SKEENA RESOURCES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

Year ended December 31, 2017 and 2016

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2017

INTRODUCTION

The Management Discussion & Analysis has been prepared by management and reviewed and approved by the Board of Directors on April 27, 2018. The following discussion of performance, financial condition and future prospects should be read 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 and twelve months ended December 31, 2017 and the subsequent period up to April 27, 2018, the date of issue 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 Gold Mine, Northwest British Columbia:

On July 31, 2017, Skeena acquired a 100% interest in the Snip past-producing gold mine 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 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 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 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 in the Bear River Valley in British Columbia, together with 12 municipal lots located in Stewart, British Columbia.

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 @ 25.2 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). <u>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.</u>

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, including events subsequent to December 31, 2017

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.

Subsequent to December 31st, 2017, 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.

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 Gold Mine Progress, 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.

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 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 down-plunge below these new intersections, 2018 drilling on the Eastern Twin Zone will focus on infill drilling as well as testing depth extensions.

Spectrum-GJ Project Progress, Northwest British Columbia

<u>Spectrum-GJ Preliminary Economic Analysis</u>
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 ("Spectrum-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.

<u>Preliminary Economic Analysis:</u>

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.

First Nations Relations

On September 25, 2017, Skeena announced that it had signed an Exploration Agreement with the Tahltan First Nation. The Exploration Agreement addresses employment and contracting opportunities, permit application reviews, environmental monitoring, protection of cultural resources, and capacity funding support to TCG related to Skeena’s exploration work in Tahltan traditional territory. The terms provide for ongoing discussion and development of the relationship between Skeena and Tahltan.

SELECTED ANNUAL INFORMATION

The following table sets forth selected annual information from the audited consolidated financial statements for the years ended December 31, 2017, 2016, and 2015:

Year ended			2017			2016			2015
Loss	$	(1)	(10,002,067)	$	(2)	(13,551,479)	$	(3)	(7,070,154)
Basic & diluted loss per share	$		(0.16)	$		(0.33)	$		(0.30)
Total assets	$		25,793,029	$		22,298,494	$		12,768,740
Non-current financial liability			Nil			Nil			Nil
Cash dividends paid			Nil			Nil			Nil

(1) Includes $7,967,682 of exploration and evaluation expenditures, primarily on the Snip Property, $606,124 of non-exploration share-based payments, and $1,501,951 of flow-through share premium recovery.

(2) Includes $9,249,685 of exploration and evaluation expenditures, primarily on the Spectrum, GJ and Snip Properties, $2,261,091 of share-based payments, and $(1,091,941) flow-through share premium recovery.

(3) Includes $6,667,976 of exploration and evaluation expenditures, primarily on the Spectrum Property and $(1,576,980) flow-through share premium recovery.

DISCUSSION OF OPERATIONS

The Company completed the year with cash of $1,017,391 (2016 - $2,617,268). Being in the exploration stage, the Company does not have revenue from operations, and relies on equity funding and non-arm’s length loans for its continuing financial liquidity.

The Company completed the seasonal 2015 exploration program having drilled 17,350 m before demobilization in November 2015. In the first quarter of 2016, the results of the 2015 exploration program were incorporated into two NI43-101 compliant resource estimates on the GJ and Spectrum properties that were released in February and April 2016. In the second quarter of 2016, the Company assembled and mobilized the exploration team to begin the summer exploration program.

On March 23, 2016, Skeena announced that it had secured an option to acquire from Barrick Gold Inc. 100% of the past-producing Snip gold mine in northwest British Columbia.

In June and July of 2016, the Company raised gross proceeds of $9.37 million through issuing 10,798,269 common shares and 5,399,134 subscriber-warrants. Each subscriber-warrant is exercisable into one common share until July 2019 at a price of $1.20 in the first year, $1.40 in the second year and $1.60 in the third year. In addition, finders fees of $542,780 were paid to finders in cash and 411,018 finder-warrants were issued. Each finder-warrant is exercisable into one common share for a period of two years at a price of $0.80.

On September 15 and 23rd, 2016, Skeena announced that it had successfully acquired Sona Resources Corp and Mount Rainey Silver Inc. respectively.

