SKEENA
RESOURCES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

Three months ended March 31, 2018 and 2017

MANAGEMENT DISCUSSION AND ANALYSIS

QUARTER ENDED MARCH 31, 2018

INTRODUCTION

The Management Discussion & Analysis has been prepared by management and reviewed and approved by the Board of Directors on May 28, 2018. The following discussion of performance, financial condition and future prospects should be read in conjunction with the unaudited quarterly condensed interim consolidated financial statements and the related notes thereto for the quarters ended March 31, 2018 and March 31, 2017, and in conjunction with the audited annual consolidated financial statements and the related notes thereto for the years ended December 31, 2017 and December 31, 2016. The information provided herein supplements but does not form part of the consolidated financial statements. This discussion covers the three months ended March 31, 2018 and the subsequent period up to May 28, 2018, the date of preparation of this MD&A. Monetary amounts in the following discussion are in Canadian dollars unless otherwise noted.

Additional information, including annual audited consolidated financial statements and more detail on specific mineral exploration properties discussed in this MD&A can be found on the Company's page at www.sedar.com or on the Company's website: www.skeenaresources.com

The technical information presented herein has been reviewed by Paul Geddes, P.Geo, the Company's Vice-President of Exploration and Resource Development, and a qualified person as defined by National Instrument 43-101.

This MD&A contains Forward Looking Information.
Please read the Cautionary Statements on page 3 carefully.

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking statements or forward-looking information within the meaning of applicable Canadian securities laws. All statements and information, other than statements of historical fact, included in or incorporated by reference into this MD&A are forward-looking statements and forward-looking information, including, without limitation, statements regarding activities, events or developments that we expect or anticipate may occur in the future. Such forward-looking statements and information can be identified by the use of forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue" or similar words and expressions or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which such forward-looking statements and information are based will occur or, even if they do occur, will result in the performance, events or results expected.

The forward-looking statements and forward-looking information reflect the current beliefs of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors which could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed in or implied by the forward-looking statements. This forward-looking information includes estimates, forecasts, plans, priorities, strategies and statements as to the Company's current expectations and assumptions concerning, among other things, ability to access sufficient funds to carry on operations, financial and operational performance and prospects, anticipated outcomes of lawsuits and other legal issues, particularly in relation to potential receipt or retention of regulatory approvals, permits and licenses, treatment under governmental regulatory regimes, stability of various governments including those who consider themselves self-governing, continuation of rights to explore and mine, collection of receivables, the success of exploration programs, the estimation of mineral resources, anticipated conclusions of economic assessments of projects, our ability to attract and retain skilled staff, expectations of market prices and costs, exploration, development and expansion plans and objectives, requirements for additional capital, the availability of financing, and the future development and costs and outcomes of the Company's exploration projects. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to vary materially.

We caution readers of this MD&A not to place undue reliance on forward-looking statements and information contained herein, which are not a guarantee of performance, events or results and are subject to a number of risks, uncertainties and other factors that could cause actual performance, events or results to differ materially from those expressed or implied by such forward-looking statements and information. These factors include: the ability to obtain permits or approvals required to conduct planned exploration programs; the results of exploration; inaccurate geological and engineering assumptions; unanticipated future operational difficulties (including cost escalation, unavailability of materials and equipment, industrial disturbances or other job action and unanticipated events related to health, safety and environmental matters); social unrest; failure of counterparties to perform their contractual obligations; changes in priorities, plans, strategies and prospects; general economic, industry, business and market conditions; disruptions or changes in the credit or securities markets; changes in law, regulation, or application and interpretation of the same; the ability to implement business plans and strategies, and to pursue business opportunities; rulings by courts or arbitrators, proceedings and investigations; inflationary pressures; and various other events, conditions or circumstances that could disrupt Skeena's priorities, plans, strategies and prospects including those detailed from time to time in the Company's reports and public filings with the Canadian securities administrators, filed on SEDAR.

This information speaks only as of the date of this MD&A. The Company undertakes no obligation to revise or update forward-looking information after the date of this document, nor to make revisions to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws or the policies of the TSX-V exchange.

