PACIFIC BAY MINERALS LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Nine Months Ended September 30, 2017

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report.

PACIFIC BAY MINERALS LTD.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)

	Note	September 30, 2017	December 31, 2016
ASSETS			
Current assets			
Cash		$ 463	$ 941
GST recoverable		2,009	264
Prepaid expenses		1,317	-
		3,789	1,205
Non-current assets			
Equipment	4	4,097	4,820
Exploration and evaluation assets	5	645,515	645,515
Reclamation deposits		12,000	12,000
		661,612	662,335
Total assets		$ 665,401	$ 663,540
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	7	$ 176,832	$ 192,972
Amounts due to related parties	8	429,892	365,582
Loans payable to related parties	8	327,164	284,628
Loan payable	9	7,000	-
Total liabilities		940,888	843,182
Equity			
Share capital	10	12,915,582	12,915,582
Share-based payments reserve	11	2,943,481	2,943,481
Deficit		(16,134,550)	(16,038,705)
Total equity		(275,487)	(179,642)
Total liabilities and equity		$ 665,401	$ 663,540

Commitments (Note 5)

The financial statements were authorized for issue by the board of directors on November 29, 2017 and were signed on its behalf by:

"David Brett" Director *"Joel Tarrida"* Director

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

PACIFIC BAY MINERALS LTD.
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)

	Note	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
REVENUE					
Jade sales		$ -	$ 15,000	$ -	$ 65,000
EXPENSES					
Accounting and audit		1,500	8,900	10,900	16,900
Consulting	8	7,500	7,500	22,500	22,500
Depreciation		241	301	723	904
Filing and transfer agent fees		3,783	4,259	10,323	14,069
Loan interest	8	2,184	2,041	6,551	6,122
Management fees		18,000	18,000	54,000	54,000
Office and miscellaneous		-	505	904	1,112
Rent		336	2,122	4,993	8,245
Shareholder information		3,017	1,348	3,017	6,239
		(36,561)	(44,976)	(113,911)	(130,091)
OPERATING LOSSES		(36,561)	(29,976)	(113,911)	(65,091)
OTHER ITEMS					
Interest and other income		-	-	66	2,041
Depletion of investment in jade production	6	-	(35,990)	-	(139,772)
Gain on sale of exploration and evaluation assets	5	-	-	18,000	-
		-	(35,990)	18,066	(137,731)
Comprehensive loss for the period		$ (36,561)	$ (65,966)	$ (95,845)	$ (202,822)
Basic and diluted loss per common share	10	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding		34,311,824	34,311,824	34,311,824	33,331,532

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

PACIFIC BAY MINERALS LTD.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited – Prepared by Management)

	Note	Number of shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, December 31, 2016		34,311,824	$ 12,915,582	$ 2,943,481	$ (16,038,705)	$ (179,642)
Net and comprehensive loss for the period		-	-	-	(95,845)	(59,284)
Balance, September 30, 2017		34,311,824	$ 12,915,582	$ 2,943,481	$ (16,134,550)	$ (238,926)

	Note	Number of shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, December 31, 2015		32,611,824	$ 12,813,582	$ 2,943,481	$ (15,495,553)	$ 261,510
Comprehensive loss for the period		-	-	-	(202,822)	(202,822)
Transactions with owners						
Acquisition of mineral properties	9	1,700,000	93,500	-	-	93,500
Balance, September 30, 2016		34,311,824	$ 12,907,082	$ 2,943,481	$ (15,698,375)	$ 152,188

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

PACIFIC BAY MINERALS LTD.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30
(Unaudited – Prepared by Management)

	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period		$ (95,845)	$ (202,822)
Items not affecting cash:			
Loan interest		6,551	6,122
Depletion of investment in jade production		-	139,772
Depreciation		723	904
Changes in non-cash working capital items:			
GST recoverable		(1,745)	2,507
Prepaid expenses		(1,317)	4,903
Trade and other payables		(16,140)	(1,782)
Amounts due to related parties		64,310	49,075
Net cash used in operating activities		(43,463)	(1,321)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from related party loans		35,985	-
Proceeds from loan		7,000	100
Net cash provided by financing activities		42,985	100
Change in cash during the period		(478)	(1,221)
Cash, beginning of the period		941	2,523
Cash, end of the period		$ 463	$ 1,302

Supplemental cash flow information (Note 12)

1. NATURE OF BUSINESS

Pacific Bay Minerals Ltd. (the "Company") was incorporated under the laws of British Columbia, Canada and maintains its head and registered office at Suite 120 – 601 West Cordova Street, Vancouver, British Columbia, Canada, V6B 1G1. The Company is primarily engaged in the acquisition, exploration, and development of mineral properties in Canada. The Company is listed on the TSX Venture Exchange (TSX-V) under the symbol “PBM” as a Tier 2 mining issuer.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by International Accounting Standards Board (“IASB”).

