SKEENA
RESOURCES LTD.

(an exploration stage enterprise)

Consolidated Financial Statements

Years ended December 31, 2018 and 2017

(expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Skeena Resources Limited are the responsibility of the Company's management and are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal controls through an audit committee, which is comprised primarily of non-management directors. The Audit Committee reviews the consolidated financial statements prior to their submission to the Board of Directors for approval.

"Walter Coles, Jr."	*"Andrew MacRitchie"*
Walter Coles, Jr. Chief Executive Officer	Andrew MacRitchie Chief Financial Officer

Vancouver, British Columbia
April 30, 2019

Independent auditor's report

To the Shareholders of
Skeena Resources Limited

Opinion

We have audited the consolidated financial statements of **Skeena Resources Limited** and its subsidiaries [the "Group"]**,** which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRSs"].

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 consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our 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 consolidated financial statements, which indicates that the Group has incurred a comprehensive loss of $14,633,070 [2017 – $10,002,067], with net cash used in operations of $16,364,015 [2017 – $10,884,849] for the year ended December 31, 2018. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group'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 consolidated 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 consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & 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 in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 risk 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 on the audit resulting in this independent auditor's report is Brenna Daloise.

Ernst & Young LLP

Chartered Professional Accountants

Vancouver, Canada
April 30, 2019

SKEENA RESOURCES LIMITED
(an exploration stage enterprise)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(expressed in Canadian dollars)

	Note	December 31, 2018	December 31, 2017
ASSETS			
Current			
Cash and cash equivalents		$ 1,092,291	$ 1,017,391
Receivables	5	3,503,595	1,316,901
Prepaid expenses		223,748	215,248
		4,819,634	2,549,540
Deposits	6	1,366,041	2,042,500
Exploration and evaluation interests	7	16,309,685	20,528,183
Marketable securities	8	1,425,000	-
Equipment	9	634,026	672,806
		$ 24,554,386	$ 25,793,029
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10	$ 1,373,503	$ 1,794,757
Flow-through share premium liability	11	1,363,495	805,551
		2,736,998	2,600,308
Provision for closure and reclamation	12	3,251,021	1,091,398
		5,988,019	3,691,706
SHAREHOLDERS' EQUITY			
Capital stock	13	81,566,790	71,362,300
Reserves	13	11,080,018	9,299,442
Deficit		(74,080,441)	(58,560,419)
		18,566,367	22,101,323
		$ 24,554,386	$ 25,793,029

GOING CONCERN (NOTE 1)
SUBSEQUENT EVENTS (NOTE 19)

ON BEHALF OF THE BOARD OF DIRECTORS:

signed "Donald Siemens"
Director

signed "Craig Parry"
Director

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

SKEENA RESOURCES LIMITED
(an exploration stage enterprise)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(expressed in Canadian dollars)

	Note		For the years ended December 31 2018		2017
ADMINISTRATIVE EXPENSES					
Exploration and evaluation	7, 10	$	11,488,196	$	7,967,682
Share-based payments	13, 10		1,166,000		606,124
Consulting	10		113,275		655,624
Investor relations			716,996		708,047
Professional fees			264,042		345,895
Travel			74,923		102,078
Transfer agent and listing fees			30,945		39,760
Office and administration			246,882		174,970
Rent and other			194,978		231,249
Property research			62,904		60,419
Shareholder communications			30,802		35,960
Wages			1,018,859		479,697
Foreign exchange (gain) loss			(960)		5,898
Finance costs			2,882		-
Flow-through share premium recovery	11		(1,052,467)		(1,501,951)
Interest income			(21,158)		(25,006)
Accretion of provision for closure and reclamation	7, 12		24,812		16,618
Amortization	9		176,103		99,003
Unrealized (gain) loss on marketable securities	8		47,500		-
Impairment of mineral property interests	7		1,325,759		-
Gain on option of mineral property	7		(391,251)		-
Net loss and comprehensive loss for the year		$	(15,520,022)	$	(10,002,067)
Loss per share		$	(0.18)	$	(0.16)
Weighted average number of common shares outstanding	13		88,663,409		61,941,778

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

SKEENA RESOURCES LIMITED

(an exploration stage enterprise)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(expressed in Canadian dollars)

	Capital Stock (Note 13)		Reserves			Total Shareholders' Equity
	Shares	Amount	Options	Warrants	Deficit	
Balance at December 31, 2016	53,587,569	60,241,924	5,875,106	2,735,214	(48,558,352)	20,293,892
Property option payment - Snip	125,000	56,250	-	-	-	56,250
Property option payment – GJ	2,884,059	1,500,000	-	-	-	1,500,000
Private placements	20,205,485	12,747,424	-	-	-	12,747,424
Share issue costs	125,924	(997,414)	-	-	-	(997,414)
Flow-through share premium	-	(2,185,884)	-	-	-	(2,185,884)
Share-based payments	-	-	689,122	-	-	689,122
Loss for the year	-	-	-	-	(10,002,067)	(10,002,067)
Balance at December 31, 2017	76,928,037	71,362,300	6,564,228	2,735,214	(58,560,419)	22,101,323
Private placements	20,919,842	12,884,030	-	-	-	12,884,030
Share issue costs	-	(1,069,129)	-	138,576	-	(930,553)
Flow-through share premium	-	(1,610,411)	-	-	-	(1,610,411)
Share-based payments	-	-	1,642,000	-	-	1,642,000
Loss for the year	-	-	-	-	(15,520,022)	(15,520,022)
Balance at December 31, 2018	97,847,879	$ 81,566,790	$ 8,206,228	$ 2,873,790	$ (74,080,441)	$ 18,566,367

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

SKEENA RESOURCES LIMITED
(an exploration stage enterprise)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(expressed in Canadian dollars)

	For the years ended December 31 2018	2017
OPERATING ACTIVITIES		
Loss for the year	$ (15,520,022)	$ (10,002,067)
Items not effecting cash		
Amortization	176,103	99,003
Share-based payments	1,642,000	689,122
Flow-through share premium recovery	(1,052,467)	(1,501,951)
Accretion of provision for closure and reclamation	24,812	16,618
Impairment of mineral property	1,325,759	-
Gain on option of mineral property	(391,251)	
Unrealized loss on marketable securities	47,500	-
Changes in non-cash operating working capital		
Receivables	(936,694)	(578,024)
Prepaid expenses	(8,500)	5,465
Accounts payable and accrued liabilities	(421,255)	386,985
Net cash used in operating activities	(15,114,015)	(10,884,849)
FINANCING ACTIVITIES		
Net proceeds from share issuance	11,953,477	11,750,011
Net cash provided by financing activities	11,953,477	11,750,011
INVESTING ACTIVITIES		
Deposits	776,459	(1,558,507)
Purchase of equipment	(137,323)	(618,092)
Reclamation	-	(38,440)
Mineral property (acquisition) sale	2,596,302	(250,000)
Net cash provided by (used in) investing activities	3,235,438	(2,465,039)
Change in cash and cash equivalents during the year	74,900	(1,599,877)
Cash and cash equivalents, beginning of the year	1,017,391	2,617,268
Cash and cash equivalents, end of the year	$ 1,092,291	$ 1,017,391