THE COMPANY

The principle business of Skeena Resources Limited ("Skeena" or "the Company") is the exploration and development of mineral properties in the Golden Triangle of northwest British Columbia, Canada. The Company owns or controls several exploration-stage properties including the past-producing Snip gold mine ("Snip") and the past-producing Prosperity-Porter Idaho-Silverado silver mine ("Porter Idaho"), and holds an option to acquire a 100% interest in the past-producing Eskay Creek gold mine ("Eskay"). Skeena also announced the results of a Preliminary Economic Assessment for the Spectrum-GJ copper-gold porphyry project ("Spectrum-GJ"), for which the Company holds a 100% interest in the Spectrum property and an option to acquire a 100% interest in the adjoining GJ property.

The Company is a reporting issuer in British Columbia, Alberta and Saskatchewan. The Company trades on the TSX Venture Exchange under the symbol SKE.

EXPLORATION PROPERTIES

Snip Project, Northwest British Columbia:

On July 31, 2017, Skeena acquired a 100% interest in the Snip project from Barrick Gold Inc. ("Barrick"). The property consists of one mining lease and four mineral tenures totaling approximately 1,932 hectares. Under the terms of the acquisition agreement with Barrick, Barrick retains certain rights, principally:

- 1% Net Smelter Returns royalty interest ("NSR") retained by Barrick on the Snip property, or
- Subject to Skeena delineating in excess of 2 million ounces of gold, Barrick may exercise a back-in right to purchase a 51% interest in the property in return for a payment of three times Skeena's cumulative exploration expenditures on the property, following which the parties will form a joint venture, and Barrick would relinquish its 1% NSR.

The Snip project includes the past-producing Snip gold mine. The former mine produced approximately 1.1 million ounces of gold from 1991 to 1999 at an average grade of 27.5 g/t. Skeena initially reviewed and modelled over 280,000 metres of historical drill data and completed an initial 7,200 metre surface drill program in 2016 with encouraging results. A winterized exploration camp has been established, and in 2017 the team re-opened and rehabilitated the underground workings, re-established ventilation and electric services prior to completing an initial 8,652 metre underground drill-program in December of 2017. An 11,000 metre Phase-II underground drill-program is currently underway.

Eskay Creek Project, Northwest British Columbia

On December 18, 2017, Skeena announced that it had entered into an option agreement with Barrick Gold Inc. ("Barrick") under which Skeena may acquire a 100% interest in the past producing Eskay Creek property ("Eskay"), located in the Golden Triangle region of northwest British Columbia.

In order to acquire the 100% interest in Eskay, Skeena must first:

- Incur C$3,500,000 in exploration expenditures on the Property prior to December 18, 2020 of which C$1,500,000 must be incurred prior to December 18, 2019 ("Exploration Requirement");

- Pay to Barrick C$10,000,000 ("Purchase Price") once (i) the Exploration Requirement has been met (ii) all regulatory approvals have been received and (iii) all permit transfers and underlying agreement consents have been obtained; and
- Reimburse Barrick for (i) reclamation expenditures incurred during the Option period and (ii) assuming the bond amount on the Property, collectively up to a maximum amount of C$7,700,000, provided that the Purchase Price will be reduced if those amounts, in aggregate, exceed C$7,700,000.

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. The back-in right may only be exercised by Barrick for a 12-month period following notification that Skeena has published a NI 43-101 resource on the Property of at least 1,500,000 ounces of contained gold (or equivalent). To exercise the back-in right, Barrick will pay Skeena up to three times its cumulative expense on the property. As part of the back-in Barrick would also reimburse to Skeena the Purchase Price and assume any bonding requirement for its proportionate interest, following which the parties will form a joint venture.

Eskay produced 3.3 million ounces of gold and 160 million ounces of silver from 2.2 million tonnes of ore from 1994 until closure in 2008.

Spectrum-GJ Project, Northwest British Columbia

The 43,410-hectare Spectrum-GJ copper-gold property consists of 93 contiguous mineral claims situated approximately 30 km west of Imperial Metals' Red Chris Mine in the Golden Triangle of northwest British Columbia. The property consists of the Spectrum gold project, which contains high-grade sulphide-gold (>4 g/t Au) and bulk tonnage porphyry-style gold-copper, and the GJ project, which contains copper-gold porphyry mineralization.