On December 23, 2016, the Company issued an aggregate 810,777 flow-through common shares at $0.90 per share for gross proceeds of $729,700 and paid a total of $53,618 in share issuance costs.

On April 20, 2017, Skeena released the Preliminary Economic Analysis on the combined Spectrum-GJ project. A summary of the results is provided under the “Recent Progress: Spectrum-GJ Preliminary Economic Analysis” section, above. The detailed technical report is available both under Skeena’s profile on SEDAR and on the Company’s website.

In June, October and December of 2017, the Company closed private placements, raising aggregate net proceeds of C$5,337,825, $5,580,000, and $1,000,000 respectively. Each of these private placement transactions is further described in the section above titled “Financing Transactions.”

In December of 2017, Skeena announced the signing of an option to acquire the past producing Eskay Creek property, further described above.

EXPLORATION AND EVALUATION EXPENSES

2017	Blackdome	Porter Idaho	Spectrum	GJ	Snip	Total
Claim renewals and permits	$ 28,055	$ 14,705	$ 30	$ 2,184	$ 52,413	$ 97,387
Fieldwork, camp support and local office	4,407	17,173	18,095	15,512	3,215,485	3,270,672
Assays & analysis/storage	-	1,019	17,573	5,793	83,054	107,439
Community relations	788	-	29,053	29,118	43,544	102,503
Drilling	-	-	-	-	682,359	682,359
Environmental studies	29,935	-	24,427	36,085	215,993	306,440
Geology, geophysics, and geochemical	150,272	67,531	284,237	326,482	1,246,980	2,075,502
Fuel	-	-	-	-	219,143	219,143
Helicopter	-	17,402	39,079	-	811,393	867,874
Metallurgy	-	-	76,577	76,713	-	153,290
Electrical	-	-	-	-	300,834	300,834
Share based payments			27,666	27,666	27,666	82,998
BC METC recovery	-	(4,370)	(19,167)	(19,270)	(255,952)	(298,759)
Total, for the year ended December 31, 2017	$ 213,457	$ 113,460	$ 497,570	$ 500,283	$ 6,642,912	$ 7,967,682

2016	Blackdome	Porter Idaho	Spectrum	GJ	Snip	Total
Claim renewals and permits	$ 14,756	$ -	$ 19,524	$ 12,316	$ 47,132	$ 93,728
Fieldwork, camp support and local office	1,533	1,105	1,323,480	601,783	936,049	2,863,950
Assays and analysis/storage	-	834	157,441	50,606	118,865	327,746
Community relations	1,802	-	62,762	56,036	52,151	172,751
Drilling	-	-	966,963	305,249	717,559	1,989,771
Environmental studies	34,139	-	134,391	77,769	24,689	270,988
Geology, geophysics, and geochemical	30,245	25,678	716,132	409,610	415,428	1,597,093
Aviation Fuel	-	-	128,010	40,637	73,789	242,436
Helicopter	-	-	733,897	355,352	639,608	1,728,857
Metallurgy	-	-	27,827	27,827	-	55,654
Share based payments	-	-	243,006	132,712	95,947	471,665
Recovery	(4,681)	(1,568)	(264,066)	(117,484)	(177,155)	(564,954)
Total, for the year ended December 31, 2016	$ 77,794	$ 26,049	$4,249,367	$1,952,413	$2,944,062	$9,249,685

SUMMARY OF QUARTERLY RESULTS

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

Quarter ended		31-Dec-17		30-Sep-17		30-Jun-17		31-Mar-17
Revenue [1]		-		-		-		-
Loss for the quarter	$	[2] (3,493,429)	$	[3] (3,061,682)	$	[4] (1,617,460)	$	[5] (1,829,096)
Loss per share	$	(0.01)	$	(0.00)	$	(0.00)	$	(0.01)
Quarter ended		**31-Dec-16**		**30-Sep-16**		**30-Jun-16**		**31-Mar-16**
Revenue[1]		-		-		-		-
Loss for the quarter	$	[6] (1,882,666)	$	[7] (7,511,101)	$	[8] (3,366,506)	$	[9] (791,206)
Loss per share	$	(0.01)	$	(0.01)	$	(0.01)	$	(0.00)