Supplemental Disclosure with Respect to Cash Flows (Note 15)

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

(expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Skeena Resources Limited ("Skeena" or the "Company") is incorporated under the laws of the province of British Columbia, Canada, and its principal business activity is the exploration of mineral properties. The Company's corporate office is located at Suite 650, 1021 West Hastings Street, Vancouver, British Columbia V6E 0C3. The Company is in the exploration stage with respect to its mineral property interests and has not, as yet, achieved commercial production.

The consolidated financial statements were prepared on a going concern basis with the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has incurred a current-year comprehensive loss of $15,520,022 (2017 - $10,002,067), with net cash used in operations of $15,114,015 (2017 - $10,884,849) for the year ended December 31, 2018. The Company has limited cash resources, has incurred significant operating losses and negative cash flows from operations in the past, and will require additional financing in order to continue operations. While the Company has been successful in obtaining funding in the past, primarily through the issuance of additional equity, there is no assurance that funding will be available in the future. An inability to raise additional funds would adversely impact the future assessment of the Company as a going concern. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company is dependent upon its ability to finance its operations and exploration programs through financing activities that may include issuances of additional debt or equity securities. The recoverability of the carrying value of exploration projects and, ultimately, the Company's ability to continue as a going concern, is dependent upon the existence and economic recovery of reserves, the ability to raise financing to complete the exploration and development of the properties, and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

		2018		2017
Working capital	**$**	**2,082,636**	$	(50,768)
Deficit	**$**	**(74,080,441)**	$	(58,460,419)

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and they are consistent with interpretations by the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies adopted in these financial statements are based on IFRS's in effect as at December 31, 2018.

The consolidated financial statements of Skeena Resources Ltd. for the year ended December 31, 2018 were reviewed by the Audit Committee and were approved and authorized for issuance by the Board of Directors on April 30, 2019.

2. BASIS OF PRESENTATION (continued)

Basis of measurement

These consolidated financial statements have been prepared on an historical cost basis, except for marketable securities which are valued at fair value on the reporting date. 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 subsidiaries, listed below.

Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

Subsidiary	Location
Sona Resources Corp.	Canada
No. 75 Corporate Ventures Ltd.	Canada
Mount Rainey Silver Inc. until sold on August 15, 2018 (Note 7)	Canada

Each of the above companies was 100% owned by the Company and fully consolidated.

Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates and judgments, which, by their nature, are uncertain. The impact of estimates and judgments is pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates, or changes to judgments, are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Significant assumptions that management has made about current unknowns, the future, and other sources of estimated uncertainty, could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made. Such significant assumptions include, but are not limited to, the following areas:

2. BASIS OF PRESENTATION (continued)

Significant accounting estimates and judgments (continued)

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

- Provision for closure and reclamation

  The process of determining a value for the closure and reclamation provision is subject to estimates and assumptions, particularly when sufficient information required for a more precise estimate is still being gathered. Significant estimates include the amount and timing of closure and reclamation costs and the discount rate used. The size of the provision for closure and reclamation reflects management's best estimate using information available on the date of approval of these financials.

- Allocation of purchase price

  The Company acquired the past-producing Snip mine ("Snip") in July 2017. The allocation of the purchase price to the assets and liabilities acquired was based on management's estimates of relative fair value. The acquisition did not include any material assets or liabilities, apart from the mineral property and the associated closure and reclamation obligation. As a result, the purchase price was allocated between these two items.

- Recovery of deferred tax assets and settlement of flow-through share premium liability

  The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

- Recovery of receivables

  The Company estimates the collectability and timing of collection of its receivables, classifying them as current assets or long-term assets, and applies provisions for collectability when necessary.

- Share-based payments

  The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

2. BASIS OF PRESENTATION (continued)
Significant accounting estimates and judgments (continued)

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

- Going concern

  The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

- Contingent liabilities

  In certain instances, management has assessed a low likelihood of settling certain amounts through a future outflow of resources. As a result, these amounts have been treated as contingencies rather than liabilities.

- Recoverability of mineral property interests

  Assets or cash-generating units ("CGUs") are separately evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral property interests.

  In respect of costs incurred for its mineral property interests, management has determined that acquisition costs that have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economic assessments or studies, whether facilities are still accessible, whether permits are still existing and valid, and the Company's ability to continue exploration and development.

- Classification of financial instruments

  The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves management judgment.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with banks or highly liquid short-term interest-bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less or are fully redeemable without penalty when acquired.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mineral property interests

The acquisition costs of mineral properties are capitalized as exploration and evaluation interests on a project-by-project basis, pending determination of the technical feasibility and the commercial viability of the project. Acquisition costs include cash or shares paid, liabilities assumed, and associated legal costs paid to acquire the interest, whether by option, purchase, staking, or otherwise. Costs of investigation incurred before the Company has obtained the legal right to explore an area are recognized in the statement of loss.

Exploration and evaluation expenditures are comprised of costs that are directly attributable to:

- researching and analyzing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and
- evaluating the technical feasibility and commercial viability of extracting a mineral resource.

All exploration and evaluation expenditures are expensed until properties are determined to contain economically viable reserves. When economically viable reserves have been determined, technical feasibility has been determined and the decision to proceed with development has been approved, the capitalized mineral property interest for that project, and subsequent costs incurred for the development of that project, are capitalized as mining properties, a component of property, plant and equipment.

Option-out agreements, where the Company is the operator, are accounted for by deducting the proceeds from the optionee from the expenditures made by the Company once title has been properly registered in the optionor's name. Until title has been registered in the optionee's name, the Company shows the amounts received as exploration advances liability.

The province of British Columbia has a Mineral Exploration Tax Credit ("METC"), whereby a company may receive a refundable tax credit of 20% or 30% for incurring qualified mineral exploration expenditures, for determining the existence, location, extent or quality of a mineral resource in the province of British Columbia. The Company recognizes METC as a reduction of exploration expenses in the period in which the qualifying expenditures are incurred. The amount ultimately recovered may be different from the amount initially recognized.

Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete. The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as mineral property interests.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If 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 costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax 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 profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the CGU to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Foreign currencies

The Company, and its subsidiaries, have determined the Canadian dollar to be their functional and reporting currency. Accordingly, monetary assets and liabilities denominated in foreign currencies are recorded in Canadian dollars, translated at the exchange rate in effect at the consolidated statement of financial position date and non-monetary assets and liabilities are translated at the exchange rates in effect at the transaction date. Revenues and expenses are translated at rates approximating the exchange rates in effect at the time of the transactions. All exchange gains and losses are included in profit or loss.

Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets and liabilities at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)
Financial instruments (continued)

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Financial assets at FVTOCI
Financial assets carried at FVTOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTOCI are included in other comprehensive income or loss in the period in which they arise. On recognition, cumulative gains and losses of financial assets in other comprehensive income or loss are reclassified to profit and loss.

(iii) Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. Regardless of whether credit risk has increased significantly, the loss allowance for trade receivables without a significant financing component classified at amortized cost, are measured using the lifetime expected credit loss approach. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Provision for closure and reclamation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The valuation of these liabilities requires the use of significant estimates (Note 2, Critical accounting estimates). Insofar as the amount of the obligation can be measured with sufficient reliability, the net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period recognized. The net present value of the rehabilitation obligation is calculated using a pre-tax discount rate that reflects the time value of money. Environmental monitoring and basic site-maintenance costs are treated as period costs, and are expensed in the period incurred.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, infrastructure or technology, discount rates and estimates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as accretion expense.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment

Equipment is recorded at cost less accumulated depreciation, with depreciation calculated on a declining-balance basis at an annual rate of 30% for computer equipment, 20% for office furniture and field equipment, and 100% for software.

Income taxes

Income tax expense, consisting of current and deferred tax expense, is recognized in the consolidated statements of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recognized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share-based payments

The Company has a stock option plan that is described in Note 13. Share-based payments to employees are measured at the fair value of the instruments issued on the date of grant, and are amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received, or at the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to Reserves. Consideration received on the exercise of stock options is recorded as capital stock and the related option reserve is transferred to capital stock.

Capital stock

The Company records proceeds from share issuances, net of issue costs. Common shares issued for consideration other than cash, are valued based on their market value at the date of closing of the transaction.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per share. Under this method the dilutive effect on loss per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Share splits or share consolidations, where each common share in the capital of the Company is exchanged for a certain number (or fraction) of a new share in the capital of the Company, are accounted for retroactively once they have been enacted, in order to present comparable information.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Unit offerings

Proceeds received on the issuance of units, consisting of non-flow-through common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants.

Flow-through shares

The Company has financed a portion of its exploration expenditures through the issuance of flow-through shares. Canadian income tax law permits the Company to transfer the tax deductibility of qualifying resource expenditures financed by such shares to the flow-through shareholders.

On issuance, the Company allocates the flow-through share proceeds into i) share capital, ii) warrants, if any, and iii) flow-through share premium, if any, using the residual value method. If investors pay a premium for the flow-through feature, it is recognized as a liability. Upon incurring qualifying expenditures, the Company reduces the liability and recognizes a flow-through share premium recovery. At the end of a period, the flow-through share premium liability consists of the portion of the premium on flow-through shares that corresponds to the portion of qualifying exploration expenditures that are expected to be properly incurred in the future.

Proceeds received from the issuance of flow-through shares are restricted to Canadian resource property exploration expenditures within a prescribed period. The portion of the proceeds received, but not yet expended at the year-end, is disclosed as the remaining commitment in Note 11.

The Company may also be subject to Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

New standards, amendments and interpretations

The following new standards, and amendments to standards and interpretations, were first effective for the year ended December 31, 2018, and have been applied in preparing these consolidated financial statements.

(expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)
New accounting standards adopted by the Company (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. As the Company does not have any revenue from customers, this change had no impact on the financial statements.

IFRS 9 Financial Instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward looking "expected loss" impairment model. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively for assets that continued to be recognized at the date of initial application.

As at January 1, 2018, the impact from the adoption of IFRS 9 is as follows:

	Under IAS 39		Under IFRS 9	
	Classification	**Carrying amount**	**Classification**	**Carrying amount**
Cash	FVTPL	$ 1,017,391	Amortized cost	$ 1,017,391
Receivables	Loans and receivables	1,316,901	Amortized cost	1,316,901
Accounts payable and accrued liabilities	Other financial liabilities	1,794,757	Amortized cost	1,794,757

The adoption of IFRS 9 resulted in an impact to the classification of certain financial instruments as specified in the table above, however, the adoption had no material impact on the opening accumulated deficit.

Accounting standards issued and effective in future periods

The following new standards, and amendments to standards and interpretations, were not yet effective for the year ended December 31, 2018, and have not been applied in preparing these consolidated financial statements.

IFRS 16 Leases

A finalized version of IFRS 16 *Leases* replaced IAS 17 *Leases*, effective January 1, 2019. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The Company is in the process of determining the impact of IFRS 16 on its financial statements.

(expressed in Canadian dollars)

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are classified into one of the following three categories: FVTPL; FVTOCI; and amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	December 31, 2018	December 31, 2017
Cash	Amortized cost	$ 1,092,291	$ 1,017,391
Receivables	Amortized cost	1,713,544	1,316,901
Marketable securities	FVTPL	1,425,000	-
Accounts payable and accrued liabilities	Amortized cost	1,373,503	1,794,757

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

Credit risk

Credit losses are measured using a present value and probability-weighted model that considers all reasonable and supportable information available without undue cost or effort along with information available concerning past defaults, current conditions and forecasts at the reporting date. IFRS 9 requires the recognition of 12 month expected credit losses (the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date) if credit risk has not significantly increased since initial recognition (stage 1), and lifetime expected credit losses for financial instruments for which the credit risk has increased significantly since initial recognition (stage 2) or which are credit impaired (stage 3). There are no material expected credit losses with respect to the Company's financial instruments held at amortized cost.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk consists of interest rate risk, foreign currency risk and other price risk. As at December 31, 2018, the Company is exposed to market risk on its marketable securities. A 10% decrease in the share price of the Company's StrikePoint marketable securities (Note 8) would result in a $142,500 decrease to the Company's marketable securities and an increase of the same amount to the Company's unrealized loss on marketable securities.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of December 31, 2018.

(expressed in Canadian dollars)

5. RECEIVABLES

Receivables consist primarily of amounts due from governments in relation to refundable Mineral Exploration Tax Credits, Goods and Services Tax, and amounts owing from StrikePoint (Note 7).