In April 2017, Skeena announced the results of a Canadian National Instrument 43-101 Preliminary Economic Assessment ("PEA") and a Mineral Resource update for Spectrum-GJ. The detailed technical report is available both on SEDAR and on the Company's website. The project has a greater than 25-year mine life with a low initial capex of CAD $216 million, a base case pre-tax 8% NPV of CAD $546 million and a 27% IRR. Skeena is actively seeking a partner or financing to advance the project.

Porter Idaho Project, Northwest British Columbia

The 100% owned Porter Idaho high-grade silver asset consists of 46 Crown-granted mineral claims and three mineral cells covering the past-producing, underground Prosperity–Porter Idaho–Silverado property located immediately east of the town of Stewart in the Golden Triangle of northwest British Columbia. Skeena acquired the asset in September 2016 by acquiring Mount Rainey Silver Inc. by way of a plan of arrangement. In addition to Porter Idaho, the Company also obtained the Glacier Creek Claims, 45 crown-granted claims covering approximately 1,630 acres located approximately 2.5 km to the north, in the Bear River Valley in British Columbia, together with 12 municipal lots located in Stewart, British Columbia.

The Company announced on May 2, 2018, that it has entered into a non-binding letter of intent to sell Mount Rainey Silver to Strikepoint Gold Inc. ("Strikepoint"). Subject to regulatory approval, financing, due diligence and the execution of a definitive binding agreement, Skeena would receive $3.5M, half in cash, half in Strikepoint common shares, in addition to a 1% NSR, half of which may be repurchased by Strikepoint for $750,000.

Porter Idaho produced 2.2 million ounces of silver between 1929 and 1931 at an average grade of 73.8 oz/ton. The property currently contains an historical Indicated Resource of 394,700 tonnes grading 868 g/t silver, 3.37% lead and 1.41% zinc (435,000 tons @ 27.9 oz/ton silver or a contained 11 million ounces silver) and an historical Inferred Resource of 88,900 tonnes grading 595 g/t silver (97,900 tons @ 17.3 oz/ton silver or a contained 1.7 million ounces silver). Caution: The historical Indicated and Inferred Resources are historical in nature, have not been verified by Skeena's qualified person, and should not be relied upon.

Blackdome & Elizabeth Properties, South Central British Columbia

On September 15, 2016, the Company acquired all of the issued and outstanding common shares of Sona Resources Corporation ("Sona"), in exchange for 1,493,642 common shares of the Company and other additional consideration. Sona's primary assets are the past-producing Blackdome gold mine ("Blackdome") and related infrastructure, and an option to earn a 100% interest in the adjoining Elizabeth gold property ("Elizabeth"), which is considered prospective for gold. A legal dispute against Sona by the two vendors of the Elizabeth and surrounding Blue mineral claims, alleging non-performance under the option agreements, was adjudicated before the Supreme Court who dismissed the claims with costs awarded to Sona, Skeena's wholly owned subsidiary; however, the vendors of the Elizabeth property filed an appeal on November 16, 2017 requesting that the court cancel the option agreement covering the Elizabeth property. The appeal has been heard, and the Company is awaiting the Supreme Court's ruling. Skeena will continue to defend the Elizabeth option agreement in court.

RECENT TRANSACTIONS

Financing Transactions

On June 13, 2017, Skeena closed a private placement, raising gross proceeds of approximately C$5.7 million. The Company issued (a) 8,132,923 Units on a non-flow-through basis at a price of C$0.50 per Unit for gross proceeds of C$4,066,462, and (b) 2,489,231 Units on a flow-through basis at a price of C$0.65 per Unit for gross proceeds of C$1,618,000, for aggregate gross proceeds of C$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 one common share of the Company, on a non-flow-through and flow-through-basis, respectively, and one-half of one non-flow-through common share purchase warrant of the Company (each whole common share purchase warrant, a "Warrant" and, collectively, the "Warrants"). Each Warrant entitles the holder to purchase one common share of the Company at a price of C$1.00 until June 13, 2020.

On October 3, & 17th, 2017, Skeena closed a strategic investment 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 non-flow-through share purchase warrant. Each whole warrant is exercisable for a period of 2 years at a price of $1.00 for 24 months following closing.

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 closed a brokered private placement financing, raising gross proceeds of $8,462,664. The Company issued 9,176,940 Units at a price of C$0.60 per Unit for gross proceeds of C$5,506,164, and 4,223,571 FT Shares at a price of C$0.70 per FT Share for gross 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 addition, 750,179 broker warrants were issued, exercisable at $0.70 per share until March 29, 2019.