(1) this being an exploration stage company, there are no revenues from operations;
(2) includes exploration expenditures of $3,547,455, and flow-through premium recovery of $1,350,078
(3) includes exploration expenditures of $2,617,241
(4) includes exploration expenditures of $956,803
(5) includes exploration expenditures of $815,783
(6) includes exploration expenditures of $1,562,486
(7) includes exploration expenditures of $5,986,029 and $1,084,909 in share-based payments expense
(8) includes exploration expenditures of $1,431,880 and $1,160,531 in share-based payments expense
(9) includes exploration expenditures of $269,290

Loss for the fourth quarter

Losses of $3,493,429 in the three months ended December 31, 2017 (“Q417”) were comparable in size to the three months ended September 30, 2017 (“Q317”), reflecting the active exploration program in the periods. Losses of $1,882,666 in the quarter ended December 31, 2016 (“Q416”) were lower than in Q417 primarily due to the lower exploration expenditures ($3.55M in Q417 vs. $1.56M in Q416). Other factors acting to increase Q417 as compared with Q416 include significant increases in wages, professional fees and consulting, as the company made investments to increase the capacity of the team, and began paying director’s fees. In addition, initiatives to expand the shareholder base helped to increase investor relations costs in Q417 relative to Q416. Offsetting these factors were the recognition of flow through premium recovery of $1,350,078 in Q417 with no comparable amount in Q416, and a decrease in property research costs of $135,091 due to a focus on the Company’s optioned and owned properties rather than on new acquisitions. This recovery is recorded when qualifying flow-through expenditures (“Canadian Exploration Expenditures” or “CEE”) are made by Skeena, thereby satisfying the commitment. Flow through premium recovery varies based on amounts of flow-through financing raised, and the timing of incurring costs that may be used to satisfy the flow-through obligation.

The issuance of flow-through shares in 2017 created a commitment by Skeena 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.

Loss for the year ended December 31, 2017

In the year ended December 31, 2017 ("F2017"), losses of $10,002,067 (2016 - $13,551,479) were lower than in the year ended December 31, 2016 ("F2016") for a variety of reasons. The exploration expenditures for F2017 were $7,967,682, (2016 – $9,249,685) and decreased due to smaller exploration budgets for F2017 than F2016. Exploration in 2016 was primarily focused on Spectrum, as compared with 2017's primary focus on Snip. Share-based payments increased to $606,124 in F2017 from $2,261,091 in F2016. This figure reflects the Black-Scholes calculated value of stock-options vested in the year, with more, higher Black-Scholes-valued options vesting in F2016 than in F2017. Professional fees and property research decreased substantially in F2017. These two categories had increased in 2016 as a result of the company's successful efforts to secure new assets, including Sona's Blackdome mine and Mount Rainey's Prosperity – Porter-Idaho – Silverado project. Additional focus on cost-control helped to reduce travel costs from $202,503 in F2016 to $102,078 in F2017. Wages, however, increased by $304,612 as the team grew to support the acquired assets.

A flow-through share premium recovery of $1,501,951 (2016 - $1,091,941) was recognized in F2017. This recovery is recorded when qualifying flow-through expenditures ("Canadian Exploration Expenditures," or "CEE") are made, and the commitment to incur these expenditures is reduced. The relative size of the recovery depends on the flow-through premium obtained for the related flow-through share issuance, as well as the amount and timing of qualifying exploration expenditures.

Cash flows for the year ended December 31, 2017

The Company's operating activities consumed net cash of $10,884,849 (2016 – $12,221,119) during the year ended December 31, 2017. This was primarily due to increased exploration spending in 2017, which increased the net loss for the period without impacting the "items not affecting cash." In relation to financing activities, the Company raised net proceeds of $11,750,011 through private placement activity during the 2017 period, which was slightly less than the total of $12,018,782 raised in 2016. Notably the 2016 figure included $2.6 million raised through the exercise of warrants in addition to the $9.4 million raised through private placements. Finally, the Investing activities consumed $2,465,039 in F2017, significantly more than $737,647 in F2016. This increase is primarily due to the $1.5 million deposit posted in F2017 in relation to the bonding requirements for the Snip project.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital[1] deficit of $50,768 as of December 31, 2017 (2016 – surplus of $2,004,557). The decrease in cash and cash equivalents since the 2016 year-end, and the increase in payables reflects a decrease in liquidity. The company has raised capital subsequent to December 31, 2017 in order to add to its working capital. 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.