	2018	2017
Mineral Exploration Tax Credits	$ 864,131	$ 855,712
Goods and Services Tax	925,920	389,438
Due from StrikePoint (Note 7)	1,271,000	-
Other	442,544	71,751
Total	$ 3,503,595	$ 1,316,901

6. DEPOSITS

Deposits are amounts placed as security, either in conjunction with a lease for office space, or as deposits with governments or insurance agencies in order to help ensure that reclamation of sites is completed. Deposits relate to the following:

Deposits	Snip	GJ	Porter Idaho	Blackdome	Office	Total
December 31, 2016	$ 70,000	$ 216,000	$ -	$ 97,993	$ 100,000	$ 483,993
Additions	1,542,000	-	21,000	(4,493)	-	1,558,507
December 31, 2017	1,612,000	216,000	21,000	93,500	100,000	2,042,500
Additions	295,000	-	-	100,000	-	395,000
Disposals	(1,862,000)	(113,000)	(21,000)	(112,959)	-	(2,108,959)
Surety collateral	931,000	56,500	-	50,000	-	1,037,500
December 31, 2018	$ 976,000	$ 159,500	$ -	$ 130,541	$ 100,000	$ 1,366,041

As part of the Mines Act, the reclamation security required over the Snip property is $2,982,000. The Company is currently in discussion with the Ministry of Energy, Mines and Petroleum Resources to assess whether there may be a reduction in reclamation security as a result of building an access road, and to determine the timing of payment of the remaining unfunded portion of the reclamation security. In December of 2018, the Company replaced cash reclamation security deposits totalling $2,075,000 with a surety bond. Half of the surety bond amount is held as collateral by the surety provider.

7. EXPLORATION AND EVALUATION INTERESTS

Snip Property, British Columbia, Canada

On April 7, 2016, the Company completed the first share payment under its option to acquire a 100% interest in the Snip gold mine from Barrick Gold Inc. ("Barrick"). The optioned property consists of one mining lease, holding the former Snip gold mine, and four mineral tenures totalling approximately 1,932 hectares. Pursuant to the option agreement, Skeena completed a work commitment of $2 million, issued 200,000 common shares to the vendor on April 7, 2016, and a further 125,000 shares on July 19, 2017 as the final condition to complete the exercise of the option. As part of the purchase, consideration of $280,280 was allocated between the fair values of assets acquired and liabilities assumed, resulting in recognition of a liability, on acquisition, of $649,534 for closure and reclamation costs and an asset of $924,382 as exploration and evaluation interests. The closure and reclamation cost estimate is reviewed periodically, with any increase in the estimate being added to the amount shown as Exploration and Evaluation Interests asset for Snip.

Barrick has retained a 1% net smelter return royalty ("NSR") on the property. In addition, subject to Skeena delineating in excess of 2 million ounces of gold, Barrick may cancel the NSR and exercise its right to purchase a 51% interest in the property in exchange for paying the Company three times the costs incurred by the Company in exploring and developing the property, following which the parties would form a joint venture and Barrick would relinquish its 1% NSR. In addition, an unrelated historic 3% royalty exists on gold recovered from ore containing at least 0.3 ounces of gold per ton.

On October 16, 2018, Skeena closed an agreement with Hochschild Mining Holdings Limited ("Hochschild"). The agreement included an option to acquire a portion of Skeena's Snip Property, the opportunity to have a representative on the Board of Directors, as well as a private placement financing.

Under the property option agreement, Skeena granted Hochschild an option to earn a 60% undivided interest in Snip located in the Golden Triangle of British Columbia (the "Option"). Hochschild will have three years to provide notice to Skeena that it wishes to exercise the Option. Once exercised, Hochschild shall then have three years (the "Option Period") to:

- incur expenditures on Snip that are no less than twice the amount of such expenditures incurred by Skeena from March 23, 2016 up until the time of exercise of the Option by Hochschild;
- incur no less than C$7.5 million in exploration or development expenditures on Snip in each 12-month period of the Option Period; and
- provide 60% of the financial assurance required by governmental authorities for the Snip mining properties.

After completing a minimum spend of $22,500,000, Hochschild may extend the Option Period by a further period of 12 months by making a cash payment to Skeena of $1.0 million.

Concurrent with entering into the agreement with Hochschild, Skeena collected proceeds of $6,767,398 from the sale of 7,519,331 flow-through common shares of the Company at a price of $0.90 per share (Note 13). The Company received proceeds of $3,534,355 above the fair market value of the shares on the date of issuance, of which $1,188,053 was allocated to the flow-through share premium, $1,955,051 was applied to reduce previous Snip acquisition costs to $nil, and the remaining $391,251 was recorded as a gain on option of mineral property.

7. EXPLORATION AND EVALUATION INTERESTS (continued)

GJ Property, British Columbia, Canada

On October 27, 2014, the Company acquired a 100% interest in the Spectrum Property in exchange for 8,000,000 common shares valued at $6,000,000, together with an interest-free promissory note payable to Eilat Exploration Ltd. ("Eilat") in the amount of $700,000. Of these shares, 6,400,000 common shares were issued to Eilat and 1,600,000 common shares were issued to Keewatin Consultants (2002) Inc. ("Keewatin"), a private company held by a former director. The total acquisition cost for the Spectrum Property amounted to $6,862,175.

On November 4, 2015, the Company acquired an option to earn a 100% interest in the GJ Property in exchange for cash consideration of $500,000 and 1,294,753 common shares valued at $1,000,000. Pursuant to the terms of a purchase agreement, the Company committed to issue shares valued at $1,500,000 prior to November 4, 2017 (issued), shares valued at $1,500,000 prior to November 4, 2020, and a cash payment of $4,000,000 before commencement of commercial production from the GJ Property. Legal fees of $21,535 incurred in the acquisition of the GJ Property were capitalized.

The majority of claims that constitute GJ are subject to three different royalties varying from 1% to 3%. In each case the royalty may be halved by making a payment of $500,000, $1,000,000 or $2,000,000. A total of 5 mineral claims at GJ are subject to no royalty whatsoever.

Eskay Creek Property, British Columbia, Canada

On December 18, 2017, Skeena announced that it had secured an option to acquire a 100% interest in the Eskay Creek property from Barrick Gold Inc. In order to earn the 100% interest, under the terms of the option agreement, Skeena must first incur $3,500,000 in exploration expenditures by December 18, 2020 (incurred), of which $1,500,000 must be incurred by December 18, 2019 (incurred). In addition, Skeena has agreed to pay $17.7 million in relation to the Eskay Creek acquisition. These funds will be first directed towards providing the government with security over the reclamation bond amount on the property, with any remaining amount being paid to Barrick as part of the purchase price.