Share consolidation

On October 20, 2017, the Company consolidated its share capital, issuing one new post-consolidation common share for ten pre-consolidation common shares. As such, all share-figures stated in this document are stated in post-consolidation shares.

RECENT PROGRESS

Snip Project, Northwest British Columbia

On July 31, 2017, Skeena announced that it had satisfied the terms of the option agreement and has acquired a 100% interest in the Snip Project from Barrick.

Underground drilling in late 2017 focused on confirming and expanding upon the modelled remnant mineralization proximal to the underground development. The program also targeted the numerous mineralized footwall structures that were not included in the historical Snip mineral resource. The data collected from this initial Phase I, 8,652 metre program was used to inform an 11,000 metre Phase II drill program initiated in March 2018, and currently underway.

The 2017 Phase I underground drilling program at the Snip Project was successful in not only confirming the spatial and grade continuity of remnant mineralization but also defining new extensions to zones that were not drill delineated by previous operators. Geological and grade modelling of the extensive historical database resulted in the generation of numerous targets including the 200 Footwall Corridor and Eastern Twin Zone.

Situated 200 metres below the Twin Zone, which produced 709,601 ounces averaging 28.95 g/t Au, the newly interpreted 200 Footwall is a parallel structure geologically and structurally analogous to the mineralization hosted in the Twin Zone. The 200 Footwall received limited underground drilling from previous operators and was tested by 2016 Skeena drill hole S16-006 which intersected 16.24 g/t Au over 13.50 metres in a previously undrilled area. The lack of drilling and geological similarities to the Twin Zone make the 200 Footwall a substantial exploration target and a large portion of the 2018 program is designed to expand upon this newly modelled and largely untested area.

Along its strike extension beyond the eastern portion of the former Snip mine, the Eastern Twin Zone was less densely drill-defined by the former operators and was never developed. During the 2017 Phase I program, Skeena targeted this area and intersected 91.56 g/t Au over 3.82 metres in UG17-062 at a vertical depth of 50 metres below surface. The depth potential of the Eastern Twin Zone was also tested by drill hole UG17-035 which intersected two broad intervals grading 19.26 g/t Au over 11.85 metres followed by 11.21 g/t Au over 5.95 metres at a vertical depth of 370 metres below surface.

As the Eastern Twin Zone remains open for expansion in between, and down-plunge below these new intersections, 2018 drilling on the Eastern Twin Zone will focus on infill drilling as well as testing depth extensions.

GJ Project Progress, Northwest British Columbia

GJ Preliminary Economic Analysis

On April 20, 2017, Skeena announced the results of a Canadian National Instrument 43-101 Preliminary Economic Assessment ("PEA") and Mineral Resource update for the Company's Spectrum-GJ copper-gold project ("GJ"). The PEA and Mineral Resource update focus on two deposits that are approximately 14 km apart: the porphyry copper-gold Donnelly Deposit at GJ ("Donnelly") and the porphyry gold-copper Spectrum Central Zone ("Spectrum").

Conventional truck and shovel open pit mining is planned with a staged approach to production output, starting at 10,000 tonnes per day ("tpd") at Donnelly, ramping up to 20,000 tpd in year 6 when Spectrum comes on-line, and reaching 30,000 tpd in year 12. The staged approach was adopted to limit operational, technical and capital risks that are typical of new mine start-ups. Using base case parameters, copper would generate approximately two-thirds of project revenue during the initial five years of production and approximately 58% over the life of the mine.

The overall planned mine life is 25 years with upside potential to increase this beyond 30 years. A centrally located flotation processing plant and a single life-of-mine tailings storage facility are planned, with a conventional Carbon-in-Leach ("CIL") plant added at year 6 for improved gold recovery.

The project has an initial capital cost of C$216 million and benefits from the presence of existing infrastructure on or adjacent to the project area, including grid hydro-power, paved Highway No. 37 and an industrial road that extends to within 10 km of the planned processing plant site. The proximity of the deep-water Port of Stewart, B.C., is a further significant project benefit.

