 **In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

See item 4.1 above.

**4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

Not applicable.

**Item 5 - Purpose of the Transaction**

**State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:**

The Acquiror has advised that he will acquire the Common Shares for investment purposes and intends to evaluate his investment and to increase or decrease his holdings in Eskay as circumstances warrant. The Acquiror advised that he has no present intention to either increase or decrease his holdings in Eskay. Notwithstanding the foregoing, the Acquiror has advised that, depending on market conditions and other factors, he may increase or decrease his beneficial ownership, control or direction over Common Shares of Eskay through market transactions, private agreements, exercise of options, other treasury issuances or otherwise.

**Item 6 - Agreements, Arrangements, Commitments Or Understandings With Respect to Securities of the Reporting Issuer**

**Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.**

Not applicable.

**Item 7 – Change In Material Fact**

**If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.**

See Item 2.2 and 3.1 above.

**Item 8 – Exemption**

**If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.**

Not applicable.

**Item 9 – Certification**

**Certificate**

I, as the Acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Date: September 11, 2019

“Hugh M. Balkam”

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**HUGH MAC BALKAM**

**Schedule “A”****PRESS RELEASE****FOR IMMEDIATE RELEASE****Hugh Mac Balkam announces change in ownership interest of Eskay Mining Corp.**

TORONTO, September 11, 2019 –Mr. Hugh M. Balkam (the “**Acquiror**”), President, Chief Executive Officer and a director of Eskay Mining Corp. (“**Eskay**”), wishes to advise that his ownership interest in Eskay has increased by more than 2%. The Acquiror filed an early warning report with respect to the securities of Eskay on March 4, 2016. On September 4, 2019, the Acquiror entered into an agreement to acquire ownership of 1,263,157 Common Shares of Eskay through a company controlled by the Acquiror, Balkam Partners Ltd., to settle a debt owed to Balkam Partners Ltd. of \$90,000.00 (the “**Debt Settlement**”). The Acquiror was also granted 600,000 options to acquire Common Shares at \$0.095 for five years (the “**Stock Option Grant**”).

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The Acquiror has advised that he will acquire the Common Shares for investment purposes and intends to evaluate his investment and to increase or decrease his holdings in Eskay as circumstances warrant. The Acquiror advised that he has no present intention to either increase or decrease his holdings in Eskay. Notwithstanding the foregoing, the Acquiror has advised that, depending on market conditions and other factors, he may increase or decrease his beneficial ownership, control or direction over Common Shares of Eskay through market transactions, private agreements, exercise of options, other treasury issuances or otherwise.

This news release is issued pursuant to National Instrument 62-103 – *The Early Warning System and related Take-Over Bid and Insider Reporting Issues* of the Canadian Securities Administrators, which also requires an early warning report to be filed with the applicable securities regulators containing additional information with respect to the foregoing matters. A copy of the early warning report in respect of the foregoing matters will be available on Eskay’s issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com).

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

**For further information, please contact:**

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