Barrick will retain a 1.0% NSR on all parts of the property which are not already subject to royalties. In addition, Barrick will maintain a back-in right to purchase a 51% interest in the property for a 12-month period following notification by Skeena of a NI 43-101 resource on the Property of at least 1,500,000 ounces of contained gold (or equivalent). Barrick may exercise this right by paying Skeena up to three times Skeena's cumulative expense on the project, reimbursing Skeena for the purchase price, and by assuming any bonding requirement for Barrick's proportionate interest, following which the parties will form a joint venture.

Porter Idaho Property, British Columbia, Canada

On September 22, 2016, the Company announced that it had successfully acquired all of the issued and outstanding common shares of Mount Rainey Silver Inc. ("Mount Rainey"). Mount Rainey's primary asset is a portfolio of 46 Crown-granted mineral claims covering the past-producing, underground Prosperity – Porter Idaho – Silverado silver property located in the Golden Triangle of northwest British Columbia in the Skeena Mining Division.

In addition, the Company obtained the Glacier Creek Claims, an additional 45 Crown-granted claims covering approximately 1,630 acres located in the Glacier Creek / Albany Creek area on the east side of the Bear River Valley in British Columbia, together with 12 municipal lots located in Stewart, British Columbia. The Company determined that Mount Rainey was a group of assets that did not constitute a business, and so treated this transaction as an asset acquisition.

(expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION INTERESTS (continued)

Porter Idaho Property, British Columbia, Canada

During the second quarter of 2018, the Company received an offer to purchase the Porter Idaho Property for a value which was lower than the property's carrying value. The Company considered this an indicator of impairment and conducted an impairment assessment on the property. As a result of the impairment assessment, the Company recorded an impairment of the mineral property interest of $1,325,759, reducing the carrying value of the property to $2,972,499, the value of consideration receivable on the sale to StrikePoint Gold Inc. ("StrikePoint").

On August 15, 2018, the Company sold the Porter Idaho Property to StrikePoint in exchange for 9,500,000 securities of StrikePoint (Note 8), and a series of cash payments totalling $1,500,000 over a period ending December 31, 2019 (received $250,000 at December 31, 2018, and an additional $500,000 subsequent to year end), and secured by a first claim over the issued and outstanding shares of Mount Rainey. In addition, Skeena holds a 1% NSR on the Property and StrikePoint has the option to buy back 0.5% at a price of $750,000.

Blackdome Property, British Columbia, Canada

On September 15, 2016, the Company announced that it had successfully acquired all of the issued and outstanding common shares of Sona Resources Corporation ("Sona"). In addition to the Blackdome Property, $12 million in Canadian corporate income tax loss carry forwards were also acquired along with the Elizabeth exploration property, a mill, mobile equipment and a camp. Due to the age and condition of the related infrastructure and equipment, it was assigned zero value as part of the acquisition.

A legal dispute was launched against Sona by the vendors of the Elizabeth exploration property, alleging non-performance under the option agreements. The Supreme Court of British Columbia decided the matter in Skeena's favour, but the vendors appealed the judgement. The BC Court of Appeal gave Sona until December 31, 2020 to produce a bankable feasibility study – the final remaining obligation to satisfy under the option agreements. As a result of the court case, which was pending at the time of acquisition by Skeena, none of the total purchase consideration of $3,428,165 was allocated to the Elizabeth exploration property.

Exploration and evaluation assets

	Blackdome	Porter Idaho	GJ	Eskay	Snip	Total
Total at Dec. 31, 2016	$ 4,630,016	$ 4,298,258	$ 8,888,710	$ -	$ 224,030	$ 18,041,014
Share payments	-	-	1,500,000	-	56,250	1,556,250
Assumption of Liabilities	36,817	-	-	-	644,102	680,919
Costs	-	-	-	250,000	-	250,000
Total at Dec. 31, 2017	4,666,833	4,298,258	10,388,710	250,000	924,382	20,528,183
Impairment	-	(1,325,759)	-	-	-	(1,325,759)
Adjust closure liability	1,104,142	-	-	-	1,030,669	2,134,811
Sale or option	-	(2,972,499)	-	-	(1,955,051)	(4,927,550)
Deposit recovery	(100,000)	-	-	-	-	(100,000)
Total at Dec. 31, 2018	$ 5,670,975	$ -	$ 10,388,710	$ 250,000	$ -	$ 16,309,685

(expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION INTERESTS (continued)

Exploration and evaluation expenses

2018	Blackdome	Porter Idaho	GJ	Eskay	Snip	Total
Claim renewals and permits	$ 177,898	$ 22,931	$ 26	$ 143,459	$ 239,834	$ 584,148
Fieldwork, camp support and local office	11,594	236	8,654	594,555	1,970,966	2,586,005
Assays and analysis/storage	41,264	-	2,366	337,810	381,716	763,156
Community relations	-	-	64,625	18,597	78,302	161,524
Drilling	-	-	-	1,268,436	1,214,727	2,483,163
Environmental studies	1,625	-	19,690	44,527	11,342	77,184
Geology, geophysics, and geochemical	153,811	15,927	84,270	492,833	1,713,454	2,460,295
Fuel	-	-	-	137,045	209,904	346,949
Helicopter	5,371	-	-	769,698	602,544	1,377,613
Electrical	-	-	-	2,160	147,962	150,122
Metallurgy	-	-	-	22,037	-	22,037
Share based payments	-	-	-	-	476,000	476,000
Total, for the year ended December 31, 2018	$ 391,563	$ 39,094	$ 179,631	$3,831,157	$7,046,751	$11,488,196

2017	Blackdome	Porter Idaho	GJ	Eskay	Snip	Total
Claim renewals and permits	$ 28,055	$ 14,705	$ 2,214	$ -	$ 52,413	$ 97,387
Fieldwork, camp support and local office	4,407	17,173	33,607	-	3,215,485	3,270,672
Assays & analysis/storage	-	1,019	23,366	-	83,054	107,439
Community relations	788	-	58,171	-	43,544	102,503
Drilling	-	-	-	-	682,359	682,359
Environmental studies	29,935	-	60,512	-	215,993	306,440
Geology, geophysics, and geochemical	150,272	67,531	610,719	-	1,246,980	2,075,502
Fuel	-	-	-	-	219,143	219,143
Helicopter	-	17,402	39,079	-	811,393	867,874
Metallurgy	-	-	153,290	-	-	153,290
Electrical	-	-	-	-	300,834	300,834
Share based payments			55,332	-	27,666	82,998
BC METC recovery	-	(4,370)	(38,437)	-	(255,952)	(298,759)
Total, for the year ended December 31, 2017	$ 213,457	$ 113,460	$ 997,853	$ -	$6,642,912	$7,967,682

(expressed in Canadian dollars)

8. MARKETABLE SECURITIES

On August 15, 2018, the Company sold Mount Rainey to StrikePoint in exchange for 9,500,000 securities of StrikePoint (the "StrikePoint Securities"), and a series of cash payments totalling $1,500,000 (Note 7). The StrikePoint Securities consist of 7,100,000 common shares in the capital of StrikePoint, and 2,400,000 special warrants, that are convertible to common shares in the capital of StrikePoint for no additional consideration, provided that the conversion will not result in Skeena becoming an insider of StrikePoint. The StrikePoint special warrants received are valued on par with StrikePoint common shares given that they are convertible to common shares for a $nil exercise price.