Preliminary Economic Analysis:

Parameter	Base Case	Upside Case 1	Upside Case 2
Copper price (US$/lb)	2.75	3.00	3.25
Gold (US$/oz)	1,250	1,300	1,350
Silver (US$/oz)	17.75	20.00	22.50
Economic Results (Pre-Tax)			
NPV 8% (millions)	C$ 546.18	C$ 699.62	C$ 853.86
IRR	26.6%	31.0%	35.3%
Payback (years)	3.81	3.19	2.71
Economic Results (After-Tax)			
NPV 8% (millions)	C$ 314.09	C$ 412.99	C$ 512.35
IRR	20.6%	23.9%	27.1%
Payback (years)	4.21	3.68	3.26

The PEA indicates an initial capex of less than US$200 million, combined with a 25-year mine life and an after-tax, base case IRR of better than 20%. These key characteristics are coupled with average strip ratios of 0.52 at the Spectrum pit and 0.86 at the Donnelly pit, good metallurgical recoveries and opportunities for project expansion and exploration. ***The base case after-tax net present value (using an 8% discount rate) for the Spectrum-GJ project alone vastly exceeds Skeena's current market capitalization.***

Relations with Indigenous Communities

The Company is currently drilling an 11,000 meter program on the Snip project, which falls within the traditional territory of the Tahltan Nation. The Tahltan Central Government represents the people of the Tahltan Nation, including the communities of Telegraph Creek and Iskut.

Skeena has established both a Communications Agreement and an Exploration Agreement with the Tahltan Central Government. The Communications Agreement provides a protocol and framework for communication activities with the Nation; establishing a system and schedule for ongoing community engagement, and discussions with community leadership. The Exploration Agreement addresses employment and contracting opportunities, permit application reviews, environmental monitoring, protection of cultural resources, and capacity funding support to the Tahltan Central Government related to Skeena's exploration work in Tahltan traditional territory. Collectively, these agreements support the ongoing development of the strong collaborative relationship between Skeena and Tahltan.

DISCUSSION OF OPERATIONS

The Company completed the quarter with working capital[1] of $5,763,328 (Dec 31, 2017 - deficit of $50,768). Being in the exploration stage, the Company does not have revenue from operations, and has historically relied on equity funding and non-arm's length loans for its continuing financial liquidity.

EXPLORATION AND EVALUATION EXPENSES

2018	Snip	GJ	Eskay	Porter Idaho	Blackdome	Total
Claim renewals and permits	$ 41,513	$ -	$ 31,876	$ 12,518	$ 24,944	$ 110,851
Fieldwork, camp support and local office	345,533	3,258	-		3,200	351,991
Assays and analysis/storage	102,115	-	-	-	-	102,115
Community relations	34,206	-	-	-	-	34,206
Drilling	17,703	-	-	-	-	17,703
Environmental studies	4,824	-	-	-	535	5,359
Geology, geophysics, and geochemical	191,520	53,946	11,112	5,513	1,725	263,816
Fuel	35,748	-	-	-	-	35,748
Helicopter	61,112	-	-	-	-	61,112
Electrical	46,775	-	-	-	-	46,775
Share based payments	476,000	-	-	-	-	476,000
Total for the three months ended March 31, 2018	$ 1,357,049	$ 57,204	$ 42,988	$ 18,031	$ 30,404	$ 1,505,676

2017	Snip	GJ	Eskay	Porter Idaho	Blackdome	Total
Claim renewals and permits	$ 14,011	$ 130	$ -	$ 927	$ 10,029	$ 25,097
Fieldwork, camp support and local office	993	9,829	-	-	-	10,822
Assays and analysis/storage	3,478	10,187	-	161	-	13,826
Community relations	11,724	29,073	-	-	-	40,797
Environmental studies	15,794	37,965	-	-	2,801	56,560
Geology, geophysics, and geochemical	114,585	344,928	-	6,428	6,088	472,029
Metallurgy	-	113,654	-	-	-	113,654
Share based payments	27,666	55,332	-	-	-	82,998
Total for the three months ended March 31, 2017	$ 188,251	$ 601,098	$ -	$ 7,516	$ 18,918	$ 815,783

[1] Working capital is a non-GAAP measure and is defined as current assets less current liabilities.

SUMMARY OF QUARTERLY RESULTS

The following tables report selected financial information of the Company for the past eight quarters.