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

The Company's most recent private placement was completed on March 29, 2018, 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.

While funds were raised during the current fiscal year, management cautions that the Company's ability to raise additional 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

New accounting standards adopted:

The following new standards, and amendments to standards and interpretations, were first effective for the year ended December 31, 2017, and so have been applied in preparing these consolidated financial statements:

IAS 7 Statement of Cash Flows – Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The Company is currently evaluating the impact of this change on its financial statements.

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. As the Company has no debt instruments, this change had no 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.

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 standard is effective for annual reporting periods beginning on or after January 1, 2018. The Company is in the process of determining the impact of IFRS 9 on its financial statements.

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. This standard is effective for annual reporting periods beginning on or after January 1, 2019. The Company is in the process of determining the impact of IFRS 9 on its financial statements.

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 years ended December 31, 2017 and 2016 is as follows:

	2017	2016
Short-term benefits[1]	$ 1,016,245	$ 837,080
Share-based payments	$ 611,353	$ 2,245,453

[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, 2017 and 2016.

Short term benefits were paid to Walter Coles and to Virginia Uranium Inc. for services of the Chief Executive Officer, to Andrew MacRitchie for services of the Chief Financial Officer, to Forde Management & Associates Ltd. for services of the former Chief Financial Officer, to Cold Stream Exploration Ltd. for services of the former Vice-President of Exploration and to Cathro Exploration Inc. 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 December 31, 2017 and 2016.

Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities at December 31, 2017 is $255,000 (December 31, 2015 - $82,105) due to directors or officers or companies with common directors or officers.

Capital transaction

In 2015, the Company received an exploration advance of $1,500,000 from Eros. As further described in Note 6 of the audited annual consolidated financial statements, Eros earned a convertible 8.7% interest in the Spectrum property under this agreement, which was subsequently converted to 25,000,000 common shares of the Company, on April 21, 2016. At the time of the transactions, the Company and Eros shared a common director and officer.

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 at managing and reducing such risks as much as possible.

Few exploration projects successfully achieve development due to factors that cannot be predicted or anticipated, and even one 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 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. The Company received formal notices of civil claims in relation to the APA in April 2016. Notably, no further steps have been taken by the litigant since bringing the claims. In the opinion of management, these matters will not 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 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 year ended December 31, 2017.

Common Shares:

Shares outstanding at December 31, 2017	76,928,037
Private placement on March 29, 2018	13,400,511
Shares outstanding at April 27, 2018	90,328,548

Stock Options:

Options outstanding at December 31, 2017	5,235,444
Granted at $0.10 expiring January 15, 2023	2,250,000
Options outstanding at April 27, 2018	7,485,444

Warrants:

Warrants outstanding at December 31, 2017	16,350,859
Private placement on March 29, 2018: Warrants exercisable at a price of C$0.90 until March 29, 2020	4,588,470
Warrants outstanding at April 27, 2018	20,939,329

OTHER INFORMATION

List of Directors and Officers

Directors

J. Rupert Allan, *Victoria, BC*
Ronald K. Netolitzky, *Victoria, BC*
Peter N. Tredger, *Vancouver, BC*
Walter Coles, Jr., *New York, NY*
Craig Parry, *Vancouver, BC*
Don Siemens, *Langley, BC*
Borden R. Putnam III, *Halfmoon Bay, California*

Officers

Walter Coles, Jr., President & CEO
Paul Geddes, P. Geo., VP Exploration & Resource Development
Andrew MacRitchie, CFO & Corporate Secretary

Auditors:

Ernst & Young LLP

Company solicitors:

Cassels Brock & Blackwell LLP