On August 15, 2018 the fair value of the StrikePoint Securities received was $1,472,500, and decreased to $1,425,000 at December 31, 2018 due to a decrease in StrikePoint's share price, resulting in an unrealized loss on marketable securities of $47,500 for the year ended December 31, 2018.

9. EQUIPMENT

Cost	Computer Software	Computer Equipment	Field Equipment	Office Equipment	Total
Balance, December 31, 2016	$ 30,537	$ 25,642	$ 88,933	$ 95,616	$ 240,728
Additions	16,827	5,143	553,210	-	575,180
Disposals	-	(3,746)	-	-	(3,746)
Balance, December 31, 2017	47,364	27,039	642,143	95,616	812,162
Additions	10,488	55,883	70,952	-	137,323
Disposals	-	-	-	-	-
Balance, December 31, 2018	**$ 57,852**	**$ 82,922**	**$ 713,095**	**$ 95,616**	**$ 949,485**
Accumulated Amortization					
Balance, December 31, 2016	$ 8,284	$ 7,905	$ 7,108	$ 20,802	$ 44,099
Amortization	26,889	7,974	49,176	14,964	99,003
Disposals	-	(3,746)	-	-	(3,746)
Balance, December 31, 2017	35,173	12,133	56,284	35,766	139,356
Amortization	18,807	17,081	128,245	11,970	176,103
Disposals	-	-	-	-	-
Balance, December 31, 2018	**$ 53,980**	**$ 29,214**	**$ 184,529**	**$ 47,736**	**$ 315,459**
Carrying Value					
Balance, December 31, 2017	$ 12,191	$ 14,906	$ 585,859	$ 59,850	$ 672,806
Balance, December 31, 2018	**$ 3,872**	**$ 53,708**	**$ 528,566**	**$ 47,880**	**$ 634,026**

(expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel at the Company are the directors and officers of the Company. The remuneration of key management personnel during the years ended December 31, 2018 and 2017 is as follows:

		2018		2017
Short-term benefits[1]	$	1,146,604	$	1,016,245
Share-based payments	$	1,352,477	$	611,353

[1] Short-term benefits consist exclusively of salaries, bonuses, health benefits, if applicable, and consulting fees for key management personnel.

Other than the amounts disclosed above, there were no short-term employee benefits or share-based payments granted to key management personnel during the years ended December 31, 2018 and 2017.

Recoveries

During the year ended December 31, 2018, the Company recovered $71,240 (2017 - $29,370) in rent and salary recoveries from related parties, as a result of billing employee time for services provided and charging rent fees to related parties.

Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities at December 31, 2018 is $317,632 (2017 - $155,000) due to companies with common directors or officers, in relation to key management compensation noted above.

Receivables

Included in receivables at December 31, 2018 is $21,341 (2017 - $40,610) due from companies with common directors or officers, in relation to office rent and other recoveries.

11. FLOW-THROUGH SHARE PREMIUM LIABILITY

The following is a continuity schedule of the liability related to flow-through share issuances:

Balance at December 31, 2016	$	121,617
Creation of flow-through share premium liability on issuance of flow-through shares		2,185,885
Settlement of flow-through share premium liability pursuant to qualified expenditures		(1,501,951)
Balance at December 31, 2017		805,551
Creation of flow-through share premium liability on issuance of flow-through shares		1,610,411
Settlement of flow-through share premium liability pursuant to qualified expenditures		(1,052,467)
Balance at December 31, 2018	$	1,363,495

(expressed in Canadian dollars)

11. FLOW-THROUGH SHARE PREMIUM LIABILITY (Continued)

Issued in 2016: As a result of the issuances of flow-through shares in 2016, the Company had a commitment to incur $3,908,964 in qualifying CEE on or before December 31, 2017. As of December 31, 2016, the remaining commitment was $729,700, which was satisfied in 2017.

Issued in 2017: As a result of the issuances of flow-through shares in 2017, the Company had a commitment to incur $8,617,999 in qualifying CEE on or before December 31, 2018. As of December 31, 2017, the remaining commitment was $3,292,972, which was satisfied in 2018.

Issued in 2018: As a result of the issuances of flow-through shares in 2018, the Company had a commitment to incur $9,723,898 in qualifying CEE on or before December 31, 2019. As of December 31, 2018, the remaining commitment was $6,834,575.

12. PROVISION FOR CLOSURE AND RECLAMATION

The following is a continuity schedule of the provisions for closure and reclamation:

	Blackdome	Snip	Total
Balance at December 31, 2016	$ 432,301	$ -	$ 432,301
Acquisition of liability	-	649,244	649,244
Work performed	(36,440)	(2,000)	(38,440)
Revision of estimate	36,817	(5,142)	31,675
Accretion	9,476	7,142	16,618
Balance at December 31, 2017	442,154	649,244	1,091,398
Revision of estimate	1,104,142	1,030,669	2,134,811
Accretion	10,529	14,283	24,812
Balance at December 31, 2018	$ 1,556,825	$ 1,694,196	$ 3,251,021

The Company periodically updates information and inputs in order to enable it to refine its estimate of the present value of its future closure and reclamation obligation. Inputs include anticipated costs of required remediation work and mandated safety inspections as well as the pre-tax discount rate used (2018 – 2.15%, 2017 – 2.20%). These inputs are all subject to uncertainty.

At its active above-ground exploration sites, the Company fulfils its drill-site restoration obligations on an on-going basis when a drill site is no longer required, and accordingly no liability has been accrued-for in relation to the Company's other properties.

13. CAPITAL STOCK AND RESERVES

Authorized – unlimited number of voting common shares without par value.