Quarter ended		31-Mar-18		31-Dec-17		30-Sep-17		30-Jun-17
Revenue [1]		-		-		-		-
Loss for the quarter	$	[2] (3,233,653)	$	[3] (3,493,429)	$	[4] (3,061,682)	$	[5] (1,617,460)
Loss per share	$	(0.01)	$	(0.01)	$	(0.00)	$	(0.00)

Quarter ended		31-Mar-17		31-Dec-16		30-Sep-16		30-Jun-16
Revenue[1]		-		-		-		-
Loss for the quarter	$	[6] (1,829,096)	$	[7] (1,882,666)	$	[8] (7,511,101)	$	[9] (3,366,506)
Loss per share	$	(0.01)	$	(0.01)	$	(0.01)	$	(0.01)

(1) this being an exploration stage company, there are no revenues from operations;
(2) includes exploration expenditures of $1,505,676, and share-based payments of $1,166,000
(3) includes exploration expenditures of $3,547,455, and flow-through premium recovery of $1,350,078
(4) includes exploration expenditures of $2,617,241
(5) includes exploration expenditures of $956,803
(6) includes exploration expenditures of $815,783
(7) includes exploration expenditures of $1,562,486
(8) includes exploration expenditures of $5,986,029 and $1,084,909 in share-based payments expense
(9) includes exploration expenditures of $1,431,880 and $1,160,531 in share-based payments expense

Loss for the quarter ended March 31, 2018

Losses of $3,233,653 in the three months ended March 31, 2018 (“Q1-18”) were lower than the quarters ended March 31, 2017 (“Q1-17”), primarily due to the greater share-based payments expense in Q118, coupled with higher exploration costs in Q1-18. Exploration activity levels were higher in Q1-18 than in Q1-17 due to costs trailing from the drill program which wrapped up in December 2017.

Investor relations expenditures increased $89,913 from Q1-17, due to a focus by senior management on producing the Preliminary Economic Assessment in Q1-17, as compared with a focus on fundraising in Q1-18, ultimately resulting in the financing which closed on March 29, 2018, described further in the “recent transactions” section of this document.

Cash flows for the quarter ended March 31, 2018

The Company’s operating activities consumed net cash of $914,103 (2017 – $1,356,827) during the quarter ended March 31, 2018. The lower 2018 operating cash consumption relative to the larger net loss occurred due to the larger share-based payments non-cash item added back in Q1-18, coupled with the growth in accounts payable and accrued liabilities.

The Company closed a private placement financing on March 29, 2018 which resulted in a net cash inflow to the Company of $7,810,532. There were no similar financing activities which occurred in 2018, and there were no substantial investing activities.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital[2] of $5,763,328 as of March 31, 2018 (Dec 31, 2017 – deficit of- $50,768). The increase in cash and cash equivalents since the 2017 year-end, and the increase in payables reflects an increase in liquidity. However, the increase in working capital was moderated somewhat by an increase in accounts payable, as a result of the operational spending during the quarter. Being in the exploration stage, the Company does not have revenues from operations, and relies on equity funding and non-arm's length loans for its continuing financial liquidity.

The Company's most recent private placement was completed on March 29, 2018, raising gross proceeds of $8,462,664. This transaction is more fully described in the "Financing Transactions" portion of the section above labelled "Recent Transactions."

While funds were raised during the current fiscal period, management cautions that the Company's ability to raise further funding is not certain. Additional funds will be required in order to pursue the Company's current exploration plans. An inability to raise additional funds would adversely impact the future assessment of the Company as a going concern.

CHANGES IN ACCOUNTING POLICIES

Accounting policies used in the quarter are as set out in the audited annual financial statements for the year ended December 31, 2017, with the adoption of updated policies to comply with evolving International Financial Reporting Standards, which are described below.

Several amendments to existing accounting standards have been adopted effective January 1, 2018, including:

IAS 12 Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The addition of these amendments has not had a material impact on the financial statements.

IFRS 9 Financial Instruments

A finalized version of IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements for classification and measurement of financial assets and liabilities; impairment of financial assets; hedge accounting; and derecognition of financial assets and liabilities carried forward from IAS 39. This new standard has not had a material impact on the financial statements.

New accounting standards expected to be adopted in future years:

The following new standards, and amendments to standards and interpretations, were not yet effective and have not been applied in preparing these consolidated financial statements.