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values. In addition these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Bahia Atlantica S.A., an Argentina corporation. All intercompany transactions and balances have been eliminated.

Going concern of operations

These consolidated financial statements are prepared on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern.

The Company is an exploration stage company. The Company has incurred losses since inception and had an accumulated deficit of $16,134,989 as at September 30, 2017. The Company does not generate sufficient cash flow from operations to adequately fund its future activities and has relied principally upon the issuance of securities to fund its exploration and administrative expenditures. These conditions raise significant doubt regarding the Company’s ability to continue as a going concern.

The Company will require additional capital to fund its future property acquisitions and exploration programs as well as for administrative purposes. There is material uncertainty about whether the Company will be able to obtain additional capital. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these consolidated financial statements.

These consolidated financial statements do not include adjustments that would be required if going concern is not an appropriate basis for preparation of the financial statements. These adjustments could be material.

2. BASIS OF PREPARATION (cont'd…)

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is functional currency of the Company. Each subsidiary of the Company determines its own functional currency, and the financial statement items of each subsidiary are measured using that functional currency.

Significant estimates and assumptions

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

i) The determination of the fair value of stock options using stock option pricing models, require the input of highly subjective assumptions, including the expected share price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.

ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts.

Significant judgements

The preparation of these consolidated financial statements requires management to make judgements, apart from those involving estimates, in applying accounting policies. The most significant judgements in applying the Company's consolidated financial statements include:

i) The application of the Company's accounting policy for investment in jade production requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is unlikely, the amount capitalized is written off in the profit and loss in the year the new information becomes available.

ii) Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these properties. The assessment of indications of impairment loss and the reversal of an impairment loss and the measuring of the recoverable amount when impairment tests have been prepared involve judgement. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.

iii) The assessment of the Company's ability to continue as a going concern involves judgement regarding future funding available for its exploration projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty.

iv) The determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all years presented in these consolidated financial statements, unless otherwise indicated.

New accounting policies

There were no new standards effective January 1, 2017 that had an impact on the Company's consolidated financial statements.

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after January 1, 2017, or later periods. The Company has not applied these new standards in preparing these financial statements. The following pronouncement is considered by the Company to be the most significant of several pronouncements that may affect the financial statements in future periods.

- New standard IFRS 9 *Financial Instruments* ("IFRS 9") has been issued by IASB to replace IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 will replace the multiple classification and measurement models in IAS 39 with a single model that has only two measurement categories: amortized cost and fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of adopting IFRS 9 on its consolidated financial statements.

- IFRS 15 *Revenue from Contracts with Customers* requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. The standard is to be adopted for annual periods beginning on or after January 1, 2018, either retrospectively or using a modified retrospective approach. The Company is currently reviewing our contractual agreements to evaluate the impact of this standard on our consolidated financial statements.

- IFRS 16 *Leases* requires the recognition of assets and liabilities for most leases. The standard applies to annual reports beginning on or after January 1, 2019. The Company is currently reviewing the impact of IFRS 16 on our consolidated financial statements.

4. EQUIPMENT

		Field equipment
Cost		
Balance as at December 31, 2016	$	42,413
Additions		-
Balance as at September 30, 2017		42,413
Accumulated depreciation		
Balance as at December 31, 2016		37,593
Depreciation for the period		723
Balance as at September 30, 2017		38,316
Net book value as at September 30, 2017	$	4,097

		Field equipment
Cost		
Balance as at December 31, 2015	$	42,413
Additions		-
Balance as at December 31, 2016		42,413
Accumulated depreciation		
Balance as at December 31, 2015		36,388
Depreciation for the year		1,205
Balance as at December 31, 2016		37,593
Net book value as at December 31, 2016	$	4,820

5. EXPLORATION AND EVALUATION ASSETS

	Haskins Reed	Other BC Properties	Otish Mountain	Total
Balance, December 31, 2015	$ 439,116	$ 112,178	$ 11,141	$ 562,435
Acquisition costs				
Option payments	-	102,000	-	102,000
Deferred exploration expenditures				
Miscellaneous	870	-	-	870
BC mining exploration tax credit refund	(14,561)	(5,229)	-	(19,790)
Balance, December 31, 2016 and September 30, 2017	$ 425,425	$ 208,949	$ 11,141	$ 645,515

Haskins-Reed Property, British Columbia

The Company holds a 100% interest in certain mineral claims located in the Cassiar Mining Division of British Columbia, subject to a 2% net smelter returns royalty ("NSR"). During the year ended December 31, 2015, the Company recognized an impairment charge of $439,116, representing 50% of the remaining carrying costs of the property.