Share consolidation

On October 20, 2017, the Company completed a share consolidation, exchanging 10 pre-consolidation Skeena common shares for 1 post-consolidation Skeena common share. All common share figures quoted in these consolidated annual financial statements are post-consolidation common shares. As a result of the share consolidation, all securities convertible into pre-consolidation Skeena common shares (primarily options and warrants) became exercisable for 1/10th the number of post-consolidation Skeena common shares, and post-consolidation exercise prices became 10 times the pre-consolidation exercise prices. In addition, any payments of fixed-numbers of pre-consolidation Skeena common shares, generally under mineral property option agreements, were also adjusted to 1/10th the number of post-consolidation Skeena common shares.

Private placements

On June 13, 2017, the Company closed a private placement and issued (a) 8,132,923 Units on a non-flow-through basis at a price of $0.50 per Unit for gross proceeds of $4,066,462, and (b) 2,489,231 Units on a flow-through basis at a price of $0.65 per Unit for gross proceeds of $1,618,000, for aggregate gross proceeds of $5,684,462. The Company paid a total of $409,599 in share issuance costs, of which $62,962 was invested by finders in the private placement, resulting in the issuance of (c) 125,925 additional non-flow-through Units. Each Unit consisted of flow-through or non-flow-through common share of the Company, and one-half of one non-flow-through common share purchase warrant of the Company. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $1.00 until June 13, 2020.

On October 3 and 17, 2017, Skeena closed a strategic investment private placement financing in two private-placement tranches of $3 million each, raising total gross proceeds of $6 million, and paying total finder's fees of $420,000. 4,166,668 units were issued under each tranche of the financing at $0.72 per unit, for a total of 8,333,336 units. Each unit consisted of one flow-through common share and one half of one non-flow-through share purchase warrant. Each whole warrant is exercisable for a period of 2 years at a price of $1.00.

On December 22, 2017, Skeena closed a strategic investment private placement financing, raising gross proceeds of $1 million. 1,250,000 flow-through shares were issued with no finder's fees or warrants attached.

On March 29, 2018, the Company raised total gross proceeds of $8,462,664. The Company issued 9,176,940 units at a price of C$0.60 per unit for gross non-flow-through proceeds of C$5,506,164, and 4,223,571 flow-through shares at a price of C$0.70 per flow-through share for gross flow-through proceeds of C$2,956,500. Each unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company. Each whole warrant entitles the holder to purchase one common share of the Company at a price of C$0.90 until March 29, 2020. In connection with the financing, the Company issued 750,179 broker warrants, exercisable at $0.70 until March 29, 2019 (Note 19). The Company incurred share issuance costs of $677,609 in association with the financing.

13. CAPITAL STOCK AND RESERVES (continued)

On October 16, 2018, Skeena closed an agreement with Hochschild Mining Holdings Limited ("Hochschild"). The agreement included an option to acquire a portion of Skeena's Snip Property (Note 7), as well as a private placement financing. Concurrent with entering into the agreement with Hochschild, Skeena collected gross proceeds of $6,767,398 from the sale of 7,519,331 flow-through common shares of the Company at a price of $0.90 per share. The Company incurred share issuance costs of $252,942 in association with the Hochschild financing.

Additional shares were issued subsequent to year end (Note 19).

Stock options and warrants

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock on the date of grant. The options can be granted for a maximum term of five years and vest at the discretion of the Board of Directors.

Property-option payments in shares

On April 28, 2017, the Company provided Barrick with notice of exercise of the Snip option, following which the Company issued to Barrick the final share payment of 125,000 shares (Note 7 - Snip Property) on July 19, 2017, and advanced funds to the province to provide security over the on-going costs of environmental monitoring at the site.

On November 7, 2017, in accordance with the 2015 Agreement for the Purchase of the GJ Property, the Company issued an aggregate of 2,884,059 common shares of the Company, with a total deemed value of $1.5 million, based on the Company's trailing 10-day volume-weighted-average trading price.

Share-based payments

On January 31, 2017, the Company granted 830,000 stock options to directors, officers, employees and consultants, exercisable at $1.00 per option until January 31, 2022. The options were valued using the Black-Scholes option pricing model and had a fair value of $672,083. 7,500 of the stock options were subject to vesting over one year with the balance vesting immediately.

On January 15, 2018, the Company granted 2,250,000 stock options to directors, officers, employees and consultants, exercisable at $0.77 per option until January 15, 2023. The options vested immediately, were valued using the Black-Scholes option pricing model and had a fair value of $1,642,000.

Additional options were granted subsequent to year end (Note 19).

(expressed in Canadian dollars)

13. CAPITAL STOCK AND RESERVES (continued)

Stock option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

Risk-free interest rate	**2018**	**2017**
Expected life	5.0 yrs	5.0 yrs
Annualized volatility	171%	135%
Dividend rate	0.00%	0.00%
Fair value of a share at grant date	$0.77	$0.95
Risk-free interest rate	1.99%	1.11%

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, December 31, 2016	6,810,153	$ 1.10*	4,527,944	$ 1.30
Expired	-	$ 1.00	(122,500)	$ 1.10
Issued/granted	9,540,706	$ 1.00	830,000	$ 1.00
Outstanding, December 31, 2017	16,350,859	$ 1.13*	5,235,444	$ 1.25
Expired	(411,019)	$ 1.00	-	-
Cancelled	-	-	(69,000)	$ 0.82
Issued/granted	5,338,649	$ 0.87	2,250,000	$ 0.77
Outstanding, December 31, 2018	21,278,489	$ 1.12	7,416,444	$ 1.11
Number exercisable, December 31, 2018	21,278,489	$ 1.12	7,416,444	$ 1.11

*The three-year warrants expiring June 29 to July 22, 2019 increased their exercise price by $0.20 each anniversary.

The weighted average remaining contractual life of the stock options is 2.70 (2017 – 2.19) years.

The weighted average remaining contractual life of the warrants is 0.96 (2017 – 1.91) years.

(expressed in Canadian dollars)

13. CAPITAL STOCK AND RESERVES (continued)

As at December 31, 2018, incentive stock options and share purchase warrants were outstanding as follows:

	Number		Exercise Price	Expiry Date
Options	1,360,000	$	1.00	November 6, 2019
	60,000	$	1.00	January 29, 2020
	1,950,000	$	1.00	June 23, 2021
	980,000	$	1.50	July 25, 2021
	792,500	$	1.00	January 31, 2022
	77,944	$	11.74	Various – approx. 2.6 years left.
	2,196,000	$	0.77	January 15, 2023
	7,416,444	$	1.11	
Warrants	5,399,135	$	1.60	June 29 to July 22, 2019
	750,179	$	0.70	Mar 29, 2019 (Note 19)
	1,000,000	$	1.00	September 15, 2019
	4,588,470	$	0.90	Mar 29, 2020
	5,374,039	$	1.00	June 13, 2020
	4,166,667	$	1.00	October 6 to 16th, 2019
	21,278,490	$	1.10	

Additional options were granted and forfeited or cancelled subsequent to year end (Note 19).