[2] Working capital, a non-GAAP-measure is defined as current assets net of current liabilities.

IFRS 16 Leases

A finalized version of IFRS 16 *Leases* replaces IAS 17 *Leases*. 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 expects the new standard to result in some leases that are currently accounted for under the operating lease method being added to the balance sheet. Such adjustments, however, are not yet quantifiable as the Company's assets under lease may be different at the time of standard implementation.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, deposits, and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest risk arising from the financial instruments. The Company is exposed to credit risk in relation to the receivables balances, however, most receivables are in relation to sales tax due from the Canadian government. Interest risk and credit risk are managed for cash by maintaining deposits in redeemable GIC's or savings accounts belonging to a major Canadian bank or credit union. Credit risk is managed for receivables by seeking prompt payment, monitoring the age of receivables, and making follow up inquiries when receivables are not paid in a timely manner. The Company manages its currency risk by periodically adjusting the principal foreign currency cash balances to approximately match foreign currency liabilities. This helps to reduce the Company's gains and losses as a result of fluctuations in foreign exchange rates. Interest on short-term deposits is classified as interest income on the Consolidated Statement of Comprehensive Loss. There are no gains, losses or expenses associated with this financial instrument. The Company does not engage in any hedging activities. Other financial instruments do not generally expose the Company to risk that is significant enough to warrant reducing via purchasing specific insurance or offsetting financial instruments. Further discussion of these risks is presented in Note 4 of the audited consolidated financial statements for the year ended December 31, 2017.

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 quarters ended March 31, 2018 and 2017 is as follows:

	Three months ended March 31, 2018	Three months ended March 31, 2017
Short-term benefits[1]	$ 146,500	$ 199,862
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.

In accordance with Item 1.9 of Part 2 of Form 51-102.F1 the Company has no ongoing contractual commitments with related parties, apart from those established under the employee-employer relationship. Short term benefits were paid or are payable to Walter Coles and Virginia Uranium Inc. for services of the Chief Executive Officer, to Andrew MacRitchie for services of the Chief Financial Officer, to Cold Stream Exploration Ltd. for services of the former Vice-President of Exploration and to Cathro Resources Corp. for services of the former Vice-President of Operations.

In addition, each of the non-executive directors received director's fees. Other than the amounts disclosed above, there were no short-term employee benefits or share-based payments granted to key management personnel during the periods ended March 31, 2018 and 2017.

Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities at March 31, 2018 is $275,725 (December 31, 2017 - $155,000) due to directors or officers or companies with common directors or officers. These amounts are owed in relation to key management compensation noted above.

RISK FACTORS AND MANAGEMENT'S RESPONSIBILITY OVER FINANCIAL REPORTING

Risk Factors

Development-stage mineral exploration companies face a variety of risks and, while unable to eliminate all of them, the Company aims to manage and reduce such risks as much as possible.

Few exploration projects successfully achieve development due to factors that cannot be predicted or anticipated, and even a single such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company closely monitors its activities and those factors that could impact them, and retains experienced consultants to assist in its risk management and to make timely adequate decisions.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties.

The price of the commodities being explored is also a significant risk factor, as a substantial decline in their price could result in a decision to abandon a specific project.

Environmental laws and regulation could also impact the viability of a project. The Company has ensured that it has complied with these regulations, but there can be changes in legislation outside the Company's control that could also add a risk factor to a project.

Finally, operating in a specific country has legal, political and currency risks that must be carefully considered to ensure their level is commensurate to the Company's assessment of the project.

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 for such items when a liability is probable, 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 Exploration Ltd., and related parties, have on a number of occasions asserted certain claims against the Company pertaining to an asset purchase agreement ("APA") dated April 14, 2014 and April 27, 2015 governing Skeena's acquisition 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, but these matters are not currently 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 the relevant subsidiary companies. There may be amounts owed by those subsidiary companies, 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.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

OUTSTANDING SHARE DATA

The following section updates the Outstanding Share Data provided in the unaudited consolidated financial statements for the quarter ended March 31, 2018.

Common Shares:		
	Shares outstanding at March 31, 2018 and May 28, 2018	90,328,548
Stock Options:		
	Options outstanding at March 31, 2018 and May 28, 2018	7,485,443
Warrants:		
	Warrants outstanding at March 31, 2018 and May 28, 2018	21,689,508