Other British Columbia properties

The Company has entered into the following property agreements related to its other BC properties as follows:

Lode Gold Property, British Columbia

On February 25, 2014, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims located in the New Westminster Mining Division of British Columbia. To earn its interest, the Company is required to issue 1,500,000 common shares (1,000,000 shares issued with a fair value of $46,000) over a three year period. The remaining 500,000 common shares are to be issued by April 2, 2017 (extended to June 30, 2017). The Company is currently in negotiations with the optionor regarding extending the option payment that was due on June 30, 2017.

The property is subject to a 3% NSR and the Company has the option to purchase up to 2% NSR at a price of $1,500,000 for each 1% NSR. The Company was also granted a right of first refusal to purchase the remaining 1% NRS.

Boulder Property, British Columbia

On February 25, 2014, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims located in the Stikine Mining Division of British Columbia. To earn its interest, the Company is required to issue 5,000,000 common shares (3,000,000 shares issued with a fair value of $135,000) over a three year period. The remaining 2,000,000 common shares are to be issued by April 2, 2017 (extended to June 30, 2017). The Company is currently in negotiations with the optionor regarding extending the option payment that was due on June 30, 2017.

The property is subject to a 3% NSR and the Company has the option to purchase up to 2% NSR at a price of $1,500,000 for each 1% NSR. The Company was also granted a right of first refusal to purchase the remaining 1% NRS.

5. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Otish Mountains Property, Québec

The Otish Mountains property is held 40% by the Company and 70% by Strateco Resources Inc. ("Strateco"). During the year ended December 31, 2014, the Company prepared and filed a submission to the Bureau d'audiences publiques sur l'environment ("BAPE") in Quebec, a governmental public consultation body that is conducting a province-wide consultation process regarding uranium mining, recommended to the Government that uranium exploration and mining in the Province not be supported. As potential exists for the moratorium to be lifted, also for possible recoveries from the Province of Quebec through legal action, the Company retains a modest assets balance on the Otish Property in its consolidated financial statements.

Sale of Argentina property

On October 18, 2016, the Company entered into a letter agreement with Blue Sky Uranium Corp. to sell a 100% interest in the Regalo property located in the Province of Chubut, Argentina for $25,000. The Regalo property was held by Bahia Atlantica S.A., a wholly-owned subsidiary of the Company. During the nine months ended September 30, 2017, the Company closed the transaction and recognized a net gain of $18,000.

6. INVESTMENT IN JADE PRODUCTION

On July 14, 2015, the Company entered into a joint venture agreement with Dease Lake Jade Mine Ltd. ("DLJ") whereby, in consideration for payment of $500,000, the Company would participate on a 50/50 basis in the sale proceeds of the jade mining operations in 2015 on certain claims located in Northern British Columbia. A director of the Company is a shareholder and officer of DLJ. The agreement includes a 4-year option whereby the Company can automatically renew the terms for another year by providing the same amount of financing by March 1 of each year, commencing March 1, 2016. The Company did not renew the agreement for the 2016 exploration season and assessed an impairment loss of $335,281 on the remaining costs of the investment during the year ended December 31, 2016.

During the year ended December 31, 2016, the Company received sale proceeds of $65,000 from the jade production and recognized depletion of $139,772.

7. TRADE AND OTHER PAYABLES

	September 30, 2017	December 31, 2016
Trade payables	$ 173,132	$ 180,472
Accrued liabilities	3,700	12,500
	$ 176,832	$ 192,972

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration and general operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

8. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2012, the Company received a loan of $200,000 from a director of the Company. The loan is unsecured and bears interest at 7% per annum. As at September 30, 2017, the outstanding balance of the loan was $85,000 (December 31, 2016 - $85,000) and the accrued interest owing was $46,323 (December 31, 2016 - $39,773). The repayment date of the loan has been extended to December 31, 2017.

Loans payable to a related party also include $189,561 (December 31, 2016 - $159,855) of advances from the same director who advanced the loan to the Company. These advances are unsecured, non-interest bearing, and have no specific terms of repayment.

During the nine months ended September 30, 2017, the Company received a loan of $2,280 from the President of the Company and $4,000 from a director of the Company. These advances are unsecured, non-interest bearing, and have no specific terms of repayment.