As at December 31, 2017, incentive stock options and share purchase warrants were outstanding as follows:

	Number		Exercise Price	Expiry Date
Options	1,360,000	$	1.00	November 6, 2019
	60,000	$	1.00	January 29, 2020
	1,950,000	$	1.00	June 23, 2021
	980,000	$	1.50	July 25, 2021
	807,500	$	1.00	January 31, 2022
	77,944	$	11.74	Various – approx. 2.6 years left.
	5,235,444	$	1.00	
Warrants	411,018	$	0.80	June 29, 2018
	5,399,135	$	1.40*	June 29 to July 22, 2019
	1,000,000	$	1.00	September 15, 2019
	5,374,039	$	1.00	June 13, 2020
	4,166,667	$	1.00	October 6 to 16th, 2019
	16,350,859	$	1.10	

*The three-year warrants expiring June 29 to July 22, 209 increased their exercise price by $0.20 each anniversary.

(expressed in Canadian dollars)

14. CAPITAL RISK MANAGEMENT

The Company manages its common shares, options and warrants as capital. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares (See Note 1, Going Concern). When managing the capital structure, the Company's competing objectives are: to safeguard its ability to continue as a going concern in order to actively pursue the exploration and development of its projects; and to minimise the number of shares issued. The Company has not established any quantitative capital management criteria as the competing objectives require subjective analysis.

The Company is not subject to any externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size and stage of the Company, is reasonable. There has been no change to the Company's capital risk management approach for the year ended December 31, 2018.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Non-cash transactions and other supplemental disclosures:		**2018**		2017
Marketable securities received on sale of Mt. Rainey	$	(1,472,500)	$	-
Broker warrants issued on private placement	$	138,576	$	-
Issuance of shares for finder's fees in a private placement	$	-	$	62,962
Issuance of shares for mineral property interests	$	-	$	1,556,250

16. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27.00% (2017 - 26.00%) to income before income taxes. The reasons for the differences are as follows:

		2018		2017
Loss for the year	$	(15,520,022)	$	(10,002,067)
Statutory income tax rate		27.00%		26.00%
Expected income tax benefit		(4,190,406)		(2,600,538)
Items not deductible for income tax purposes		607,815		181,903
Non-taxable items		(284,166)		(390,507)
Flow through share issuances		1,790,833		1,574,229
Unrecognized benefit of deferred tax assets		2,075,924		1,234,913
Income tax expense	$	-	$	-

(expressed in Canadian dollars)

16. INCOME TAXES (continued)

The Company recognizes a deferred tax asset on unused tax losses or other deductible amounts only when the Company expects to have future taxable profit against which the amounts could be utilised. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2018	2017
Equipment	$ 336,847	$ 127,908
Share issuance costs	1,803,087	1,612,416
Net Capital losses	783,759	120,881
Provision for closure and reclamation	1,285,397	-
Non-capital losses carried forward	28,226,677	26,529,520
Exploration and evaluation	8,882,050	5,470,161
Unrecognized deductible temporary differences	$ 41,317,817	$ 33,860,886

The Company's unrecognized unused non-capital tax losses have the following expiry dates:

	Canada
2026	$ 1,563,000
2027	1,440,000
2028	1,207,000
2029	1,355,000
2030	2,095,000
2031	1,637,000
2032	1,060,000
2033	989,000
2034	1,147,000
2035	3,182,000
2036	4,444,000
2037	4,033,000
2038	4,074,000
	$ 28,227,000

(expressed in Canadian dollars)

17. CONTINGENCY

Due to the nature of the Company's operations, various legal and tax matters arise in the ordinary course of business. The Company accrues such items as liabilities when the amount can be reasonably estimated, and settlement of the matter is probable to require an outflow of future economic benefits from the Company.

Eilat, and related parties, have on a number of occasions asserted certain claims against the Company pertaining to the Asset Purchase Agreement ("APA") dated April 14, 2014 and April 27, 2015 governing the Company's purchase of the Spectrum property. The Company received formal notices of civil claims in relation to the APA, in April of 2016. Notably, no further steps have been taken by the litigant since bringing the claims. In the opinion of management, the outcome of these events is not determinable at this time, and these matters are not expected to have a material effect on the consolidated financial statements of the Company.

The Company has previously had operations in other countries, and has not yet completed the formal process of dissolution of a subsidiary company. There may be amounts owed by that subsidiary company, including mining concession fees unpaid since January 2014, estimated to be $100,000 per year, that are not probable to require an outflow of future economic benefits to satisfy. As a result, the Company has not accrued those amounts as liabilities.

18. COMMITMENTS

The Company entered into lease agreements for office premises that commenced January 1, 2016 and June 1, 2016 and expire December 31, 2025. The total lease payment pursuant to the agreement is $2,919,154 (including estimated operating expenses of $1,064,241). There are flexible arrangements with other companies that share rent and office expenses on a cost-recovery basis which will reduce the Company's share of this amount.

Office lease payments due within:		
1 year	$	289,400
1 - 3 Years		589,420
4 - 5 Years		600,000
After 5 years	$	600,500

Please refer also to Note 11 for a discussion of commitments related to the issuance of flow-through shares, and to Note 7 for a discussion of commitments related to exploration and evaluation assets.

19. SUBSEQUENT EVENTS

On April 10, 2019, the Company raised gross proceeds of $2,000,000 through a private placement financing, issuing 5,194,805 common shares at a price of $0.385. Cash finder's fees of $65,975 were paid in connection with the private placement. No warrants, options, or bonus shares were issued in conjunction with this financing.

On April 15, 2019, the Company granted 3,815,000 incentive stock options to directors, officers, employees and consultants, exercisable at $0.41 per share until April 15, 2024. All of the options granted vested immediately. In addition, 927,944 incentive stock options were forfeited or cancelled in April 2019. The options had a weighted average exercise price of $1.97, and a weighted average remaining life of 1.82 years.

On March 29, 2019, 750,179 broker warrants, exercisable at $0.70 per share, expired unexercised. These warrants were issued in conjunction with the private placement financing on March 29, 2018, which raised total gross proceeds of $8,462,664 (Note 13).