At September 30, 2017, the Company is indebted to the President of the Company, the Chief Financial Officer ("CFO") of the Company, and a director of the Company for $296,723 (2016 - $251,723), $51,229 (2016 - $40,919), and $81,940 (2016 - $72,940), respectively, for accrued management fees and expenses paid on behalf of the Company. The amounts are unsecured, non-interest bearing, and have no specific terms of repayment.

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel during the nine month periods ended September 30 is as follows:

	2017	2016
Short-term employee benefits	$ 76,500	$ 76,500
Share-based payments	-	-
Total	$ 76,500	$ 76,500

The Company entered into the following related party transactions during the nine month period ended September 30, 2017:

a) Paid or accrued management fees of $54,000 (2016 - $54,000) to the President of the Company and a director of the Company for management services provided.

b) Paid or accrued consulting fees of $22,500 (2016 - $22,500) to the CFO of the Company for corporate consulting services provided.

9. LOAN PAYABLE

During the nine months ended September 30, 2017, the Company received a loan of $7,000 from a non-related company. The loan is unsecured, bears no interest and is payable on demand.

10. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

Issued share capital

At September 30, 2017, the Company had 34,311,824 common shares outstanding (December 31, 2016 - 34,311,824).

Share issuance

There were no shares issued during the nine months ended September 30, 2017.

During the year ended December 31, 2016, the Company:

a) Issued 450,000 common shares with a fair value of $27,000 pursuant to the Lode Gold property option agreement.

b) Issued 1,250,000 common shares with a fair value of $75,000 pursuant to the Boulder property option agreement.

Basic and diluted loss per share

The calculation of basic and diluted earnings per share for the nine months ended September 30, 2017 was based on the loss attributable to common shareholders of $95,845 (2016 - $202,822) and a weighted average number of common shares outstanding of 34,311,824 (2016 - 33,331,532).

11. SHARE-BASED PAYMENTS

Stock options

The Company has a Stock Option Plan ("the Plan") for directors, officers and employees. The maximum number of common shares to be issued under the Plan is restricted such that it cannot at any given time be more than 10% of the Company's issued and outstanding shares. The number of shares reserved for issuance at any one time to any one person shall not exceed 5% of the outstanding shares issued. Options granted must be exercised no later than two years after the date of the grant or such lesser periods as regulations require.

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, December 31, 2015	900,000	$	0.10
Expired	(900,000)		0.10
Balance, December 31, 2016 and September 30, 2017	-	$	-

12. SUPPLEMENTAL CASH FLOW INFORMATION

Significant non-cash transactions during the nine months ended September 30, 2017 included:

a) Included in trade and other payables are $49,959 related to exploration and evaluation assets.

Significant non-cash transactions during the nine months ended September 30, 2016 included:

a) The Company issued 1,700,000 common shares pursuant to mineral property agreements with a total value of $93,500.
b) Included in trade and other payables are $54,142 related to exploration and evaluation assets.

13. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows: cash as loans and receivables and measured at amortized cost; trade and other payables, amounts due to related parties, loans payable to a related party and loan payable as other financial liabilities and measured at amortized cost. Information on certain types of financial instruments is included elsewhere in these consolidated financial statements as follows: trade and other payables (Note 7); amounts due to related parties and loans payable to a related party (Note 8); and loan payable (Note 9).

The carrying amount of cash, trade and other payables, amounts due to related parties, loans payable to a related party and loan payable carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments and/or the rate of interest being charged.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management monitors and manages these exposures to ensure appropriate measures are implemented on a timely basis and in an effective manner.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. The Company performs cash flow forecasting for each fiscal year to ensure sufficient cash is available to fund its projects and operations. As at September 30, 2017, the Company had a cash balance of $463 and current liabilities of $940,888. The Company's financial liabilities include accrued expenses and trade and other payables which have contractual maturities of 30 days or are due on demand.

At present, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements and the optioning of its exploration and evaluation assets. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Interest rate risk

The Company is exposed to interest rate risk arising from the cash maintained at Canadian financial institutions. The interest rate risk on cash is not considered significant due to their short-term nature and maturity.

14. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

As at September 30, 2017, the Company has no financial assets or financial liabilities measured at fair value. There have been no changes in these levels and no changes in classifications during the nine months ended September 30, 2017.

15. CAPITAL MANAGEMENT

The Company’s objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders’ equity in the definition of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

There were no changes in the Company's approach to capital management during the nine months ended September 30, 2017. The Company is not subject to externally imposed capital requirements.